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# CONSTITUENTS THAT EXERT INFLUENCE ON STAFF RETENTIVENESS AND ORGANIZATIONAL EFFECTIVENESS IN THE BANKING SECTOR OF PAKISTAN

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**Abstract**
*Employee retention is one of the key elements for realizing organizational effectiveness, especially in the competitive field of banking. The study will look into the effect of employee engagement dimensions such as vigor, dedication and absorption on the employee retention and organizational effectiveness in the banking sector in Pakistan. Mediating effect of employee retention between the relationship of employee engagement and organizational effectiveness will also be analyzed. A quantitative research design was used, and data was collected via a structured questionnaire based on a Likert scale among 100 employees in the banking sector. Data collection was done using purposive and non-probability sampling techniques, and the relationships among the variables of the study were measured using structural equation modeling in AMOS. The results show that vigor, dedication and absorption positively and significantly affect employee retention. Employee retention also has a positive relationship with organizational effectiveness. Out of the engagement dimensions, vigor shows the greatest standardized influence on retention, followed by absorption and dedication. Furthermore, there are positive indirect influences of the engagement dimensions on organizational effectiveness through the retention of employees. The study reveals the significance of having an engaged and stable workforce to increase the effectiveness of the organization. Banking organizations need to concentrate on improving employees' energy, dedication, and involvement in their jobs along with the use of good retention strategies.*

## INTRODUCTION

Globalization has shaped our world, making it smaller and growing businesses. To remain competitive, businesses must provide proper training and development to employees. High employee turnover rates can hinder productivity and reduce overhead costs. The modern work environment is different from the past, where professionals were typically male and did regular work. Few are fortunate enough to find a place in an organization with consistent growth and development. Human assets plays a pivotal part in running all exercises at a company. The advance and coherence of the company was affected by the human assets inside. Through making representatives as accomplices in doing trade is something that each company must do. Besides, the Company have to be put extraordinary consideration to the representatives where this consideration points to Increment the

employee execution. Tall company execution is craved by every company without special case. To make an ideal execution, the workers will endeavor to realize the company objectives and targets in conduct their obligations in accordance with the obligations that have been given to reach the company objectives. The execution that had by each of its Individuals isn't free from the sense of locked in where there has asense of connection and Association towards work.

According to (Aman-Ullah et al., 2020), employee retention is a combination of several procedures, arrangements, and policies that can keep the workers on board for a longer period of time. By cutting wasteful spending on staffing and training, an organization can strengthen its competitive advantages and boost its intellectual capacity. The biggest issue facing businesses in the 21st century is staff retention, which needs to be effectively addressed (Iqbal et al., 2017).There is a need to concentrate on retention practices in developing countries because lower Retention levels there are typical due to several pull and push variables. (Aleem & Bowra., 2022) Pakistan, a developing nation, similarly struggles with the issue of personnel retention Ghulam et al., 2001. Every field has a severe scarcity of skilled workers, making it impossible for this Nation to realize its goals for sustainable development and economic prosperity. In terms of relationships, reputation, money, and talent lost, keeping employees on board benefits the company in numerous ways (Aman-Ullah, Aziz, et al. 2020).

Every organization is tenaciously determined to create a suitable plan that will aid to lower turnover and raise retention rates in the modern era. Employee skills are the most crucial component for competitive advantages, according to organizations. There are numerous retention tactics available, including as pay, Training, and promotions. Organizations have realized that a competent workforce may help them gain a competitive advantage. While some organizations believe that investing in employees' skills and training is an investment that will pay off in the form of employee retention and commitment, other organizations believe that focusing on specialized training instead of general training renders employees unfit for competitors (Sani 2012). According to Anvari et al. (2010), effective training planning should take into account the needs and requirements of the trainees. According to Kyndt et al. (2009), training is a crucial element that can assist shift people's perspectives on turnover. In order to affect the growth of human capital and employee retention, training and development has been hailed as a crucial organizational strategy (Chen, 2014).

Human capital refers to the intangible time, effort, and talent that employees devote to the success of the company. Human capital, according to Gratton and Ghoshal (2003), consists of emotional, social, and intellectual capital. Material, machines, money, and men are the four MS

of the organization, and they are all crucial to its success. Nothing can be completed properly and efficiently without the use of labor. In order to improve both organizational and individual Performance, businesses engage in training. Training whether mentally, intellectually, socially, physically are very important to facilitate the process to increase productivity as well as the development of staff in any organization. In any organization, training—whether it be mental, Intellectual, social, or physical—is crucial to facilitating the process of increasing productivity and staff growth. One of the key components of HRM is training and development. Besides this, the Organizations make a systematic effort to maintain and raise the caliber of their personnel through training and development programmers. Training and development are ongoing processes that occur in the workplace on or off the job to boost output and provide higher-quality services to customers. One of the key components to enhancing and maintaining work performance is training, which also focuses on developing staff members' skills for future or higher-level positions (Duah & Danso, 2017).Training employees involves the planned development of their knowledge, Attitudes, and abilities to carry out a certain task successfully and efficiently (Oluoch, 2013).

As per According to Gering and Conner (2002), it is essential for any business to keep a

productive workforce because if the can't hold its workers, it can not take advantage of its human resource progress inside the association. There is a lot of numerous studies on customer retention (Alshurideh, 2017; Alshurideh et al.) 2017; Alshurideh 2016a,b,c,d; Kurdi et al. 2020) and to what level maintenance is advantageous for the association (Alshurideh, 2016a). This understanding backings the thought that workers are viewed as a fundamental and fundamental hierarchical resource. In any case, there have not been not excessively quite a large number concentrates on that emphasis on representative maintenance and how workers become a genuine resource for any association. The financial sector plays a pivotal and supportive role in any nation's economic development. In addition, the turnover rates in the banking area are developing particularly when representatives are disappointed with their positions, and the inclination to leave the association is expanding (Schuler and Jackson 2006).

It is a widely established notion for all sorts of organizations that staff training is crucial to preparing people to confront the difficulties of the modern day and to accomplish the desired organizational objectives with the aid of pertinent skills, experience, and knowledge. The long-term retention of Personnel in the organization depends heavily on training and development. (Aguinis, & Kraiger, 2009; Gupta, Bostrom, & Huber, 2010; Oluoch, 2013). The cost of supervision is decreased by the training, which also increases employee quality, initiative, and motivation to accomplish duties in a timely manner in order to meet organizational objectives and remain competitive. Retraining and training of all staff members should be required for the organization's

success in the form of seminars, conferences, and workshops (Duah & Danso, 2017).Training and development are investment opportunities that benefit businesses and individuals, fostering growth and profitability. They help employees improve their jobs and help organizations define their objectives, as per Neelum Tahir (2014).Human asset the board has changed in name different times since forever ago. The name change was predominantly because of the adjustment of social and financial exercises since forever ago.

