

# ANALYSING THE MEDIATING EFFECT OF EMPLOYEE RETENTION ON INDIVIDUAL PERFORMANCE

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**Abstract:** The companies would now prosper if they could only reject the idea of employees as short-term assets and learn to cherish the upkeep of such assets for boosting overall performance. The very aim of this study is to analyze the mediating relationship of employee retention on organizational strategies with respect to individual performance outcomes. Based on empirical survey data obtained from professionals across different sectors, the research explored how the likes of talent development, technology integration, and organizational support affect the performance of employees indirectly, through retention. By and large, the findings show that employee retention plays a very distinctive mediating function, thereby strengthening the link between organizational initiatives and productivity in the workforce. High retention was found to correlate positively with actual job satisfaction, commitment, and ultimately better individual performance outcomes. Conversely, turnover on the other hand destabilizes the team and disrupts knowledge continuity to the detriment of performance. This study certainly adds to the existing literature on the imperative of integrated talent management policies focusing on the prospects of long-term employee engagement. The insights presented are beneficial to HR managers, heads of business, and policymakers who aspire to create high-performing organizations. By and large, the study leads to the conclusion that retention is not merely an HR action. It is, rather, an organization-wide strategic requirement for sustaining a competitive advantage.

**Keywords:** Employee retention, individual performance, Talent management, Employee engagement, Mediating effect

## I. INTRODUCTION

An organization can gain through individual performance for the successful achievement of its goals, but maintenance of high performance is mainly dependent on a reasonable retention level within the organization. Employee retention is an efficient strategic lever that affects not just stability in organization operations but also the productivity levels within them. An attendant high degree of employee turnover is often associated with losses in knowledge, low morale, and additional recruitment costs, all having negative effects on both individual- and organization-level outcomes. Prior research has highlighted the fact that performance is a direct function of intervention programs such as training, motivation, and leadership. Less work has been done, however, on the understanding of the retention concept as a mediator that would add more weight toward the effect of organizational strategies to individual outcomes. This study goes ahead to fill that gap by investigating how talent management practices, supportive work, and technology enablement mediate individual performance by way of being indirect effects on employee retention.

This mediation by employee retention indicates that retention is more than a mere HR metric; rather, it is a vital factor that drives continuous excellence of the individual. Organizations focusing on employee engagement, career development, and job satisfaction are better equipped to hold their own in terms of talent retention and, thus, benefit from individual performance. Empirical evidence relates these aspects in this investigation, providing new understanding for academic research and practitioners who want to optimize their workforce strategies in a more competitive environment.

## II. LITERATURE REVIEW

- **Memon et al. (2020)** focused on how employee engagement mediated between HR practices and employee retention. The study came up with the assertion that organizations having excellent HR policies such as effective recruitment, training, rewards, and involving employees witness very high levels of employee engagement. As a result,

employees who are highly engaged demonstrate strong loyalty, emotional commitment to the organization, as well as lower intentions of turnover. Emotional attachment to the organization leads to going above and beyond and staying longer.

- **Al-Suraihi, Walid Abdullah, et al. (2021)** The study determined that causes of turnover encompass job stress, job satisfaction, job security, working and social environment, motivation, wages, and benefits. The adverse consequences of turnover relate to productivity, sustainability, competitiveness, and profitability, owing to financial costs. Organizations must assess employee needs to facilitate the establishment of effective retention strategies. The enforcement of these strategies increases job satisfaction, motivation, and productivity while decreasing absenteeism and turnover and increasing organizational performance.
- **Kaur and Randhawa (2022)** explored the impact of emotional intelligence in organizations on the retention of their employees. The research findings showed that well-developed leaders with high EI can better manage the emotional activities of employees; resolve differences amicably; and maintain constructive, interpersonal relationships at workplaces. Employees tend to report higher job satisfaction, lower stress levels, and stronger organizational commitment when led by such leaders. Thus, the research study suggested the organizations give preference to emotional intelligence as a competency criterion in leadership recruitment and development because it matters most in improving retention in high-pressure work settings
- **Patel and Verma, 2023**, attempts to look into the employee retention strategies adopted within the healthcare industry that faced the largest heat sink during the COVID-19 pandemic. Healthcare employees seek employers who care for well-being rather than only by monetary incentives. The sharing of leadership empathy, progress of the career, recognition of effort, and clear communication in times of crises turned out to be some major components. A holistic view has been concluded concerning healthcare: it would require addressing all aspects that concern an individual-emotional, as well as the professional level, so as to make them holistically retainable.
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- **Gay L. Molina (2023)** probed intergenerational employee retention of private power utilities in southern Philippines through a causal modeling approach. Path and structural equation modeling analyzed job resources, job demands, engagement, and burnout in relation to retention. With 256 respondents from employees, results showed that the first model was weak, while the revision improved it significantly. Employee engagement was identified as a key predictor and mediator of retention across generations. The research takes issue against generational differences in retention, thereby calling for some specialized engagement strategies and a positive work environment to cement retention, which spans baby boomers, Gen X, and millennials.
- **Fay E. Catlett (2024)** Management strategies that enhance employee retention and organizational performance. Based upon Vroom's motivational theory. Interviewing and document reviews captured the following five major themes: employee development/recognition, cost restructuring, feedback/training, management style, and diversity/inclusion. A main recommendation is company-sponsored recognition lunches involving feedback and training. Positive social implications are foreseen in job stability, economic enhancement, organizational goodwill, and community engagement through outreach and volunteer efforts.

