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Study on the Role of Employee Psychology in Addressing Organizational Attrition: A Strategic HR Perspective

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ABSTRACT

In today's rapidly evolving work environment, employee retention has emerged as a pressing concern for organizations. While traditional HR strategies focus on compensation, growth, and job security, the psychological well-being of employees remains an often-overlooked factor in attrition. This study explores how employee psychology particularly stress, emotional well-being, and perceived organizational support impacts turnover decisions. Using both primary data (from 74 working professionals across India) and secondary literature, the research emphasizes the need for emotionally intelligent, people-centered HR strategies. The findings reveal that mental health programs and psychological empowerment significantly contribute to employee satisfaction and long-term retention. By aligning psychological support with strategic human resource practices, organizations can build stronger, more resilient workforces. Take Away: True employee retention begins with valuing mental well-being and emotional connection, not just pay and perks

Keywords: Employee Attrition, Psychological Well-being, Strategic Human Resource Management (SHRM), Mental Health at Work, Employee Retention

INTRODUCTION

In today's fast-paced and constantly evolving work environment, retaining talented employees has become a major challenge for organizations. While salary hikes, promotions, and workplace perks are often used to keep people from leaving, the deeper psychological needs of employees are frequently overlooked. Factors like emotional stress, lack of recognition, burnout, or feeling disconnected from one's role play a quiet but powerful role in pushing employees toward resignation. Mental health, in particular, has gained more attention in recent years especially as more people openly talk about the pressures they face at work. Despite this, many companies still struggle to treat mental wellness as a strategic priority rather than a personal issue. Strategic Human Resource Management (SHRM) has the potential to bridge this gap by aligning employee well-being with organizational goals.

This study explores how understanding and addressing the psychological needs of employees such as their emotional health, sense of belonging, and workplace satisfaction can significantly reduce attrition. It aims to show that real retention goes beyond policies and pay checks; it starts with how people feel, and how well organizations respond to those feelings through thoughtful, people-centered HR practices.

RESEARCH OBJECTIVES

- To examine the psychological factors (variables like emotional intelligence, morale, job stress) influencing employee attrition across organizational settings.
- To assess the moderating effect of psychological empowerment on the relationship between HR practices and employee retention.
- To develop a strategic HR model that integrates psychological insights into retention and talent management practices.
- To identify key psychological factors that influence employee decisions to leave an organization.
- To assess the role of employee motivation and morale in reducing turnover.

REVIEW OF LITERATRE

- **Aasheesh Barvey et al. (2018)-"Proactive Intervention to Downtrend Employee Attrition Using Artificial Intelligence Techniques"** This research applies ensemble AI models and regression techniques to predict attrition in advance with over 91% accuracy. It enables organizations to identify individual reasons for leaving and take preemptive action, though not accounting for rare external events.

- **Jikku Susan Kurian et al. (2021)- "Socio-Psychological Factors on Employee Turnover: A Demystifying Perspective"**

The study analyzes socio-psychological elements like emotional intelligence, morale, job satisfaction, and family support as key influencers of employee turnover. It argues for incorporating social and emotional support mechanisms into HR policies to enhance commitment and reduce attrition.

- **Samer Arqawi et al. (2021)-"Predicting Employee Attrition and Performance Using Deep Learning"**

Using IBM's dataset, this study compares traditional machine learning models with deep learning approaches to predict employee attrition. The deep learning model achieved the highest accuracy (94.52%), proving the effectiveness of AI in workforce analytics and strategic HRM.

- **Al-Darraji S. et al. (2021)-"Employee Attrition Prediction Using Deep Neural Networks"**

Focusing on data preprocessing and model performance, this study uses deep neural networks to predict attrition, improving model accuracy from 91% to 94% with synthetic data. It identifies dominant factors contributing to attrition and advocates data balancing for better predictiveoutcomes.

- **Dr. Sankararaman et al. (2023)-"A Study on Understanding Employee Attrition – Causes and Consequences in the Workplace"**

This study investigates the real-world challenges driving employee attrition, including emotional stress, lack of recognition, and poor work-life balance. Based on responses from 110 employees, it reveals how stress and long working hours lead to dissatisfaction. However, supportive measures such as stress management improve employee satisfaction and retention.

- **Gabriel Marín Díaz et al. (2023)-"A Study on Analyzing Employee Attrition Using Explainable AI for Strategic HR Decision-Making"**

This paper explores how Explainable AI (XAI) can help organizations understand and reduce employee attrition by analyzing behavioral patterns. It emphasizes the power of XAI not only in predicting attrition but also in explaining the root causes, helping HR teams craft data-driven, strategic.