**Gap analysis**

According to Korsakiene et al. (2015), Kyndt et al. (2009), and Paillé (2011), employee retention is a critical factor in every organization's success. The ability to keep important employees and prevent them from leaving for competing companies, who are continually looking for new talent, is crucial to a company's success (Berger & Berger, 2017).Due to a lackof retention efforts, organizations may work hard to attract strong and competent personnel yetend up losing them (Hughes et al., 2008).

Additional expenses associated with staff turnover include replacement costs, lost productivity, and brand image (Tracey & Hinkin, 2008).We'll discuss the main causes of a rise in employee turnover in this research. We contend that a high turnover rate indicates inadequate training and development by the company if workers aren't staying on the job. Additionally, it will cost a lot to hire new personnel to replace the present ones. Because of this, a company has to be extremely clear about all the variables that affect employee retention.

High employee turnover can significantly impact an organization, leading to reduced productivity, low morale, and increased costs. It can also hinder the recruitment, hiring, and training process, as well as the loss of knowledge and experience. In today's globalized world, employees seek fair compensation and benefits, making it crucial for companies to remain competitive. Work-life balance is also a factor, as employees seek jobs that allow them to balance their work and personal lives. A toxic company culture, poor management, and lack of career growth opportunities can lead to employee dissatisfaction and job loss. Unsatisfied employees may seek new opportunities or remain unhappy due to fear of change, outdated skills, or unwillingness to part with benefits.

To address employee retention in the banking sector, it is essential to identify the main indicators and factors affecting organizational

effectiveness. Clear communication about these variables is crucial for a company's success.

After analyzing the gap, it is necessary to find out the questions of why does the employee leave the firm? And after vacating the place how the organization gets disturbed?

Do the employees really feel everything even on the basis of it, he becomes ready to make a decision about his future days in the firm?

Why do even highly engaged employees will lose their zest for work if these issues are allowed to persist, and eventually, they will leave your organization if improvements are not made?

**Research purpose**

The main purpose of this research is to determine how vigor, dedicative and absorptive factors such as poor work life balance, personal reasons, incompatibility with job, lack of growth, lack of communication between employee and employer, political favoritism, biasness etc. and their impacts on the retentiveness of workers, satisfaction with work and organizational p performance. This study will reveal about the myriad factors are acting as valuable elements in developing the strategies of employee retention to improve the image of the firm in banking sector of Karachi, Pakistan.

**Research objectives:**

1. This research has purpose to reveal those affect from all dimensions of employee engagement, which are vigor, dedication and absorption on the performance of employees in the banking sector Karachi, Pakistan.
2. The following are the study's sub-objectives:
3. To find out the various research works that have been done in the area of employee retention?
4. To determine the major factors affecting employee job retention and satisfaction in the job place.
5. To examine the effect of employee retention on organizational performance in the banking sector of Pakistan?
6. To ascertain how much the positive outcome could be achieved through the employee duration in an organization?

**Research Questions**

What are the impacts of vigor, dedicative and absorptive factors on employee retention? How employee retentiveness is interlinked with organizational performance?

How the moderating variable "employee retention" gets affected on organizational effectiveness?

Does an organizational image gets improved by its policies? Is the staff is deemed as an asset for the organization?

**Significance of the study**

This study identifies factors influencing employee retention, including job satisfaction, work environment, and leadership and how it is going to impact on organizational effectiveness. It helps the organization to understand workforce stability issues and develop strategies to enhance engagement and reduce turnover, ultimately contributing to a positive workplace culture and improved organizational performance.

It aids the organization to foster collaboration, innovation and a continuity of knowledge within the organization.

The advantageous point of this study helps to employer branding because a company known for retaining talent attracts higher quality applicants so the organization would get additional information to acquire a competitive edge in the job market.

The ongoing paper is composed to illuminate representative maintenance and its applications in the banking sector of Pakistan.

## LITERATURE REVIEW

**Employee retention:**

Impacts of initiative across ages Groundbreaking authority is characterized as changing the qualities and needs of supporters and persuading them to perform above and beyond (Kark et al., 2003). Simultaneously, Wilkesmann and Schmid (2014) announced that one attribute major areas of strength for of pioneers is the capacity to inspire and impact individuals. Inspiration was likewise observed to be a complex demonstration that had a few variables included. Workers, who were proactive both at work and in their own lives,

were decidedly impacted by both their boss' initiative style and capacity to encourage a group and showed more grounded inspiration (Felfe and Schyns, 2014; Khan and Wajidi, 2019). Gerhold and Whiting (2020) investigated the inspirations of workers north of a few ages, from Boomers
to Gen Z, and the initiative abilities that propelled them.
They tracked down no huge contrasts among generations. Maybe the distinctions were driven more by a worker's phase of life and profession than age. They revealed that initiative essentials were a steady. These essentials, building solid groups, giving input and grasping workers' inspirations, were multi-generationally pertinent abilities. What's more, Diskiene et al. (2019) tracked down that the connection between a pioneer's personal and social knowledge and a representative's inspiration to work was unquestionable, in spite of the fact that there was some fluctuation contingent upon the last option's age. Strangely, more youthful specialists depended less on their chief's profound strength to propel them than more seasoned, more experienced laborers.

**Organizational Performance**

Essentially, the exhibition has a great deal of significance in light of the perspective or assessment from specialists. The Presentation is the consequence of a cycle which alluded to and estimated over a certain timeframe in view of foreordained terms or arrangements (Edison et al., 2016). As per Mangkunegara (2016) the term of execution comes from the word of job execution or genuine execution (work execution or genuine accomplishment which came to by someone). The meaning of execution is the quality and amount of work accomplished by a workers in completing their obligations as per the obligations which allotted to them.

