Fostering excellence: Unraveling the nexus of organizational culture, employee optimization, and employee retention in higher education

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Abstract

This study aims to investigate the organization's cultural aspects and their impact on employee retention. The main focus of the study is to embed the role of employee optimization between the cultural dimensions and employee retention constructs to study the level of influence. Higher education institutes were approached to collect data. The institutes were selected from private and public sectors using convenience sampling techniques. The questionnaire was constructed using various items on a 5-point Likert scale. These items were adopted from previous studies for the measurement of variables. Partial least squares (PLS) structural equation modeling technique was employed to statistically analyze and test the proposed hypothesis using SmartPLS. The findings elucidated that employee optimization has a positive significant impact on employee retention, whereas not all cultural dimensions of an institute contribute to employee optimization. The study implies that an institute's HR should practice employee optimization to exercise healthy relations with employees, thus supporting a high level of employee retention. Future research and limitations are also explicated in the study.

Keywords: Education institutes' employee optimization, Employee retention, Organizational culture.

1. Introduction

Numerous universities and colleges embrace success and failure stories of their institutes that face an environment characterized as fiercely competitive and ever-changing. Educational institutes undergo distinct and often dramatic changes in response to expectations and changing times, which direct them to adapt to the culture and create an environment that leads to the desired results. Every organization's success and failure, to a considerable percentage, is dependent on its stakeholders.

Retaining employees effectively is an essential phenomenon for an organization's stability, growth, and revenue generation. The growing literature presents evidence of organizational culture as an important field of investigation to embed efficient performance with its success. As explained by Mesfin, et al. [1], organizational culture is the pattern of values, norms, beliefs, attitudes, and assumptions that may not have been articulated in words but shape the ways in which people behave and how things get done in the organization. An organization's culture controls the ways its members interpret and manage their environment and the ways its decisions are made, which lays the foundation for the institute to increase its effectiveness. According to Olynick and Li [2], a work environment is defined as a multi-dimensional system rooted in the beliefs, rules, and values held by members of an organization. These shared values and ways of working form an organizational culture. As cited by Beytekin, et al. [3], researchers are motivated to study the organizational concept to provide managerial effectiveness in universities Beytekin, et al. [3]. Culture in the education system defines the environment for the employee, who is the major role player in the institute. The way employees are managed is fundamental to the modern education system. Employees are the most valuable and productive resource of any organization [4]. A great culture demonstrates positive traits of its employees that contribute to improved performance. According to Beytekin, et al. [3], organizational researchers and managers have examined the concept of culture in a variety of settings to develop more consistency and productivity in the workplace. Dysfunction of culture may hinder employee performance and thus affect the outcome of the organization. Employee optimization, as defined by Hultman [5], is "making something as perfect, functional, or effective as possible." While optimization refers to all human and material resources, in this paper, the focus is on the optimization of university employees for the intent of their retention in the organization. Employee optimization may require the development of human resources and their talent management that are best aligned with the institution's goals. Employees are an organization's most valuable assets, and optimizing employees is essential to remain competitive in today's global marketplace Hultman [5].

Many organizations do not consider the factors determining employee retention as a strategy in managing competition and are likely to become victims of industry competition [6]. Organizations are engaged in the accomplishment of their goals and objectives thus involuntarily neglecting the importance of employee optimization and their retention to the organizations. Dysfunction of culture can adversely affect employees. Employees who are unable to align themselves with the organization's culture are unable to keep their motivation for work. Long working hours, aggressive management of employees, non-recognition of work done, and isolated work environment are various factors leading to the demotivation of employees. The role of leaders sets the key foundation for an organization's culture, their practices of delivering feedback on employees' work, accepting and encouraging employees' psychological safety, building work-friendly and unified skill-level teams, and compensating and acknowledging their suggestions build the foundation of employee trust. Leaders who fail to embed these practices efficiently lay the foundation for a high turnover rate. Thus, adversely affecting the performance and value of organizations. A high turnover rate increases the expense of the organization allocated for posting new jobs and recruitment.