- **Robert Joshua Whitton et al. (2023)-"Exploring Factors for Employee Attrition and Retention by Life Stage"**

Using survey data, this study explores how different life stages affect factors that push employees to leave or pull them to stay. It highlights work–life balance, remote work, autonomy, and future opportunities as crucial elements for life-stage-specific retention strategies.

- **Muhammad Farrukh Shahzad et al. (2024)-"Assessing the Impact of Strategic HR Practices on Talent Retention Through Job Satisfaction and Work Engagement"**

In Pakistan's education sector, this research examines how strategic HR practices mediated by job satisfaction and engagement affect employee retention. Psychological empowerment is found to moderate these relationships, offering critical insights for HR policy reforms.

- **Bushra Al-Harthy et al. (2024)-"Conceptual Paper on Strategic Human Resources Management Practices and Employee Retention"**

The paper builds a theoretical framework linking SHRM to employee retention, identifying three core HR practices. While emphasizing their positive impact, it calls for future empirical studies to expand understanding of other influencing factors like career paths and work-life integration.

- **Dr. Aguida Soufiane et al. (2025)-" Investigating the Impact of Strategic Human Resource Management on Employee Turnover and Retention"**

This study, conducted in Moroccan firms, finds that SHRM practices like recognition, compensation, and growth opportunities significantly enhance employee retention. It also underlines the pivotal role of line managers in implementing HR strategies.

RESEARCH GAP:

Table 01: Research Gap

Citation	Research Design	Objective of Research	Findings of Research	Identified Research Gap
1. Dr. Sankararaman et al. (2023)	Survey-based qualitative study	To understand causes of attrition through real-life employee experiences	Stress, long hours, lack of work-life balance are major causes	Lacks psychological theory integration (e.g., burnout models, coping mechanisms)
2. Walid Abdullah Al-suraihi et al. (2021)	Descriptive review	To analyze turnover causes and retention strategies	Poor motivation and job dissatisfaction increase attrition	No deep exploration of psychological drivers like motivation theories (e.g., Maslow, Herzberg)

Citation	Research Design	Objective of Research	Findings of Research	Identified Research Gap
3. Gabriel Marín Díaz et al. (2023)	Predictive analytics using Explainable AI	To understand reasons behind attrition through AI patterns	XAI provides insight into dissatisfaction trends	Overlooks psychological constructs (e.g., perception of fairness, organizational justice)
4. Samer Arqawi et al. (2021)	Deep learning models	To predict attrition using IBM employee data	94.5% prediction accuracy using DL	Does not address psychological antecedents; focused only on data-level patterns
5. Al-Darraji et al. (2021)	DNN with data balancing	To improve attrition prediction accuracy	91–94% accuracy with synthetic data	Ignores emotional and behavioral factors in employee decision-making

Fig.1 The Role of Employee Psychology in Addressing Organisational Attrition: A Strategic HR Perspective

Problem Statement

Despite strong HR strategies, employee attrition remains high. Emotional factors like stress, lack of recognition, and low morale are often ignored. While AI tools predict who might leave, they don't explain why. Most research is limited in scope and misses psychological depth. There's a clear need to embed employee psychology into HR practices.

- Attrition stays high despite HR efforts.

- Emotional and psychological factors are overlooked.

- AI tools predict but don't explain human reasons.

- Research is narrow and lacks broad relevance.

- HR must include psychology in retention strategies.

SAMPLING TECHNIQUES

For this study, the sampling technique used was convenience sampling, a type of non-probability sampling. This method was chosen because it allowed the researcher to gather responses quickly and efficiently from a readily available group of participants working individuals from various backgrounds who could access the survey online.

Sample Size & Location

A total of 74 respondents participated in the study, providing diverse perspectives on the impact of mental health support in the workplace.

ANALYSIS AND DISCUSSION

HR must go beyond traditional methods and embrace a more people-centered approach. Integrating psychological well-being into HR practices can lead to better retention, higher engagement, and a healthier work environment.

Table 01: Responses

Response Option	Percentage	Number of Respondents
Strongly Agree	29.7%	22 respondents
Agree	54.1%	40 respondents
Disagree	16.2%	12 respondents
Strongly Disagree	0%	0 respondents
Total	**100%**	**74 respondents**

Insight:

- A **large majority (83.8%)** either agree or strongly agree that negative relationships at work influence their decision to quit.