**Core Competency**

Competencies are the knowledge, skills, attitudes, experiences, abilities, and characteristics that enable individuals to succeed in interactions with others at work, school, home, and in the community. Skills are 55,555 predictors of success in the HR profession. Competencies vary depending on the nature of the position within the HR professional Ramlall, 2006). HR professionals must develop trusting relationships with their clients (Choi, 2009). With the growing importance of HR metrics, greater emphasis needs to be placed on measuring HR's contribution to business strategy and the effectiveness of corresponding HR strategies (Ramlall, 2006)

**Work environment**

In many examinations, it is found that the administration style greatly affects worker maintenance in associations. Mc Neese and Smith (1995) distinguished in an exploration that director's demeanor likewise influences on responsibility of worker in organizations.
Kaye and Jordan-Evans (2002) featured that a decent supervisor can impact maintenance of representatives in an organization. Budhiraja and Malhotra (2013) investigated in his review authority style decides the achievement/disappointment. Alkhawaja and Arwa (2017) while examining the authority style and worker turnover expressed that expansion in turnover is because of uneven treatment of representatives and consequently while managing individuals, pioneers ought to second guess themselves concerning individual decisions, inclinations and suspicions, this eventually results into high inspirations and authoritative adequacy.

**Organizational culture**

According to Chidinma Vivian Madueke, Ikechukwu Chimezie Emerole (2017), each association creates and keeps a special culture, which impact the manner in which representatives think, feel and act in the work environment. The cutthroat climate of business has changed in the business world as well as in the attitude of the people that work in those associations. Representatives are prepared to switch over at whatever point they are disappointed with any explanation in the gig.
This paper subsequently analyzed the idea of relationship that exists between authoritative

culture and worker maintenance with specific reference to three chose business banks in Awka, Anambra State. Elucidating review research configuration was taken on and the exploration speculations were tried utilizing the Pearson Second Relationship Coefficient. The review worked with a populace of 35 representatives. The finding uncovered that there is a huge positive connection between imaginative culture and the worker responsibility in business banks. All in all, Thought age, ability and hazard taking are fundamental for high maintenance association. It was prescribed that banks needs to adjust their creative procedures to meet the strain set by contenders.

**Leadership style**

In many examinations, it is found that the administration style greater affects worker maintenance in associations. Mc Neese and Smith (1995) distinguished in an exploration that director's demeanor likewise influences on responsibility of worker in organizations. Kaye and Jordan-Evans (2002) featured that a decent supervisor can impact maintenance of representatives in an organization. Budhiraja and Malhotra (2013) investigated in his review authority style decides the achievement/disappointment. Alkhawaja and Arwa (2017) while examining the authority style and worker turnover expressed that expansion in turnover is because of uneven treatment of representatives and consequently while managing individuals, pioneers ought to second guess themselves concerning individual decisions, inclinations and suspicions, this eventually results into high inspirations and authoritative adequacy.

Administration is the main component of each association, yet its capabilities and abilities are turning out to be progressively perplexing Chuang et al. (2013). It portrays by the attributes of the pioneer, characteristics also, conduct. The expression of initiative makes sense of as a process, however most speculations and examination on authority check out at individuals for understanding Horner et al. (1997).Initiative is the capacity to impact others with energizing examples. A model, it urges individuals to seek after objectives that benefit the association. As a rule, initiative includes making a dream representing things to come of the association, planning a methodology to accomplish that vision, furthermore, conveying that vision to all individuals from the association James, Richard and Anthony et al. (2011). Administration and execution past assumptions address a forward leap in how we might interpret who these pioneers are, the means by which they obtain results, and why their authority frequently surpasses all normal cutoff points Bass et al. (1985).

**Job satisfaction and involvement**

According to Pebriyati Purba, Ritha F Dalimunthe, Yeni (2020), Absah Regulatory change is an essential stage to construct the state contraption to turn out to be more productive and viable in completing the general errands of government and public turn of events. The reason for this study was to decide the impact of work abilities and representative's work contribution through work fulfillment. This kind of examination is causal with a quantitative methodology. The populace in this study was 62 representatives and the example in this study was the whole populace and used the soaked example strategy. Information was gathered by appropriating polls to all respondents in this review.

**Quality of work life**

According to Subianto Karoso, Riinawati Riinawati, Rico Nur Ilham, Rany Gesta Putri Rais, Dara Latifa (2022), Representative execution alludes to an individual's prosperity during a specific period in completing errands contrasted with different conceivable outcomes, like work guidelines, targets, objectives, and measures. The representative's exhibition is impacted by the workplace, nature of work-life and authoritative responsibility. This study expects to examine the interceding job of authoritative responsibility in the connection between workplace and nature of work-life on representative execution.

This exploration utilizes a quantitative methodology through a study survey on 400 respondents. This study found workplace, nature of work-life and hierarchical responsibility have a critical relationship with representative execution. Likewise, authoritative responsibility intervenes the connection between the workplace and nature of work-life on representative execution. Along these lines, we reasoned that hierarchical responsibility assumes a fundamental part in interceding between workplace and worker execution. Likewise, the workplace and nature of work have altogether anticipated representative execution.

**Vigor exerts**

Schaufeli and Bakker (2004) expressed that life is described by an elevated degree of energy and mental strength at work, a readiness to invest some energy in work and even persistence in confronting the issues. The energy that shown by an individual to take care of its private concern should have been visible from the high endurance and energy while working, the readiness to take a serious endeavors in doing work and determination and diligence in confronting the work challenges.

Force which possessed by every worker could influence their presentation in the organization. The Exhibition is a consequence of the accomplishment in a specific undertaking. Assuming the workers complete their work with high force, then they would finish their work ideally and it would have an effect on expanding the exhibition. Consequently it very well may be presumed that energy has an effect on worker execution. This rationale is upheld by specialists Jaya and Dawood (2020) who stated that force has a positive and critical effect on worker execution in IT organizations at Chennai. Likewise, with the examination results from Carter et al. (2016) which expressed that force has a positive and huge effect on execution. While the exploration from Winowoda (2018) were made sense of exactly the same thing that force has a critical effect on representative execution.

**Dedication exerts**

Schaufeli and Bakker (2004) contended that commitment is a workers' close to home connection to their positions. The devotion portrays as the excitement of representatives at work and pleased with the work done and their employer and those motivation and difficulties that representative's vibe. Devoted workers better comprehend and uphold the organization's qualities and will more often than not go the additional mile in safeguarding the organization's picture. Thus, devoted workers are resources for the organization in accomplishing the set targets [12].Workers who have high devotion score are unequivocally energetic and glad for their work and the organization. They consider in the event that their occupation as a test which moves them to do their best so this would lift up the employee execution in the organization. In the interim, the workers who has low on commitment score it implies that they can't go about their business appropriately in light of the fact that they are not energetic and pleased with their work and company.

