

# **Employee Retention (A Study on Public and Private Sector Banks)**

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## **Introduction**

An employee is an asset of a company which never depreciates; rather it increases its shine with time. When a country and its men can rise against all hopes to succeed, it can be said that the soundness and success of a company or a bank is nothing but a reflection of capability, capacity, effectiveness and efficiency of its employees. SBI, IDBI, HDFC Bank and ICICI Bank are the top most Indian banks. The base for growth in these institutions is their competent manpower. An existing employee is aware of the company's policies and practices, is experienced and knows how to manage the work with time and environment, all this together helps a lot in company's growth.

In the recent global meltdown, it has been witnessed that retrenchment was adopted by many concerns worldwide for their survival. This was the phase where the employees expected that the employer will retain them and they will not lose their earnings. Some organizations managed to do the same but some could not. Those organizations, who managed to live up to such expectations, earned the employee's loyalty and managed to grow. As opposed to those, who adopted the retrenchment strategy, and lost employee's faith. Now, when the times are brighter, not only lower and middle management but higher management too, of these not so trusted companies is willing to switch over to more trusted organizations.

The other aspects of employee movement from one organization to another and from one industry to another are growth, organizational environment, policies of that organization, role of HR management for employee welfare, brand name and brand image, work profile and yes, job satisfaction. Efficient manpower leads to growth and growing organizations always attracts better human resource.

This research paper analyzes the present status of employee retention schemes and policies that banks are having and the requirement to improve the employee retention policies.

## **Relevance of the Study**

- This study documents the expectations of an employee from the employer along with the requirement of an employer to have competent, knowledgeable and experienced work force basically in the banking and finance field where the financial transactions are taking place and demand of the customers are ever growing in the nature.

- So far no study has attempted to explore the working environment gap of the employees working in the public and private sector banks.
- To understand the value of existing work staff in terms of knowledge, management, experience, soundness in policies, understanding the customer demands, process improvements and bring the customer satisfaction in the organization which is the vital key of success for an organization.
- This study identifies that the appraisal process and the role of HR in any bank is very critical and in this field so many things are required to be done because in the present scenario HR department of an organization is shrieked to do recruitment and selection of the man power but they are not looking forward to retain and upgrade the existing working staff. Attention of HR management towards this side will create satisfied internal banking customers and therefore profitability for the bank.
- This study is relevant for the organizations to rethink the working age of an individual and also pay attention to all the remuneration modes to the employee so that the loyalty of the employee can be ascertain and in the bitter conditions of the organizations such as recession and base rate hikes, the employee can think about the organizational growth.
- This study identifies the several reasons of employee dissatisfaction and reasons of movement from one organization to other. And suggests that all those reasons are controllable in nature but a proper attention is required by employer.

### **Objectives of the Study**

1. To know the measures of employee retention which are being adopted by banks in the present scenario.
2. To check the requirements of the employee to sustain in the same organization and keep the loyalty for the organization.
3. To understand the remuneration pattern gap in the public banks and private banks.
4. To understand and suggest the role of commanding entities on the public sector and private sector banks.
5. To understand the level of job security in the public sector and private sector banks.
6. To know the employee perception on working environment and stress level of various banks.
7. To suggest that the private sector banks must do something for an employee with respect to fringe benefits.

### **Hypothesis**

- H1 Employees' appraisal process and role of HR is not transparent in the private sector banks as compared to a public sector bank.
- H2 Job security level is low in the private sector banks.
- H3 The private sector banks are working with inappropriate manpower.
- H4 The growth opportunities for employees in monetary terms are high in the private sector banks.

### **Purpose of the study**

The main purpose of this study is to know the loss which an organization bears when an existing, good and competent employee leaves the organization. The another purpose of the study to know the measures of employee retention adopted by banks as compare to the reasons of employee movement from one organization to other within the same industry or different. This study is designed to understand the fact that money is the biggest incentive for an employee but it is secondary when the job security is there in the organization. This research will give a plane to banking sectors to change or improve their employee promotional pattern so that the employee loyalty and growth can be ascertained.

### **Scope of Study**

This research study is confined to Jaipur, the process awareness and HR facilities are quite sound at Jaipur. Moreover, Jaipur is considered as a regional Hub for banking services and also the diversity of employee vintage with the organization, awareness of hierarchy and promotional patterns is quite sound which is again very helpful for the research.

### **Research Methodology**

The research methodology that has been taken for the purpose of this study is enumerated below:

#### **Secondary Research**

Sources of secondary data were primarily the Internet, journals, newspaper, annual report, database available in the library, catalogues and presentations.

#### **Primary Research**

Primary data is collected through questionnaires. As this study focused on employees' perspective on banking facilities and also the public sector and private sector banks' employee retention activities, therefore, employees were surveyed and the final sample consisted of 100 complete and valid responses.

### Descriptive Statistics

This part of the study deals with the statistical sample distribution with regard to variables such as gender, age, education, monthly income, vintage and working sector.