Educational institutes, as being the essential structure of every society, are constantly exposed to changing trends. However, in the twenty-first century, the research projects addressing its important issues are of great interest to its stakeholders. Institutes that can create a culture that can build positive grounds for the successful retention of their employees are able to overcome difficult times and changes in the environment. The topic considered is of heightened significance due to the fierce competition in the education system. The innovative ways of learning and ever-enhancing technology have increased the pace of knowledge acquisition requirements. Understanding and acknowledging the essential cultural elements required for optimal employee performance and retention is important. Organizations deliberately consider their employee retention, are capable of performing successfully, and are competent to lay pioneer standards for their competitors. As stated by Cardy and Lengnick-Hall [7] the retention of valuable employees has always been important to organizations; it takes on even more significance today in a marketplace where human capital remains one of the few resources that can provide a sustainable competitive advantage [8-10]. There have been few empirical studies examining how institutional culture practicing employee optimization affects employee retention and motivates them to perform competently. Many studies have focused on employee retention strategies and ways to enhance performance. Researchers have studied the impact of organizational culture on employee retention. Very few have focused on employee optimization strategies for educational institutions.

The following research questions have been generated in view of the above research problem:

- To what extent does intrinsic motivation affect employee optimization?
- Influence of transformational leadership style on employee optimization?
- What level of organizational learning is essential for employee optimization?
- Influence of organizational environment on employee optimization?
- Does employee optimization have any effect on employee retention?

2. Literature Review

Within the business community in the last ten years, organizational culture has emerged as a topic of central concern to those who study organizations [11]. Researchers across various disciplines began examining the role of culture within organizational life and then connected it to the effectiveness and central processes of the organization in the last decades of the 20th century [3]. Early studies acknowledge the culture of an institute as a component of its success. Employees an essential members and institutions are vigilantly focused on recruiting the right talent and managing and retaining them through an employee optimization process. According to Hultman [5] employee optimization is developing and leveraging all available talent to maximize performance and minimize costs, so organizations can more efficiently and effectively move toward achieving their mission and vision. Good remuneration, as stated by Akanbi [12] has been found over the years to be

one of the policies the organization can adopt to increase their workers performance and thereby increase the organizations productivity.

2.1. Intrinsic Motivation and Employee Optimization

Employee commitment to its institute is one of the most important work attitudes. Motivation of employee is one of the important factor that allows the education system to enhance the performance of its employees and institute. Lin [13] states, numerous scholars and practitioners claim that motivational factors can facilitate successful knowledge sharing. Employees who are given opportunity to utilize and practice their skills are more willing to work. As clarified by Shahzadi, et al. [14] it is through motivation that the human resources can be utilized by making full use of it. Akanbi [12] indicated that intrinsic motivation stems from motivations that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals. Employees enjoying his/her work in a positive work environment is the result of his/her satisfaction with the work. According to model presented in Meyer [15] the key to moving employees along the continuum towards full engagement is the satisfaction of employees' basic psychological needs. Institute's positive environment makes the job conductible and motivating for employees. An intrinsically motivated individual, according to Ajila [16] will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her [12]. When individuals are intrinsically motivated, they practice activities for the interest and enjoyment those activities provide [17] and they typically perform at relatively high levels [18]. Work motivation and work-life balance or balance between life and work is a psychological need that is a concern in the management of human resources in a company. The existence of good motivation and balance can help employees to be productive, both in their personal lives, and improve professional work performance [19]. Seven values consistently emerge as supporting employee optimization according to Hultman [5] are engagement, full employee utilization, employee satisfaction, growth and career development, recognition for accomplishments, flexibility and work/life balance, and a positive work environment. Therefore, based on previous studies, the following hypothesis can be anticipated:

$H_{1:}$ *Intrinsic motivation has a positive influence on employee optimization.*

2.2. Transformational Leadership and Employee Optimization

Yammarino and Dubinsky [20] argue that transformational leadership goes beyond the attempts of leaders who seek to satisfy the current needs of followers through transactions or exchanges via contingent reward behavior. Transformational leaders develop their followers to the point where followers are able to take on leadership roles and perform beyond established standards or goals [20]. The organization's culture develops in large part from its leadership while the culture of an organization can also affect the development of its leadership [21]. According to Mills [22] a key factor in why people stay with an organization is its leaders. Leaders are an equally important factor in why people leave: people do not quit organizations; they quit leaders. Mills [22] cites [23] that transformational leaders have heightened motivation. Mills [22] further explains that transformational leaders have been characterized as charismatic, inspirational, able to stimulate others intellectually, and capable of showing individualized consideration. While supporting employee optimization, Hultman [5] argues that it is up to leaders and supervisors, therefore, to eliminate factors creating a tense or hostile climate and replace them with more positive conditions. In the transformational leadership style, employees get motivated by leaders which ultimately brings positive change in employee attitudes, beliefs, and values toward organizations [24]. Transformational leaders become a source of inspiration to others through their commitment to those who work with them, their perseverance to a mission, their willingness to take risks, and their strong desire to achieve [22] Following the argument, the following can be hypothesized.