**Absorptive exerts**

Schaufeli and Bakker (2004) were made sense of that retention is representative connection which described by representatives behavior who give full consideration to their work. Absorption portrays as the state of workers who have full fixation and were caught up in taking care of their responsibilities. At the point when workers take care of their responsibilities, they will generally forget about time so they would feel the time passes quickly so quick which hard for them to escape from work.

Workers who have high ingestion can completely focus at work. This proficient to have an impact towards their presentation in the organization. Workers like to get engaged with work so the time appears to run quick. Additionally, they would find it hard to move away from their work since they feel submerged in it. The exploration results which directed by Lewiuci et al. (2016) expressed that retention to some extent has a positive and critical effect on worker execution and has an incredible commitment influence.

## THEORITICAL FRAMEWORK

### The resource-based employee retention theory (RBV)

RBV stands for "Employee Retention as a Resource-Based View," and it's a theory that argues that a company's competitive edge can be found in its employees. Here's how it works. Employee's unique skills and experience make them valuable resources for the company. These employees directly contribute to the company's success. When employees feel valued and appreciated, they're more likely to be happy and loyal to the company. This sense of worth reduces their motivation to leave the company and look for other opportunities.

Employees' unique and hard-to-replicate skills make them harder and more expensive to replace. This strengthens your company's hold on these valuable assets. In short, RBV argues that by investing in your employees and creating a sense of value, you can turn your workforce into a competitive advantage by reducing turnover rates. (jay B.Barney,1991)

### Job demand resource model\

The phrase "vigor, dedication, and absorption" points to the Job Demands-Resources Model (JD-R Model), developed by Wilmar Schaufeli and colleagues. This theoretical framework explores work engagement and its impact on employee well-being and performance. Here's a breakdown of the three core aspects:

**Vigor**: This refers to the level of energy, mental stamina, and willingness to invest effort in work.

**Dedication**: This reflects a sense of meaning, purpose, and significance derived from one's job.

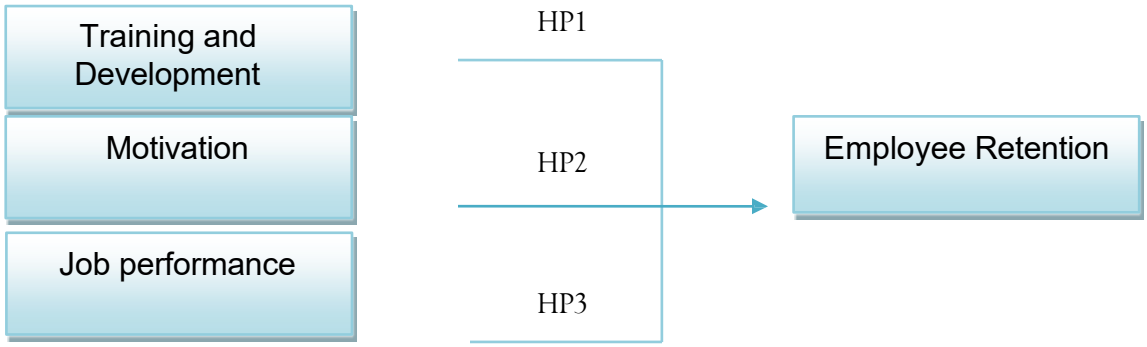
**Absorption**: This describes a state of complete immersion and focused attention on work tasks, often accompanied by enjoyment and satisfaction.

The JD-R Model proposes that a healthy work environment should provide a balance between job demands (workload, pressure) and job resources (support, autonomy, development opportunities). When resources outweigh demands, employees are more likely to experience vigor, dedication, and absorption, leading to increased work engagement, better performance, and lower burnout.

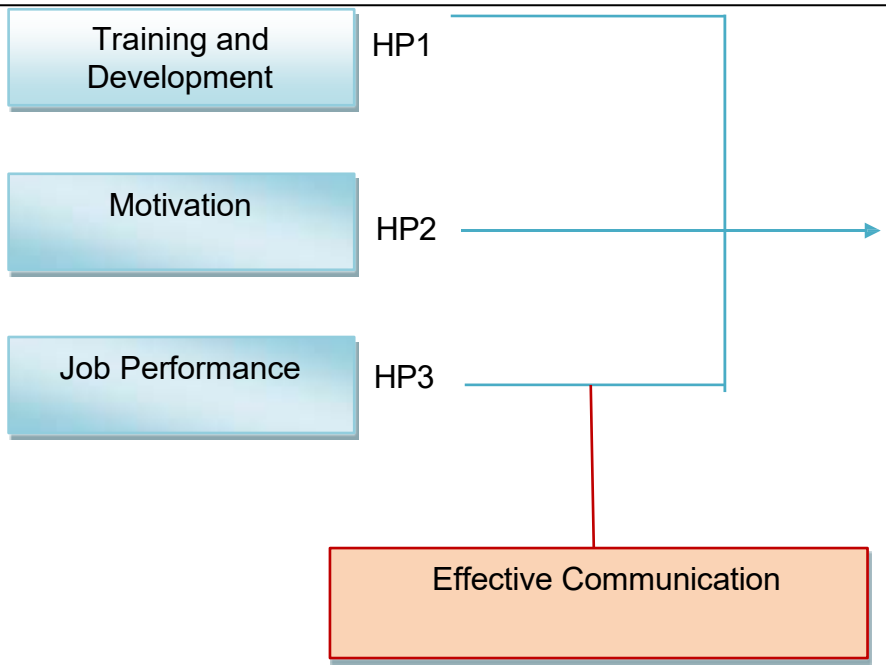
### Herzberg Two Factor Theory

The bank employs its employees, which is its intellectual asset, to stay competitive in the market. Therefore, the bank must make sure that it provides a development and training strategythat increases staff competencies and capacities (McGhee and Thayer 1961). Given this, regular training improves organizational and personnel performance to achieve or maintain a competitive edge in the market.Frederick Herzberg's research (Herzberg, Mausner & Synderman, 1959) was one of the first to examine how staff retention affects motivation. Midway through the 1950s, Herzberg and his colleagues started their early research on the variables influencing job motivation. A "thorough review of existing research" on the topic was the title of their initial endeavor (Herzberg et al., 1959).According to Hayday (2003), proactive measurements like motivation levels are more strongly connected to improvements in behavior and achievement than passiveattributes like satisfaction.