### **III. SCOPE OF THE STUDY**

This study focuses on understanding the mediating role of employee retention in influencing individual performance within organizational settings. This research seeks to ascertain the contribution of organizational practices, such as talent development, technological support, and employee engagement initiatives that pave the way for individual productivity improvement but with indirect outcomes through improved employee retention. The target population in this research includes employees from different sectors or industries that cover IT, finance, health, and manufacturing; hence, the study has managed to provide quite a wider outlook on the workplace environment. The present study confines itself to the aspects of identifying the perceptions and responses of employees and managers about the retention strategies, as well as their implications for job performance. It specifically employs quantitative approaches, with survey-based data

collection and statistical mediation analysis, to examine relationships among variables. The intended contribution of findings to the HR and organizational leaders will be to establish approaches that can help retain but also develop employee contributions.

## IV. NEED OF THE STUDY

Organizations face significant challenges in retaining skilled employees and ensuring consistent individual performance. As companies face the expense of recruitment and training of new employees, productivity, organizational memory, and teamwork begin to suffer. While employee performance studies have tackled various independent variables, little attention has been given to retention as a mediation factor, especially in industries with a high turnover witness. In so doing, understanding employee retention as a mediator shows how retention efforts magnify the impact of organizational strategies on individual performances. Without due consideration of retention, any investments in training, technology, or leadership could be predicted to have only transient benefits on performance. This study closes a significant gap by considering retention as an avenue through which organizational practices affect employee output indirectly.

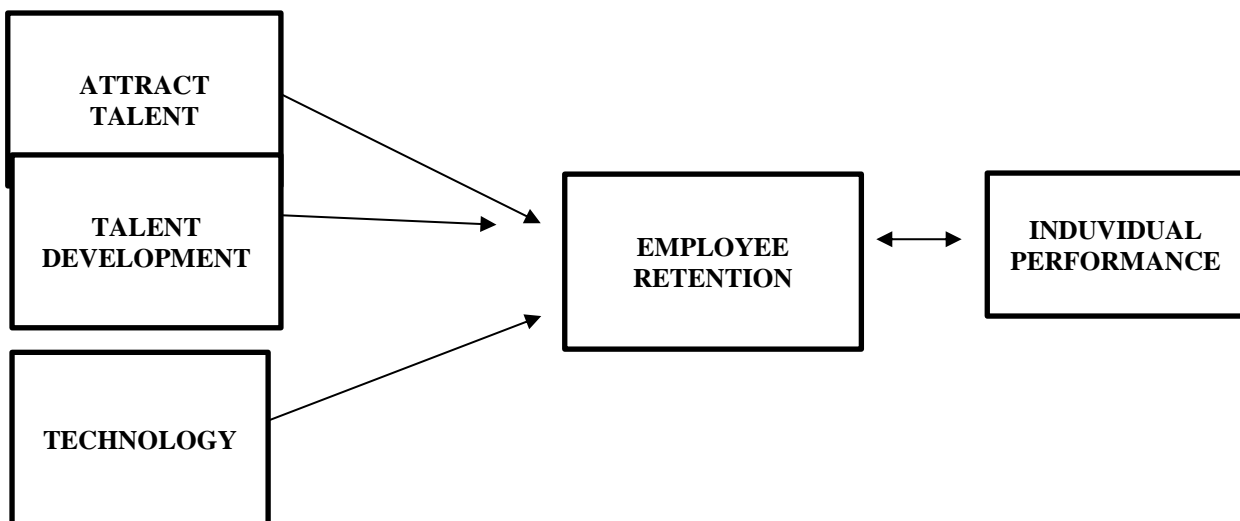
## V. OBJECTIVES OF THE STUDY

- To analyze how organizational practices such as attract talent, talent development, technological support, and employee-engagement initiatives influence employee retention.
- To study the direct relationship between employee retention and individual performance outcomes.
- To study how talent retention affects the individual productivity and efficiency as well as competitiveness of an organization.

## VI. RESEARCH METHODOLOGY

This study adopts a descriptive research design to systematically assess the relationship between employee retention and individual performance. Descriptive research seeks to provide an accurate description of individuals, events, or situations to understand current phenomena without manipulating any variables. The study gathers primary data through structured questionnaires targeting employees across various industries. Quantitative methods are applied to describe the patterns and relationships between organizational strategies, retention practices, and performance outcomes. This gives rise to the unique insight into how retention mediates performance with respect to natural environmental settings of the workplace without any alterations. The research design thus provides a further level of verification, replication, and clarity to the findings, making them applicable for academic, managerial, and policy-oriented purposes. Hence, descriptive research design provides an empirical basis for analyzing the mediating effect amidst real-time conditions.