$H_{2:}$ *Transformational leadership has a positive influence on employee optimization.*

2.3. Organizational Learning and Employee Optimization

Organizational learning is defined as the process and behavior that support building a learning culture within an organization [24]. The concept of organizational learning culture (OLC) is proposed and defined by Škerlavaj, et al. [25] as a set of norms and values about the functioning of an organization. They further define it as Organizational learning is a complex process that refers to the development of new knowledge and has the potential to change behavior [25]. As cited by Hendri [26] according to Elu [27] in an organization that applies organizational learning, people constantly communicate honestly and openly, respecting each other, assessing but also seeking feedback, challenging to always use new perspectives, engage in a comprehensive system approach and showing themselves honestly. The results of research conducted by Rose, et al. [28] found that organizational learning has a positive relationship with organizational commitment, job satisfaction, and employee performance [26]. The results of this study support the previous findings that organizational learning has a positive effect on performance [29, 30]. The results also support previous findings that organizational learning has a positive effect on organizational commitment [31, 32] as well as a positive influence on job satisfaction [33-35]. Considering the above arguments, the following hypothesis can be formed.

$H_{3:}$ *Organizational learning has a positive influence on employee optimization.*

2.4. Work Environment and Employee Optimization

Organizational environment is a specific climate of an organization where employees perform their duties [36]. Organizational environment plays a vital role in developing and implementing new strategies [24]. It plays an influential role in employee motivation and performance. Prior research has argued that an adequate organizational environment impacts employee satisfaction and enhances employee retention [24]. Everyone wants a positive workplace that can ensure comfort

and safety for its employees. Employees who feel safe and comfortable at their jobs are more likely to work efficiently thus increasing the performance of the institute. The work environment is the atmosphere and climate of an organization where employees perform their work. As Hanaysha and Sciences [37] conclude, To succeed, organizations should design their work environments in a way that they can increase the level of employees' commitment and motivation which ultimately would lead to favorable outcomes.

An ideal work environment may include all the facilities required to perform the job in a comfortable, safe, and noiseless place. Employees who feel uncomfortable and insecure at their workplace and have to go through struggles to fulfill the tasks are demotivated and unable to perform efficiently. According to Hultman [5] Authentic care for mutual interests requires time to develop, but employees feel happier knowing people around them do not just want something from them, but also something for them. According to Yamin [24] Supervisor support and team cohesion are some other factors that bring ease to the workplace and enhance employee productivity. Clearly it is more effective to increase retention through employee optimization, by creating a culture where everyone uses their A Game(a thing I both do well and enjoy) [5]. In accordance with the arguments, the work environment can be hypothesized as:

H₄: Work environment has a positive influence on employee optimization.

2.5. Employee Optimization and Employee Retention

The most important asset of an organization is its employees. Recruiting the right employees with the right talent required and retaining them is the most challenging job of HRM. The findings of Almasradi, et al. [38] suggest that ICT plays a pivotal role in enhancing the effectiveness of HRM, thereby improving overall organizational performance. According to Naveh, et al. [39] professional workers, being humans, are complex entities, they each have individual skills, interests, expectations, and limitations. A wrong decision of poorly recruited employee as stated by Naveh, et al. [39] may result in a significant loss of value due to understaffing, under-qualification or over-qualification of assigned personnel, and high turnover of poorly matched workers. Employee optimization strategies result in tasks being done in a more functional way, and tasks being done perfectly and more efficiently.

According to Okrah and Kwarteng [40] workforce optimization (WFO) is a series of business strategies that focuses on improving employee efficiency. An optimized workforce increases employee retention thus lowering the turnover rate. High employee turnover increases costs in resources, recruiting, and replacing open positions. The expense to the organization for recruiting a new employee costs half to 200% of the former employee's salary [41]. As employee retention is explained by Sandhya and Kumar [42] an Employee Retention Program (ERP) is said to be effective when a systematic effort is made to create and foster an environment that encourages and supports employees to remain employed by maintaining strategies and practices in place that addresses their diverse needs. Acknowledging the importance of employee optimization and its role in building the relationship with employee retention, the following can be hypothesized.

H₅: Employee optimization has a positive relationship with employee retention.