Herzberg developed a two-dimensional paradigm for the variables affecting people's attitudes regarding their jobs. Herzberg and his associates first proposed the theory that worksatisfaction and discontent were influenced by two distinct sets of variables and could not, therefore, be accurately assessed along a similar continuous (Herzberg et al., 1959; Stello, 2011).Researchers looked at what aspects of a worker's workplace contributed to their contentment or discontent. His idea was elaborated upon and further developed following two experiments, the first including 13 laborers, clerical employees, supervisors, plant designers, and accounting professionals, and another including 39 middle managers (Herzberg et al., 1959).Herzberg, 1966; Herzberg et al., 1959 studied over 203 accounting professionals and designers employed by nine manufacturing facilities in the Pittsburgh region of the United Statesto ascertain which factors affect the worker's work environment and result in satisfaction or dissatisfaction.




Motivational variables can result in job satisfaction when present, but when absent, thereis
no job satisfaction. As a result, bad hygiene variables might contribute to work discontent, whereas superior hygiene factors can lessen it but not ultimately cause it (Herzberg et al., 1959). According to Herzberg, the absence of job unhappiness is the reverse of work dissatisfaction. Similarly, no job satisfaction is the polar opposite of fulfillment at work (Herzberg, 1966;Herzberg, 2003).Job happiness as a motivating factor and dissatisfaction with work as a hygiene element were two contrasting viewpoints on motivation highlighted by Herzberg (1959) (Stello, 2012). According to Herzberg (1959), the process of feeling content and at ease with one's activities and work performance is known as job satisfaction. According to Locke (1976), job satisfaction is an emotional state that positively results from the enjoyment of a particular job.
According to Nguyen, Taylor, and Bradley (2003), several factors contribute to job satisfaction, such as high salary, opportunity for career progression, job stability, high recognition, and fascinating work. According to earlier research (Shikdar & Das, 2003; Wright & Cropanzano, 1997), job happiness is largely connected to compensation, work-related ease, corporate policy,accomplishment, self-awareness, affiliation with others, and flexible working circumstances. Firms should provide workplace and employee social interactions, which are crucial andimportant for job satisfaction, careful thought, and time in order to increase productivity (Chandrasekar, 2011).Poor policies, instability, strained relationships between managers and staff, rigid workplace conditions, and low pay are the factors that lead to job discontent (Okpara, 2004).Their organization suffers as a result of conflicts between lower and higher level employees (Arnetz, 1999; Lane, Esser, Holte, & McCusker, 2010; Raziq & Maulabakhsh, 2015). Whenworkers experience rage, despair, and resentment at work, it leads to job dissatisfaction (Matthews, 2011).




Employees who are not at ease at work experience job discontent (May 1978).Employees get dissatisfied when they are unwilling to work because they are unhappy or dissatisfied with their jobs (Locke, 1976). According to Herzberg et al. (1966), hygienic aspectsreduce work discontent, but their absence increases it. According to the findings of the current study, those who practice hygiene have lower occupational levels than those who practice motivators. This study gave equal weight to the two variables, leading to the conclusion that both extrinsic and intrinsic incentives had a significant impact on employee's performance. If such incentives are not provided to the workers, they will be unhappy.




**Self-determination theory (SDT)**

It is a theory in psychology that focuses on understanding what motivates people. It goes beyond simple ideas of reward and punishment, proposing that humans have a natural desire to grow, learn, and experience competence.

According to SDT, this motivation is fueled by three basic psychological needs:

1. Autonomy: The need to feel in control of your own choices and actions. This means feeling like you're initiating and directing your behavior, rather than being pressured or forced.
2. Competence: The need to feel effective and capable in what you do. This involves developing skills and mastering challenges, which leads to a sense of accomplishment.
3. Relatedness: The need to feel connected and cared for by others. This involves having a sense of belonging and supportive relationships.

## RESEARCH METHODOLOGY

**Variables**

This study is based on the following nature of variables:

**Independent variables:** The cause affects the effect (dependent variable). In this study we have these independent variables:

Vigor: This refers to the high energy level and

mental stamina an employee brings to their work. They feel physically and mentally capable of tackling challenges.

Vigor includes (employee feelings related to physical strength, emotional energy and cognitive activity).

Dedicative: This describes the employee's strong commitment and loyalty to their organization and its goals. They feel a sense of purpose and value in their work.

Devotion is characterized as an individual's genuinely steady and uplifting outlook towards work determined to accomplish personally important outcomes (professional requirements and identity).

Absorptive**:** This refers to the state of being fully immersed and focused on the work at hand. The employee finds their work engrossing and loses track of time while engaged in it. This includes (full concentration at work, feeling happy, engrossed in work)

When these three elements come together, it creates a state of high work engagement. This is generally considered positive for both the employee (increased satisfaction and motivation) and the organization (improved performance and productivity).

This concept was developed by researchers like Schaufeli and Bakker in the early 2000s.

**Mediating:** It affects the existing relationship between variables (independent and dependent).

Employee retention:

It refers to the strategies companies use to prevent employees from leaving and to encourage them to stay with the company for the long term.

Employee retention aids to ameliorate the organizational performance and its image.

**Dependent variable:** it is an affected variable in experiment, responds to change.

Organizational effectiveness:

Organizational effectiveness is all about how well a company achieves its goals. It's like a well-oiled machine, efficiently using resources to get the desired results.

A firm reputation and its results when became improvised so they are called organizational effectiveness.

**Conceptual framework and hypothesis**

Referring to the theory and structure of the relationship between each variable as described above, this research has the following framework:

**Research Hypothesis**

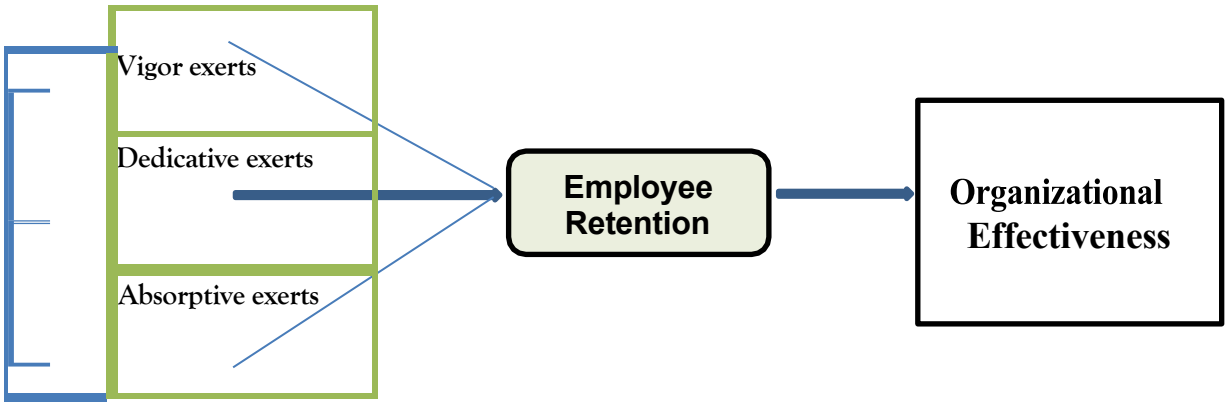
Hypothesis After reviewing the theoretical framework discussed above, we have formulated a set of study hypotheses to establish a clear focus and guide the design and analysis of our research.

