Title: Factors affecting employee retention in nonprofit organizations

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Abstract:

This study identifies factors that affect employee retention in nonprofit organizations. It also provides suggestions for improving retention conditions to nonprofit managers and administrators.

Using structural equation modeling (SEM) approach for data analysis and hypothesis testing, this study investigated the relationships between turnover intention, normative commitment propensity, instrumental commitment propensity, mission attachment, job embeddedness, job satisfaction, and organizational commitment. Turnover intention is used as dependent variable of this study.

A questionnaire survey composed of 7 instruments was utilized to collect data regarding respondents’ demographic information, pre-entry responses, and post-entry responses. A total of 279 out of 310 employees from higher education, healthcare, and human relief organizations in the Philippines and India completed the survey.

The results revealed that 93% of variance in job satisfaction is explained by mission attachment and job embeddedness. Mission attachment alone is accounted for explaining 91% of variance in organizational commitment. Most importantly, 46% of variance in turnover intention referring to employee retention is explained by organizational commitment, job embeddedness,
and mission attachment. Employee retention, therefore, is predicted by organizational commitment, job embeddedness, and mission attachment, among which organizational commitment is the best predictor.