2.6. Theoretical Considerations

A contextualized perspective of organizational culture in the literature of this paper presents its extent of impact on employee retention in higher education institutes in Pakistan. First, the theoretical recognition of the variables is presented, later it's empirically presented in a structure. Figure 1 assessed how factors of organizational culture affect employee retention. This model underpins the theory of Social Exchange Theory SET [43]. SET is the most influential conceptual theory for understanding workplace behavior. The theory argues that it is an association between two interacting partners. As stated by Cropanzano and Mitchell [43] of special interest to social exchange theorists are differences in the parties involved in the relationships. Cropanzano and Mitchell [43] cite that SET postulates that OC is driven by employees' perception of the employer's commitment and support from them. These streams endorse that commitment behavior is an equitable exchange between employer and employee. The theory defines human behavior in relationships, in terms of cost (the job they do the mental work involved), rewards (pleasure of outcome, like pay, compensation, satisfaction, belonging, etc.), and losses. The theory essentially works when

Profits = more rewards than cost

Loss = less rewards than cost

The theory predicts that as long as the rewards outweigh the cost the relationship between two parties remains, and vice versa. How employees perceive his/her organizational culture provided by the employer and the relationship between both parties is an essential factor for employees' commitment to the organization. An organization's environment, work practices, leadership style, values, etc. are factors that are usually in control of the employer. As theory endorses if the effort of the employee (cost) is less than the rewards provided by the employer will support employee retention in the organization.
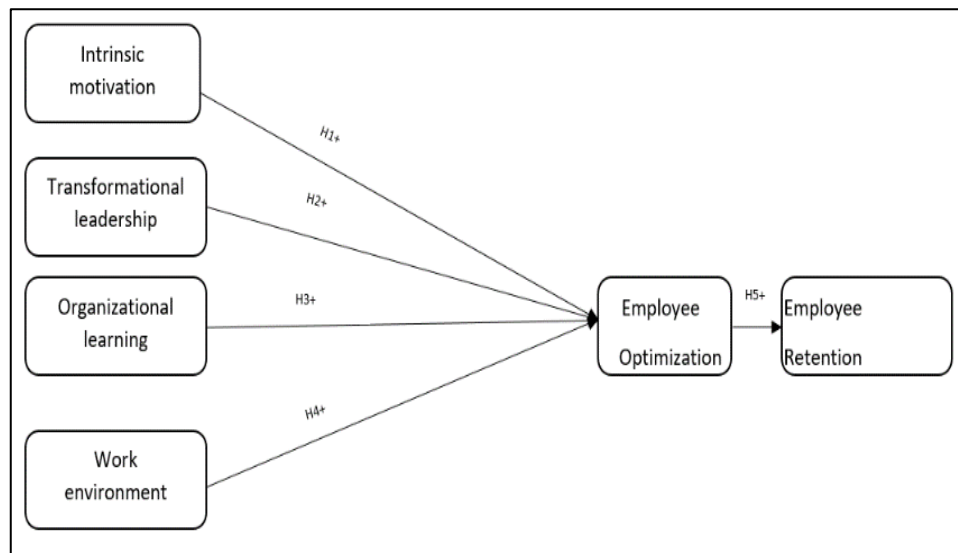
Figure 1.
The proposed research model.

3. Methodology

There are 52 universities in Punjab, 29 in the public sector and 23 in the private sector [44]. All the faculty members, heads of departments, heads of QECs, and administrative staff are the targeted population for this study. A convenience sampling technique is used to collect data. The questionnaire was distributed virtually using Google Forms, and hard copies were also distributed to collect data. It took two months to collect the data. Various universities in the province of Punjab were approached to fill in the questionnaire. As described by Morgan's table, a minimum of 300 samples was sufficient. This study is analyzed based on a low response rate, i.e., 183 responses due to the Covid-19 pandemic. To test the proposed hypotheses, a questionnaire was developed comprising two parts on a 1 – 5 Likert scale, with 1 being the lowest and 5 denoting the highest level. The first part comprises demographics, and the second part consists of construct items. Construct items were adopted from previous papers and then adapted to the current research. The instruments to measure variables are adopted and contain 33 questions to measure the variables, along with 7 demographic questions. A pilot test was conducted on 20 teachers and administrative staff members who were not included in the sample to determine the reliability of the instrument measures. Employee retention is scaled on four items, one of which is "I feel a strong sense of belonging to this company." The items are adopted from Yamin [24]. Employee optimization is adopted from Hultman [5] and Baltes, et al. [45] and is measured on a seven-point scale, one of the items on the scale is "I show interest in the image of the organization." Intrinsic motivation, measured by Choong, et al. [46] and by Yamin [24], is assessed on a six-point scale. Yamin [24] measured transformational leadership, so the scale adopted includes six items to measure it. Organizational learning is scaled on four items, one item being "When I need specific information, I know who can provide it." These items for measuring organizational learning are adopted from Hanaysha and Sciences [37]. The work environment is scaled on six items, which are adopted from Hanaysha and Sciences [37]. A pilot study was not performed because the instruments are well developed and have been used in prior studies. The table in Annexure 1 explains the scale used to measure the variables.