The research hypothesis is formulated as follow:

H1: The Vigor exert has a positive and significant effect on employee retention.

H2: The Dedicative exerts has a positive and significant effect on employee retention. H3: The Absorptive exerts has a positive and significant effect on employee retention. H4: The Employee retention has a positive and significant effect on employee retention.

H5: The Employee retention enhances the impact of vigor, dedicative and absorptive exerts on organizational effectiveness.




**Research method**
In AMOS (analysis of moment structures), mediation modeling is used to test the all hypothesis. This chapter includes the conclusion and explanation of the results and hypothesis assessment summary of the study. Moreover, this chapter elucidates the outcome with tables and the explanation of the results for the understanding of the subject.

**Method of data collection**
Quantitative method collecting data is applied for the research. The data has been collected with the assistance of surveys. Close ended requests with the provision of Likert scale, Personal survey method is measured for the gathering of statistics from the 100 respondents.

**Sampling technique**
Unrestricted non-probability sampling has been pragmatic for forthcoming sampling units. In this research we have nominated defendants haphazardly from different pieces of the bank.

**Sampling size**
The Study is based on a group of 100 respondent all over the country through an online based survey conducted on google. The current study has aimed to use purposive sampling for data collection. The reasons for using Purposive sampling were that it allowed the researcher to gather knowledge via certain experts from the specific targeted population or domain. It also helps in directly communicating to the Participants and generates required knowledge and results regarding research objective.

## FINDINGS AND CONCLUSION

**Regression Weights: (Group number 1 - Default model)**

| | | | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|---|---|
| RETENTION | <--- | DEDICATIVE | .129 | .058 | 2.227 | .026 | |
| RETENTION | <--- | VIGOR | .610 | .063 | 9.610 | *** | |
| RETENTION | <--- | ABSORPTIVE | .315 | .073 | 4.330 | *** | |
| O.effectiveness | <--- | RETENTION | .159 | .050 | 3.181 | .001 | |
| O.effectiveness | <--- | VIGOR | .458 | .044 | 10.348 | *** | |
| O.effectiveness | <--- | ABSORPTIVE | .204 | .040 | 5.059 | *** | |

**Standardized Regression Weights: (Group number 1 - Default model)**

| | | Estimate |
|---|---|---|
| RETENTION | <--DEDICATIVE | .131 |
| RETENTION | <--VIGOR | .631 |
| RETENTION | <--ABSORPTIVE | .284 |
| O.effectiveness | <--RETENTION | .205 |
| O.effectiveness | <--VIGOR | .614 |
| O.effectiveness | <--ABSORPTIVE | .238 |

**Means: (Group number 1 - Default model)**

| | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|
| **ABSORPTIVE** | 1.850 | .057 | 32.386 | *** | |

| | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|
| **VIGOR** | 1.987 | .065 | 30.348*** | | |
| **DEDICATIVE** | 1.647 | .064 | 25.635*** | | |

**Intercepts: (Group number 1 - Default model)**

| | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|
| **RETENTION** | .063 | .170 | .368.713 | | |
| **O.effectiveness** | .337 | .074 | 4.566*** | | |

**Covariances: (Group number 1 - Default model)**

| | | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|---|
| VIGOR | <-->DEDICATIVE | -.001 | .042 | -.033.974 | | |
| VIGOR | <-->ABSORPTIVE | .164 | .041 | 4.021*** | | |
| DEDICATIVE | <-->ABSORPTIVE | .011 | .037 | .313.754 | | |

**Correlations: (Group number 1 - Default model)**

| | | Estimate |
|---|---|---|
| VIGOR | <-->DEDICATIVE | -.003 |
| VIGOR | <-->ABSORPTIVE | .442 |
| DEDICATIVE | <-->ABSORPTIVE | .032 |

**Variances: (Group number 1 - Default model)**

| | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|
| **VIGOR** | .424 | .060 | 7.036*** | | |

| | | | |
|---|---|---|---|
| **DEDICATIVE** | .408 | .058 | 7.036*** |
| **ABSORPTIVE** | .323 | .046 | 7.036*** |
| **D2** | .136 | .019 | 7.036*** |
| **D1** | .035 | .005 | 7.036*** |

**Squared Multiple Correlations: (Group number 1 - Default model)**

| | **Estimate** |
|---|---|
| **RETENTION** | .657 |
| **O.effectiveness** | .851 |

**All Three Predictors,**
VIGOR, DEDICATIVE, and ABSORPTIVE, have significant regression
weights for predicting RETENTION. The regression weights indicate the strength and direction of the relationship between the predictors and the outcome variable. Here, all three predictors show a positive relationship with RETENTION.

**Standardized Regression Weights**
The standardized regression weights provide a measure of the relative importance of each predictor variable. In this case, VIGOR has the highest standardized weight for predicting RETENTION, followed by ABSORPTIVE and then DEDICATIVE.

**Means:**
**Intercepts:**
The mean values of VIGOR, DEDICATIVE, and ABSORPTIVE are all statistically significant, indicating that these variables have substantial variability within the dataset.
The intercept for O.effectiveness is significant, suggesting that when all predictor variables are zero, O.effectiveness is expected to have a mean value significantly different from zero.