- This indicates workplace relationships play a **significant role in employee retention**.

Location of Respondents:

A majority of respondents (59.5%) agree that being trusted by management increases their desire to stay in their job, followed by 31.1% who strongly agree.
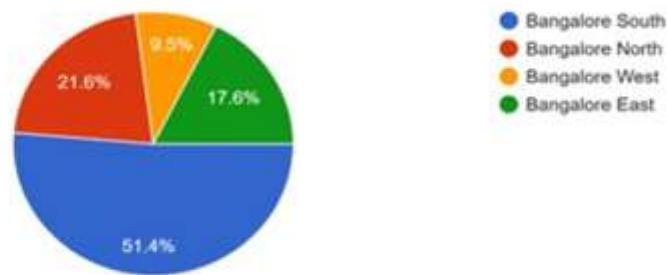

Fig.02 Location of respondents

Mental Well-being and Job Decisions:

41.9% of participants strongly agree that mental well-being affects their decision to stay or leave a job, while 45.9% agree with this sentiment.
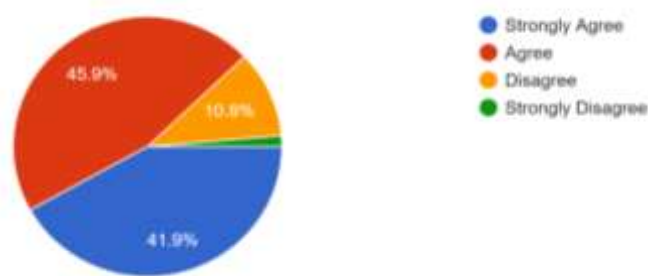

Fig.03 Mental well-being and job decision

Trust and Job Retention:

Over half of the respondents (51.4%) are from Bangalore South, with smaller proportions from Bangalore West (21.6%), East (17.6%), and North (9.5%).
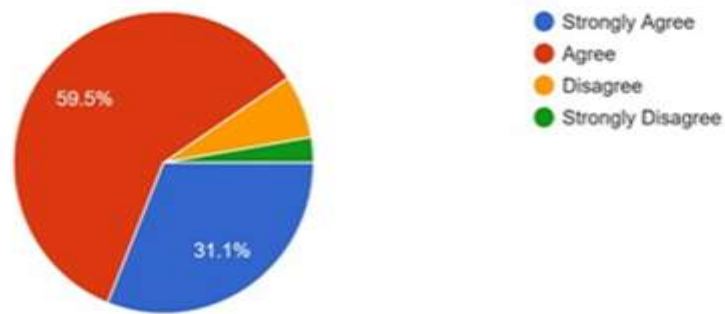
Fig.04 Trust and job retention

Analysis

- **High Agreement:** A significant **83.8%** of respondents (62 out of 74) either *strongly agree* or *agree* that **negative relationships at work influence their decision to quit**.

- **Low Disagreement:** Only **16.2%** (12 respondents) expressed disagreement, and **0% strongly disagreed**, indicating that nearly everyone acknowledges this factor to some extent.

- **Zero Neutrality or Strong Denial:** The absence of "Strongly Disagree" responses shows **how strongly employees feel** about the impact of workplace relationships.

Discussion

The survey clearly shows that **83.8%** of employees believe negative relationships at work influence their decision to quit. This highlights that **interpersonal issues are a major driver of attrition**, not just salary or workload.

With **zero respondents strongly disagreeing**, it's evident that **workplace relationships are a critical retention factor**. Poor communication, unresolved conflicts, or lack of team harmony may be silently pushing employees to leave.

RESEARCH HYPOTHESIS

Table 03: Hypothesis Testing Structure

Element	Details
Research Question	Do mental health programs reduce employee turnover?
Independent Variable (IV)	Implementation of mental health programs
Dependent Variable (DV)	Employee turnover rate
Null Hypothesis (H$_0$)	There is no significant relationship between mental health programs and employee turnover.
Alternative Hypothesis (H$_1$)	There is a significant relationship between mental health programs and employee turnover.
Significance Level (α)	Commonly set at 0.05
Sample Size	74 employees (as per the data)
Test Type	Chi-square test
Decision Rule	If p-value < 0.05, reject H$_0$ and accept H$_1$
Expected Outcome	Based on 83.8% agreeing or strongly agreeing, it's likely the test would support H$_1$, showing that mental health programs reduce turnover.