4. Analyses and Results

4.1. Sample Demographics

The sample collected showed that there were 30.1% females and 69.9% males who filled out the questionnaire. 50.3% of the respondents were lecturers, 18.6% were assistant professors, 6% were professors, 1.1% were Deans, 4.4% were HODs, and 19.7% were administrative staff members. There were 21 (11.5%) respondents who had work experience of less than a year, 75 (41%) had experience of 2 to 5 years, 49 (26.8%) had 6 to 10 years of experience, and 38 (20.8%) had experience of 10 years and above. This study portrays an amalgamated organizational model to investigate organizational culture, employee optimization, and its effect on employee retention. For this purpose, the latest statistical approach of structural equation modeling (SEM) is used for analysis. After completing the data collection, the internal consistency of the questions asked was checked for each variable. Most of the questions' outer loading resulted in more than 70%, a few were in the range of 60%, and the least consistency was 55%, which was due to the low response rate.

Table 1.
R-square.

	R-Square	R-square adjusted
Employee Optimization	0.605	0.596
Employee Retention	0.359	0.356

The value of R² for employee optimization is 60%, which shows that the model created well explains the influence of the organization's culture on employee optimization. In contrast, the value of R² for employee retention is 36%, indicating that the model fairly explains the influence of employee optimization on employee retention.

This study follows a quantitative research approach, therefore single source is used to collect data. It has been argued by various previous studies that data collected by a single source can result in common method variance bias. As explained by Tehseen, et al. [47] it represents the amount of spurious correlation among the variables that may be generated by utilizing the same method (i.e. survey) in order to measure each variable. Thus, before inferential analysis, the issue of common method variance must be tested. To test the biases the maximum co-variance explained by the first factor must not increase more than 50%. The results reveal that the maximum explained co-variance by single factor is 20% which is below the level of threshold. Thus, this explains that this study is free from common method variance bias and is fit for structural equation modeling.

Table 2 shows the value of Cronbach's alpha, rho_A (Spearman's rank correlation coefficient), composite reliability, and average variance of the study.

Table 2.
Construct reliability and validity.

	Cronbach's Alpha	**rho_A**	**Composite Reliability**	**Average Variance Extracted (AVE)**
Employee Optimization	0.82	0.82	0.87	0.48
Employee Retention	0.67	0.68	0.80	0.51
Intrinsic Motivation	0.82	0.82	0.87	0.52
Organizational Learning	0.74	0.75	0.84	0.56
Transformational Leadership	0.69	0.71	0.80	0.40
Work Environment	0.81	0.82	0.87	0.52

The values of Cronbach's alpha in the above table show that all the items share high covariance among them and are acceptable for further analysis. The values of rho_A in the table explain that the relationship between the two variables is strong; the values of rho_A are all positive, indicating a perfect association between ranks. The high value of composite reliability shows that the data is highly consistent and reliable among the variables. The average variance extracted (AVE) shows that employee optimization and transformational leadership explain 48% and 40% errors, which is fairly acceptable. The AVE for the remaining dimensions explains more than 50% variations, which is highly acceptable.

The following table of discriminant validity portrays that the percentage of relationship among each variable is strong. Each variable possesses strong relations with each other and are highly positive correlated.

Table 3.
Discriminant validity.

	Employee optimization	**Employee Retention**	**Intrinsic Motivation**	**Organizational Learning**	**Transformational leadership**	**Work Environment**
Employee optimization	0.694					
Employee Retention	0.599	0.711				
Intrinsic Motivation	0.640	0.525	0.724			
Organizational Learning	0.637	0.576	0.551	0.750		
Transformational leadership	0.606	0.517	0.491	0.591	0.630	
Work Environment	0.652	0.614	0.483	0.633	0.626	0.721

Table 4.
Cross-loadings for discriminant validity.