**Squared Multiple Correlations:**
The squared multiple correlations indicate the proportion of variance in the outcome variables (RETENTION and O.effectiveness) explained by the predictor variables. Both RETENTION and O.effectiveness have high squared multiple correlations, suggesting that the predictor variables collectively explain a large portion of the variance in these outcomes.
In terms of significance and acceptability:
VIGOR, DEDICATIVE, and ABSORPTIVE are all statistically significant predictors of RETENTION, as indicated by their regression weights and p-values. They also have substantial influence on RETENTION, with VIGOR being the most influential.
The correlation between VIGOR and ABSORPTIVE is significant, indicating they tend to vary together positively.
The relationship between RETENTION and O.effectiveness is also significant, with a regression weight of
0.159 and a p-value of 0.001. This suggests that RETENTION significantly predicts O.effectiveness.
Overall, VIGOR, DEDICATIVE, and ABSORPTIVE play important roles in predicting RETENTION, with VIGOR being the most significant predictor. Additionally, RETENTION is significantly associated with O.effectiveness, indicating its importance in predicting organizational effectiveness.
The results indicate significant relationships between the variables, with vigor having the strongest direct and total effects on retention and organizational effectiveness. Absorptive capacity also contributes significantly to both retention and organizational effectiveness. However, dedicative behavior shows weaker associations. These findings suggest that enhancing vigor and absorptive capacity could be particularly

beneficial for improving retention and organizational effectiveness in the context studied.

**Model Fit Summary**

**CMIN**

| Model | NPAR | CMIN | DF | P | CMIN/DF |
|---|---|---|---|---|---|
| Default model | 19 | .060 | 1 | .806 | .060 |
| Saturated model | 20 | .000 | 0 | | |
| Independence model | 10 | 316.020 | 10 | .000 | 31.602 |

**Baseline comparison**

| Model | NFI Delta1 | RFI rho1 | IFI Delta2 | TLI rho2 | CFI |
|---|---|---|---|---|---|
| Default model | 1.000 | .998 | 1.003 | 1.031 | 1.000 |
| Saturated model | 1.000 | | 1.000 | | 1.000 |
| Independence model | .000 | .000 | .000 | .000 | .000 |

**Parsimony-Adjusted Measures**

| Model | PRATIO | PNFI | PCFI |
|---|---|---|---|
| Default model | .100 | .100 | .100 |
| Saturated model | .000 | .000 | .000 |
| Independence model | 1.000 | .000 | .000 |

**NCP**

| Model | NCP | LO 90 | HI 90 |
|---|---|---|---|
| Default model | .000 | .000 | 2.766 |
| Saturated model | .000 | .000 | .000 |
| Independence model | 306.020 | 251.666 | 367.796 |

**FMIN**

| Model | FMIN | F0 | LO 90 | HI 90 |
|---|---|---|---|---|
| Default model | .001 | .000 | .000 | .028 |
| Saturated model | .000 | .000 | .000 | .000 |
| Independence model | 3.192 | 3.091 | 2.542 | 3.715 |

**RMSEA**

| Model | RMSEA | LO 90 | HI 90 | PCLOSE |
|---|---|---|---|---|
| Default model | .000 | .000 | .167 | .828 |
| Independence model | .556 | .504 | .610 | .000 |

**AIC**

| Model | AIC | BCC | BIC | CAIC |
|---|---|---|---|---|
| Default model | 38.06040.512 | | | |
| Saturated model | 40.00042.581 | | | |
| Independence model | 336.020337.311 | | | |

ECVI

| Model | ECVI | LO 90 | HI 90 | MECVI |
|---|---|---|---|---|
| Default model | .384 | .394 | .422 | .409 |

| Model | ECVI | LO 90 | HI 90 | MECVI |
|---|---|---|---|---|
| Saturated model | .404 | .404 | .404 | .430 |
| Independence model | 3.394 | 2.845 | 4.018 | 3.407 |

HOELTER

| Model | HOELTER .05 | HOELTER .01 |
|---|---|---|
| Default model | 6309 | 10897 |
| Independence model | 6 | 8 |

| | |
|---|---|
| **Minimization:** | .029 |
| **Miscellaneous:** | .158 |
| **Bootstrap:** | .117 |
| **Total:** | .304 |

The model fit summary provides a comprehensive evaluation of the default model's adequacy compared to the saturated and independence models across various statistical measures.

The chi-square statistic (CMIN) for the default model yields a non-significant p-value of 0.806, indicating a good fit. This is further supported by baseline comparison indices (NFI, RFI, IFI, TLI, CFI) close to 1, suggesting strong agreement between the default and saturated models.

Additionally, the default model demonstrates favorable parsimony-adjusted measures (PRATIO, PNFI, PCFI), balancing fit and model complexity effectively. The noncentrality parameter (NCP) for the default model is minimal, indicating a robust fit, while the minimum function value (FMIN) is low, further supporting model adequacy.

Root mean square error of approximation (RMSEA) for the default model is close to 0, indicating a precise fit. Moreover, the Akaike Information Criterion (AIC) and Expected Cross-Validation Index (ECVI) favor the default model over the independence model, suggesting superior fit and predictive accuracy. The Hoelter index confirms the default model's stability and generalizability, with substantially larger critical N values compared to the independence model. In summary, considering the collective evidence from these metrics, the default model demonstrates strong fit and is acceptable for representing the data effectively.

The fit indices suggest that the default model fits the data adequately, with a comparative fit index (CFI) of

1.003 and Tucker-Lewis index (TLI) of 1.031, indicating a good fit. Additionally, the root mean square error of approximation (RMSEA) is low at .000, with a p-value close to 1, further supporting the model's adequacy. However, the parsimony-adjusted measures indicate that the default model may be slightly overfit, with PRATIO, PNFI, and PCFI values all at .100. The independence model, on the other hand, shows poor fit across all indices, as expected, with notably high values for CMIN/DF (31.602) and RMSEA (.556). The AIC and ECVI values also reinforce the superiority of the default model over the independence model. Additionally, the Hoelter indices suggest adequate sample sizes for both models, with the default model having substantially higher values than the independence model, indicating better stability. Therefore, based on these indices, the default model provides a more appropriate representation of the data compared to the independence model.