## VII. CONCEPTUAL MODEL



Source – Author's own model

### VIII. ANALYSIS

#### CORRELATION (TECHNOLOGY VS INDIVIDUAL)

Correlations

		TECHNOLOGY	INDIVIDUAL
TECHNOLOGY	Pearson Correlation	1	0.686**
	Sig. (2-tailed)		0.000
	N	169	169
INDIVIDUAL	Pearson Correlation	0.686**	1
	Sig. (2-tailed)	0.000	
	N	169	169

#### RESULT:

The variables of Technology usage and Individual Performance have strong positive correlational relationships in a statistically significant manner. More use of technology at work implies better performance by employees on an individual level.

#### T-TEST (GENDER VS EMPLOYEE RETENTION)

##### Group Statistics

Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	81	3.86	.802	.089
Female	88	4.06	.650	.069

#### Independent sample test

		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
TD3	Equal variances assumed	7.467	.007	-1.721	167	.087	-.193	.112	Lower: -.414 Upper: .028
	Equal variances not assumed			-1.706	154.081	.090	-.193	.113	Lower: -.416 Upper: .030

#### RESULT:

F=7.467, p=0.007 which is not equal variances (other conditions apply for the t-test under equal variances not assumed). T (154.081) = -1.706, p=0.090 → p > 0.05 Therefore accept the null hypothesis states that there is no statistically significant difference in talent development scores between males (M=3.86) and females (M=4.06).

**TD1 \* IP4 Crosstabulation**

			IP4					Total
			Workload	Team Collaboration	Motivation & Engagement	Skill Level	Manager Support	
TD1	Average	Count	0	8	12	15	2	37
		Expected Count	1.4	7.0	8.8	14.2	6.6	37.0
	Good	Count	2	16	20	36	10	84
		Expected Count	1.0	15.9	19.9	32.3	14.9	84.0
	Excellent	Count	0	8	8	14	18	48
		Expected Count	1.6	9.1	11.4	18.5	8.5	48.0
Total	Count		2	32	40	65	30	169
	Expected Count		2.0	32.0	40.0	65.0	30.0	169.0

**CHI-SQUARE TEST (TALENT DEVELOPMENT VS INDIVIDUAL PERFORMANCE)**
**Case Processing Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
TD1 * IP4	169	100.0%	0	0.0%	169	100.0%

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.374 <sup>a</sup>	8	.006
Likelihood Ratio	21.055	8	.007
Linear-by-Linear Association	7.110	1	.008
N of Valid Cases	169		

**RESULT:**

At a Chi-square test was done for training frequency (TD1) with the factors influencing individual performance (IP4). The Pearson Chi-square value is 21.374 with 8 degrees of freedom. The p-value is 0.006, which is less than 0.05 indicating a statistically significant relationship.

Thus, there is a rejection of the Null Hypothesis ( $H_0$ ) and acceptance of the Alternative Hypothesis ( $H_1$ ) that is the frequency of training programs can be statistically concluded as having significant effects on the factors employees believe in influencing their performance

**IX. FINDINGS AND RECOMMENDATIONS**

- Employee engagement levels proven to greatly influence performance in the long run given the high levels of commitment in early employment hiring.
- Thus, talent development initiatives-including skills and leadership training- are strongly tied to higher talent retention rates.

- The use of modern HR technologies will improve employee satisfaction through seamless onboarding, communication, and feedback.
- Retention becomes effective when combined with employee expectations, as well as with an individualized development plan.
- Create innovative and well-designed employer branding strategies that can attract high-potential talent and reduce early turnover.
- Budget continuous skill development programs to make employees see readily visible paths toward progression through their careers.
- HR Technology Employee Engagement Platforms Learning Management Systems Performance Trackers.
- Create structured career development frameworks transparent and available to all employees.
- Build a positive work culture in the organization to encourage collaboration, respect, and innovation.

## **X. CONCLUSION**

This study emphasizes the vital role of employee retention as a mediator between organizational strategies and individual performance. Attracting the right talent, investing in continuous talent development, and technology application are crucial to boosting individual output, but only if coupled with solid retention strategies. Organizations are said to retain employees who feel engaged and satisfied at work and maximize productivity and performance; hence employee retention is a human resource function and should be seen as a key business objective. Given the current dynamic scenario, where retention and performance are interlinked for sustainable growth and competitiveness, this approach must adopt an integrated perspective. Future studies could explore these findings further in terms of industry dynamics or longitudinal effects. Overall, organizations will stand to gain a competitive advantage in maximizing the success of talents and talents' contributions toward individual success.

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