	Employee Optimization	**Employee Retention**	**Intrinsic Motivation**	**Organizational Learning**	**Transformational Leadership**	**Work Environment**
EO1	0.722	0.509	0.466	0.499	0.506	0.488
EO2	0.759	0.409	0.540	0.431	0.456	0.473
EO3	0.695	0.427	0.544	0.446	0.392	0.461
EO4	0.684	0.426	0.475	0.455	0.383	0.427
EO5	0.662	0.414	0.297	0.430	0.374	0.474
EO6	0.620	0.343	0.339	0.375	0.372	0.401
EO7	0.706	0.367	0.414	0.449	0.443	0.438
ER1	0.402	0.583	0.302	0.314	0.316	0.443
ER2	0.362	0.719	0.352	0.411	0.425	0.448
ER4	0.397	0.747	0.376	0.417	0.394	0.444
ER3	0.513	0.778	0.442	0.477	0.349	0.418
IM1	0.444	0.342	0.712	0.366	0.395	0.394
IM2	0.498	0.407	0.733	0.420	0.338	0.319
IM3	0.480	0.425	0.704	0.459	0.410	0.400
IM4	0.413	0.267	0.727	0.326	0.278	0.284
IM5	0.493	0.414	0.770	0.397	0.391	0.405

	Employee Optimization	Employee Retention	Intrinsic Motivation	Organizational Learning	Transformational Leadership	Work Environment
IM6	0.442	0.405	0.696	0.413	0.310	0.287
OL1	0.471	0.416	0.376	0.713	0.444	0.483
OL2	0.524	0.431	0.370	0.790	0.414	0.518
OL3	0.489	0.460	0.482	0.792	0.498	0.476
OL4	0.420	0.422	0.433	0.699	0.420	0.414
TL1	0.489	0.432	0.383	0.465	0.729	0.467
TL2	0.360	0.334	0.259	0.345	0.696	0.434
TL3	0.335	0.278	0.246	0.295	0.577	0.402
TL5	0.345	0.271	0.326	0.386	0.594	0.343
WE1	0.418	0.460	0.479	0.518	0.504	0.686
WE2	0.563	0.511	0.399	0.460	0.557	0.770
WE3	0.427	0.444	0.319	0.380	0.352	0.658
WE4	0.472	0.437	0.301	0.453	0.428	0.713
WE5	0.490	0.432	0.308	0.487	0.439	0.759
WE6	0.427	0.364	0.288	0.446	0.411	0.736

Table 5.
Heterotrait-Monotrait Ratio (HTMT).

	Employee Optimization	Employee Retention	Intrinsic Motivation	Organizational Learning	Transformational Leadership	Work Environment
Employee Optimization						
Employee Retention	0.793					
Intrinsic Motivation	0.771	0.696				
Organizational Learning	0.813	0.813	0.709			
Transformational Leadership	0.784	0.749	0.640	0.816		
Work Environment	0.791	0.835	0.590	0.815	0.815	

Note: Heterotrait-Monotrait Ratio (HTMT) discriminate at (HTMT<0.9/ HTMT <0.85)

Discriminant validity was also tested by the Heterotrait-Monotrait Ratio (HTMT) method. By using the HTMT method, discriminant validity is calculated using a multitrait and multimethod matrix. The criteria of this method assume that HTMT values should be less than 0.85 or 0.90. Our results of the HTMT analysis show that the values were less than 0.85 or 0.90, indicating that the construct is discriminant. Table 5 shows the results of the HTMT ratio.

4.2. Hypothesis Testing

The bootstrapping procedure is used in Smart PLS to estimate the structural model. A subsample of 5,000 was selected. This procedure is important to confirm the normality of the data. The results of the structural model are represented in Table 6.

Table 6.
Results of hypotheses.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Intrinsic Motivation -> Employee Optimization	0.324	0.329	0.104	3.129	0.002
Transformational Leadership -> Employee Optimization	0.163	0.174	0.085	1.925	0.054
Organizational Learning ->Employee Optimization	0.189	0.181	0.102	1.859	0.063
Work Environment -> Employee Optimization	0.274	0.270	0.093	2.959	0.003
Employee Optimization -> Employee Retention	0.600	0.607	0.060	10.035	0.000

Note: *p< 0.01; ***p< 0.001 (one-tailed)

The above table exhibits the results of structure equation modeling. Findings reveal that intrinsic motivation has a significant positive relation with employee optimization and it supports H$_1$: (β=*0.324*, t-value *3.129*, significance p< *0.002*). The relation between transformational leadership and employee optimization is not significant as the (β=*0.163*, t-value *1.925*, no significance p< *0.054*), thus rejecting H$_2$. Similarly, organizational learning does not show a significant relation with employee optimization by (β=*0.189*, t-value *1.859*, no significance p< *0.063*) thus rejecting H$_3$. Findings indicate that the