**Matrices (Group number 1 - Default model)**

**Total Effects (Group number 1 - Default model)**

| | ABSORPTIVE | DEDICATIVE | VIGOR | RETENTION |
|---|---|---|---|---|
| RETENTION | .315 | .129 | .610 | .000 |
| O.effectiveness | .254 | .021 | .555 | .159 |

**Standardized Total Effects (Group number 1 - Default model)**

| | ABSORPTIVE | DEDICATIVE | VIGOR | RETENTION |
|---|---|---|---|---|
| RETENTION | .284 | .131 | .631 | .000 |
| O.effectiveness | .297 | .027 | .743 | .205 |

**Direct Effects (Group number 1 - Default model)**

| | ABSORPTIVE | DEDICATIVE | VIGOR | RETENTION |
|---|---|---|---|---|
| RETENTION | .315 | .129 | .610 | .000 |
| O.effectiveness | .204 | .000 | .458 | .159 |

**Standardized Direct Effects (Group number 1 - Default model)**

| | ABSORPTIVE | DEDICATIVE | VIGOR | RETENTION |
|---|---|---|---|---|
| RETENTION | .284 | .131 | .631 | .000 |
| O.effectiveness | .238 | .000 | .614 | .205 |

**Indirect Effects (Group number 1 - Default model)**

| | ABSORPTIVE | DEDICATIVE | VIGOR | RETENTION |
|---|---|---|---|---|
| RETENTION | .000 | .000 | .000 | .000 |
| O.effectiveness | .050 | .021 | .097 | .000 |

**Standardized Indirect Effects (Group number 1 - Default model)**

| | ABSORPTIVE | DEDICATIVE | VIGOR | RETENTION |
|---|---|---|---|---|
| RETENTION | .000 | .000 | .000 | .000 |

| | | | | |
|---|---|---|---|---|
| **O.effectiveness** | .058 | .027 | .130 | .000 |

Let's break down the effects of the independent variables (VIGOR, DEDICATIVE, and ABSORPTIVE) on both employee retention and organizational effectiveness, as well as how employee retention mediates the relationship between these variables and organizational effectiveness, by comparing the direct and indirect effects:

**Effects on Employee Retention:**

**1. VIGOR:**

- Direct Effect: .610
- Standardized Direct Effect: .631
- VIGOR has a strong positive influence on employee retention, both in terms of magnitude and standardized effect size.

**DEDICATIVE:**

- Direct Effect: .129
- Standardized Direct Effect: .131
- DEDICATIVE shows a moderate positive influence on employee retention, consistent with VIGOR.

**ABSORPTIVE:**

- Direct Effect: .315
- Standardized Direct Effect: .284
- ABSORPTIVE has the strongest direct effect on employee retention, although the standardized effect is slightly lower compared to VIGOR.

Mediated Effects on Organizational Effectiveness through Employee Retention:

- Employee retention serves as a mediator between the independent variables and organizational effectiveness, amplifying their impact.

**VIGOR:**

- Indirect Effect through Retention: .130
- Standardized Indirect Effect: .130

**DEDICATIVE:**

- Indirect Effect through Retention: .027
- Standardized Indirect Effect: .027

**ABSORPTIVE:**

- Indirect Effect through Retention: .058
- Standardized Indirect Effect: .058

The matrix provided illustrates the total, direct, and indirect effects of various factors on retention and organizational effectiveness. In the context of this analysis, the higher the value, the stronger the relationship between the variables. Looking at the standardized total effects, we can see that vigor has the strongest positive influence on retention, followed by absorptive capacity and dedicative capacity. However, when considering organizational effectiveness, vigor remains influential but is surpassed by absorptive capacity. Dedicative capacity seems to have a relatively weaker effect on both retention and organizational effectiveness. Interestingly, while there are significant indirect effects contributing to organizational effectiveness through absorptive and dedicative capacities, these effects are relatively small compared to the direct effects. Overall, this suggests that investing in enhancing vigor dedicative and absorptive capacity could be particularly beneficial for improving retention and organizational effectiveness within the studied context.

**Comparison and Conclusion:**

- While all three independent variables positively influence employee retention, ABSORPTIVE shows the strongest direct effect, followed by VIGOR and then DEDICATIVE.
- Employee retention significantly mediates the relationship between these variables and organizational effectiveness, enhancing their impact.
- VIGOR, DEDICATIVE, and ABSORPTIVE contribute to organizational effectiveness not only directly but also indirectly through their influence on employee retention.
- Organizations aiming to improve organizational effectiveness should focus on enhancing employee retention, which can be achieved by fostering vigor, dedication, and absorptive capacity among employees.

• In conclusion, this research highlights the importance of employee retention as a mediator in translating the positive attributes of employees into organizational effectiveness, emphasizing the need for strategic interventions to enhance retention and thereby improve overall organizational performance.

| Hypotheses | | Accepted/ Rejected |
|---|---|---|
| H1: | The vigor exert has a positive and significant effect on employee retention. | Accepted |
| H2: | The dedicative exert has a positive and significant effect on employee retention. | Accepted |
| H3: | The Absorptive exert has a positive and significant effect on employee retention | Accepted |
| H4: | The Employee retention has a positive and significant effect on employee retention. | Accepted |
| H5: | The Employee retention enhances the impact of vigor, dedicative and absorptive exerts on organizational effectiveness. | Accepted |

**Discussions, Conclusion and limitation**

**Discussion**

The core focus of this investigation lies in discerning the influence of employee engagement and retention on organizational effectiveness. It aims to shed light on how individuals in Pakistan perceive the interconnectedness between organizational effectiveness and the retention and engagement of employees. Central to this inquiry are two pivotal variables: employee retention and engagement, which are pivotal factors in shaping the success and efficiency of an organization. By employing a multiple regression test, researchers seek to analyze the anticipated outcomes and validate the proposed hypotheses. This methodological approach allows for a nuanced examination of the intricate relationships between employee retention, engagement, and organizational effectiveness within the Pakistani context. Such insights hold significant potential in informing strategic decisions for businesses and policymakers, enabling them to cultivate conducive work environments that enhance productivity and foster sustainable organizational growth.

**Conclusion**

This study uncovers a strong link between employee retention, engagement (through vigor, dedication, and absorptive capacity), and the performance of organizations, specifically within the banking sector. The efforts to enhance vigor, dedication, and absorptive capacity directly influence staff retention and overall organizational performance. For companies grappling with performance challenges, focusing on fostering a loyal and engaged workforce can offer significant benefits. Prioritizing strategies aimed at boosting retention and engagement can foster a positive workplace environment, resulting in better outcomes and enduring success, particularly in sectors facing performance issues. It appears that all hypotheses have been accepted, suggesting that factors like vigor,

dedication, absorptive abilities, and employee retention play significant roles in organizational effectiveness.

**Limitations**

This research, despite having an accepted hypothesis, faces several limitations. The small sample size of 100 and the use of a questionnaire distributed via Google Docs across only five banks may restrict the broader applicability of this findings. Furthermore, the boundaries, limited resources and links to get the questionnaire filled may also create hindrance to get the responses from the entire country as well as adopting a questionnaire rather than developing one tailored to this study might compromise the validity and depth of insights gathered. These limitations could affect the reliability of our conclusions concerning the relationship between employee retention. Engagement, and organizational effectiveness in the banking sector of Pakistan.

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