Chi-square Test Overview

We use the **Chi-square test for independence** to determine whether there is a **significant association** between two categorical variables. In your case, the variables are:

- **Response category** (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree)

- **Perception of mental health programs' effectiveness on reducing attrition**

Table 04: Observed Frequency

Response	Frequency (Observed)
Strongly Agree	42
Agree	20
Neutral	0
Disagree	9
Strongly Disagree	3
Total	**74**

Statement Format:

Step 1: Set Hypotheses

- **Null Hypothesis (H$_0$):** There is no significant association between employee responses and belief in the effectiveness of mental health programs.

- **Alternative Hypothesis (H$_1$):** There is a significant association between employee responses and belief in the effectiveness of mental health programs.

Step 2: Calculate Expected Values

If all options were equally likely under the null hypothesis:

- Expected frequency per category = Total responses / 5 = 74 / 5 = **14.8**

Step 3: Apply Chi-square Formula

$\chi^2 = \sum (O_i - E_i)^2 / E_i$

Where:

- O_i = Observed frequency

- E_i = Expected frequency

Table 03: Value Substitution

Response	O (Observed)	E (Expected = 14.8)	(O−E)² / E
Strongly Agree	42	14.8	51.46
Agree	20	14.8	1.82
Neutral	0	14.8	14.8
Disagree	9	14.8	2.27
Strongly Disagree	3	14.8	9.41
Total			**79.76**

Step 4: Decision Rule

- **Degrees of freedom (df)** = 5 - 1 = **4**

- At **α = 0.05**, the critical value of χ^2(df = 4) ≈ **9.49**

Since:

- **Calculated χ^2 = 79.76 > 9.49**, **we reject the null hypothesis**.

Outcome/ Result:

There is a **significant association** between employees' responses and their perception of the effectiveness of mental health programs in reducing attrition. This supports your research claim that psychological factors, including well-being and mental health support, play a key role in employee retention.

- **Research Methodology:**

    o **Research Design**

- The study adopts a **quantitative, descriptive research design** to analyze the relationship between mental health programs and employee turnover. This approach helps quantify employee perceptions and identify patterns based on statistical analysis.

    o **Population and Sample**

- **Population**: Working professionals across various sectors (corporate, education, healthcare, etc.).

- **Sample Size**: 74 respondents (as per survey data).

- **Sampling Technique**: **Convenience sampling** was used to collect responses via an online questionnaire.

    o **Data Collection Method**

- **Primary Data**: Collected through a St **Questionarries**.

- **Question Type**: Close-ended (Likert scale: Strongly Agree to Strongly Disagree).

    o **Data Analysis Techniques**

- **Descriptive Statistics**: Used to summarize responses (percentages, pie charts).

- **Inferential Statistics**:

    o **Hypothesis testing** using **Chi-square test** or **Proportion Z-test** for categorical responses.

    o Significance level set at **α = 0.05** to test the null hypothesis.

- Software: Microsoft Excel / Google Sheets.

CONCLUSION, LIMITATIONS, IMPLICATIONS & FUTURE RECOMMENDATION:

A. Conclusion

This study highlights that mental health and psychological well-being play a critical role in reducing employee attrition. The majority of participants strongly believe that mental health programs positively influence retention. Traditional HR strategies alone are no longer sufficient organizations must adopt a more holistic, psychology-driven approach to truly engage and retain talent. When emotional needs are acknowledged and supported, employees are more likely to stay committed and productive.

B. Limitations

- The sample size was relatively small (74 respondents) and may not reflect the broader workforce.

- The study was based on convenience sampling, which can limit the generalizability of results.

- Only quantitative data was collected no in-depth interviews or qualitative insights were included.

- The study focused primarily on Indian professionals, so results may vary in global contexts.

- Mental health program effectiveness was based on employee perception, not on long-term attrition data.

C. Future Recommendations

- Conduct similar studies with larger and more diverse samples for broader validity.

- Use mixed-method research by combining surveys with interviews or case studies.

- Explore industry-specific psychological stressors and retention patterns.

- Measure the long-term impact of mental health programs on actual attrition rates.

- Develop a psychology-integrated HR framework that can be adopted across sectors.

D. Implications

- Retention requires more than pay; emotional and mental well-being matter.

- SHRM can bridge the gap by aligning employee well-being with organizational goals.

- Psychological factors like stress and burnout are key drivers of attrition.

- A people-focused HR approach is essential for long-term retention

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