work environment had a significant influence on employee optimization, and it supports H_4 :($\beta=0.274$, t-value *2.959*, significance p< *0.003*). Finally, the direct relationship of employee optimization was directly tested with employee retention. Results showed that there is a positive significant impact of employee optimization on employee retention ($\beta=0.600$, t-value *10.035*, significance p< *0.000*), thus it confirms H_5.
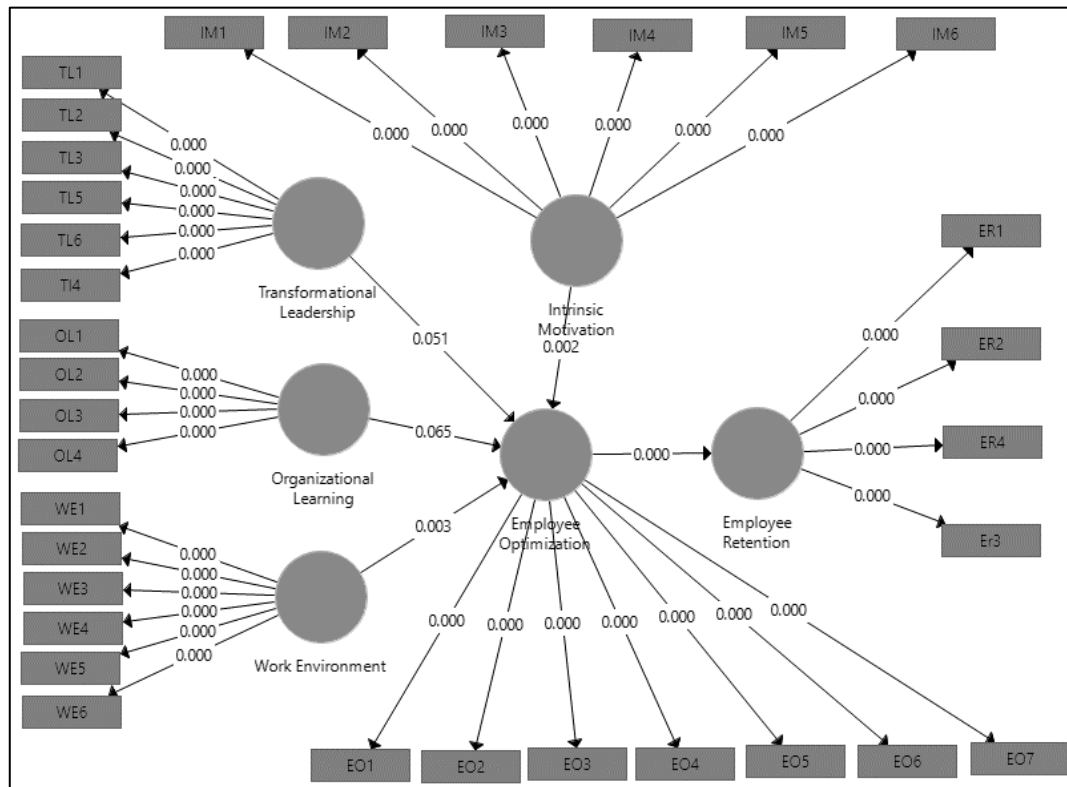

Figure 2.
Measurement model assessment.

5. Discussion

In the education system today, employee retention is a challenging issue that influences the institute's success pragmatically. Increased competition among private and public sector colleges and universities and growing individual demand for higher education have influenced the organization's culture and its strategies to embed employee optimization to retain potential employees on campus. This study seeks to identify the role of the organization's culture in determining employee retention in higher education institutes. The emphasis is directed towards intrinsic motivation, transformational leadership style, organizational learning, and work environment to portray the culture of the organization. Then the impact of these cultural dimensions is seen on the optimization of employees. The mediating role of employee optimization has a strong interplay between the institute's culture and the retention of employees. The path analysis explains that there is a strong influence of employee optimization on the retention of employees in the organization. Employee optimization has been framed and conceptualized as a positive adherent for retention. This strong influence of optimization brings positive behavior and attitude of employees, keeps them safe, and prevents burnout and frequent turnovers. As the proposed theory of Social Exchange Theory (SET) in this study claims, commitment behavior is an equitable exchange between employer and employee. The input of employees, the job they perform, and the mental work they do is the cost that employees pay to seek the committed rewards in the form of pay, compensation, and receiving satisfaction and pleasure of belonging. This increased optimization will retain the employee in the organization. These findings indicate that intrinsic motivation is positively associated with increased employee optimization. Much research has highlighted the significance and benefits an organization receives from the intrinsic motivation of an employee. The work environment plays a significant role in increasing employee optimization. A work environment that fulfills the requirements of the employee and supports a satisfactory atmosphere for the employee increases the optimization level to perform on the job, thus supporting the commitment of the employee to the organization. The findings indicate a negative relation of organizational learning and transformational leadership with employee optimization. Much research has indicated that transformational leadership and organizational learning play a vital role in employee retention, but many education systems still face high turnover rates. This study has embedded the optimization factor of employees and has clearly stated that transformational leadership and organizational learning are not significant with employee optimization. The most prominent reason that may explain this negative phenomenon faced by the education sector is the increased fierce competition among the education institutes. Many education institutes are rigorously functioning to increase and set high standards for the competitors. Thus, allowing swift opportunities for potential employees to move from one institute to another. The practice of effective transformational leadership style and organizational learning is in trend within every other education institute. So, these variables may not affect the commitment level of employees to the institute.

5.1. Implication of the study

Education system in Pakistan can redirect its human resource practices and practically mold and implement its cultural factors to support employee retention. First the HR of the institutes should understand the changing cultural demands of the employee and strategically imply optimization techniques to retain talented employees in the organization. As the study has elucidated, that effective work environment and intrinsic motivation play an important role increasing the optimization level of employees thus supporting retention. Secondly, promoting strong organizational culture, practicing shared values can boost psychological and emotional attachment to the organization. This will help to retain the best talent in the organization. HR practitioners can use HR analytics to keep track of the positive consequential values and bring them into practice for retention of employees.

6. Conclusion

The knowledge-intensive era has allowed educational institutions to compete for highly potential employees and retain them for their institutes' success. This task has become a challenge for educational institutions now, where competitors are increasingly entering the market. The increased demand for high-performing employees has reduced the supply. Thus, it gives rise to the turnover rate in the education system. This study focuses on highlighting the factors that influence the retention of employees in the institute. Employee optimization, which has been studied very little before, has proven to be the most important factor for institutes to practice for the retention of their employees. Intrinsic motivation and work environment positively influence employee optimization, whereas organizational learning and transformational leadership in a highly competitive environment may not influence employee optimization. This study has highlighted several important factors that can contribute significantly to both theory and practice. Besides its importance, many research limitations are important to acknowledge. First, this study does not include all organizational cultural and psychological factors that may impact employee retention and the success of an organization. Secondly, this study concludes with a low response rate due to COVID-19. Many institutes are operating online, thus limiting the presence of employees on campus to respond for data collection. Another limitation of this study is the type of research. This study investigates phenomena across sectional areas, i.e., at one point in time. Finally, this study is limited to Punjab only and shows results from this specific area.

Future research could indicate other cultural factors that may be associated positively with employee optimization and give rise to the level of employee retention. The moderating role of high competition should be studied to understand its influence on retention. The organization's vision and their missions, knowledge management, extrinsic motivation, and external connections are the dimensions that can be tested to study their impact on employee optimization. Once an institute successfully achieves its employee optimization level, it can effectively retain its employees. Finally, this study can be replicated in another region to enrich the study findings.

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Annexure 1

Table 1.
Measurement of construct items.

Variable	Questions developed
Intrinsic motivation	1. I feel a great sense of personal satisfaction when I do my job well. 2. I feel a sense of achievement when I suggest new task-related ideas. 3. Doing my job well increases my feeling of self-esteem. 4. When I do work well, it gives me a feeling of accomplishment. 5. While sharing creative ideas I feel satisfied 6. I feel satisfied using new technologies, processes and techniques
Transformational Leadership	1. My leader actively listens to me 2. Me and my leader have joint agreement on annual learning goals 3. My leader and I articulate a common vision. 4. Experimentation are in practice between me and my leader 5. My leader welcomes open discussion with me. 6. My leaders never reprimand (scold/lecture) to me in public.
Organizational Learning	1. Our organization introduces effective learning strategies. 2. Our organization creates continuous learning opportunities. 3. The leader of our organizations support learning at all levels. 4. When I need specific information, I know who can provide it.
Work environment	1. I am satisfied with the space allocated for me to do my work. 2. My workplace is very clean. 3. There is adequate space between me and my nearest colleague. 4. My work environment is quiet. 5. My work environment is pleasant. 6. My work environment visually appealing.
Employee Optimization	1. I show interest in the image of the organization. 2. I keep working on what I have planned until I succeed. 3. I make every effort to achieve a given goal. 4. If something matters to me, I devote myself fully and completely to it. 5. When I do not succeed right away at what I want to do, I don't try other possibilities for very long. 6. I prefer to wait for a while and see if things will work out by themselves. 7. Even if when something matters to me, I still have a hard time devoting myself fully and completely to it.
Employee Retention	1. It would be difficult for me to leave this organization 2. My organization encourage work life balance. 3. I feel strong sense of belonging to this company 4. My institute practices fair reward and compensation strategies.