**Table 1: Sample Demographics**

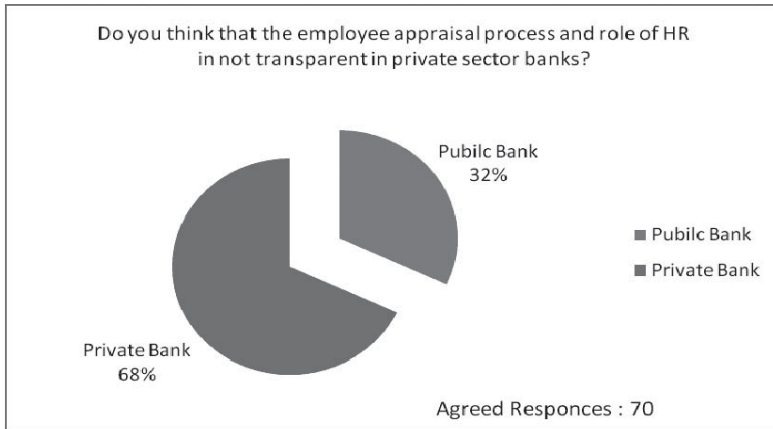
| Measure        |               | Items        | Frequency | %   |
|----------------|---------------|--------------|-----------|-----|
| Age            |               | 18-30        | 70        | 70  |
|                |               | 30-40        | 30        | 30  |
|                |               | Total        | 100       | 100 |
| Gender         |               | M            | 76        | 76  |
|                |               | F            | 24        | 24  |
|                |               | Total        | 100       | 100 |
| Education      |               | Graduate     | 20        | 20  |
|                |               | PostGraduate | 54        | 54  |
|                |               | Others       | 26        | 26  |
|                |               | Total        | 100       | 100 |
| Monthly Income |               | <10000       | 12        | 12  |
|                |               | 10000-20000  | 20        | 20  |
|                |               | 20000-50000  | 60        | 60  |
|                |               | >50000       | 8         | 8   |
|                |               | Total        | 100       | 100 |
| Bank           | Public Banks  | SBI          | 25        | 25  |
|                |               | IDBI         | 25        | 25  |
|                | Private Banks | ICICI Bank   | 25        | 25  |
|                |               | HDFC Bank    | 25        | 25  |
|                |               | Total        | 100       | 100 |
| Vintage        |               | upto 5 Years | 62        | 62  |
|                |               | > 5 Years    | 38        | 38  |
|                |               | Total        | 100       | 100 |

According to Table 1 equal numbers of respondents were surveyed, that is 50-50 of both the public and private sector bank. The public sector banks include SBI and IDBI and the private sector banks include HDFC Bank and ICICI Bank. The major response has come from male generation. The major chunk of the respondents lies between the income group of Rs.20,000 to Rs.50,000 and are either graduates or post graduates, for both the groups where the PG holders are on the higher side apart from that persons having professional degrees are also included and considered as others. In order to make the study more relevant employee vintage is also considered where major respondents are up to 5 years of their vintage.

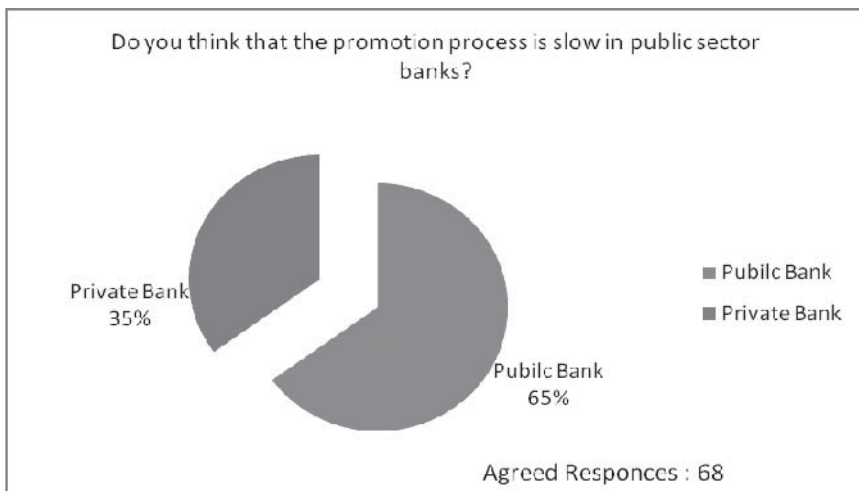
### Findings

After analyzing the cumulative responses given by the employees of both the public and private sector banks, following were the findings of this study.

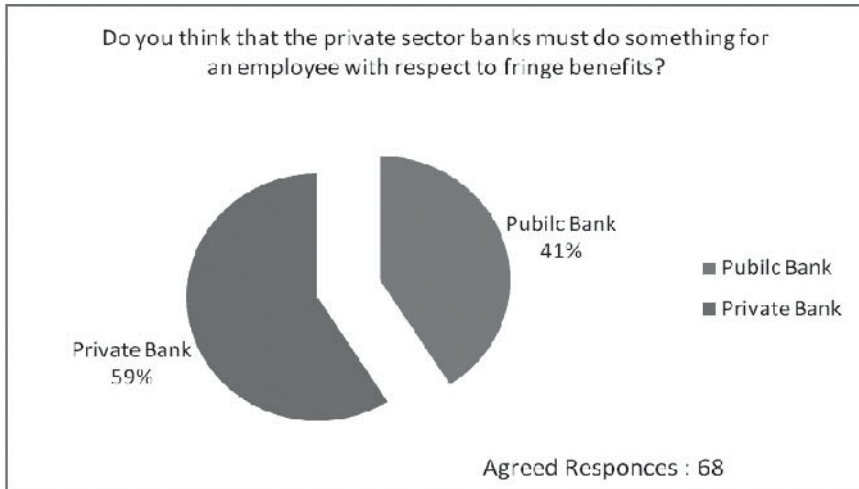
On asking about the appraisal process and the role of HR in the private sector Banks, 70% employees said that it is not transparent and not on the performance of an employee. Major part of agreed responses includes private sector bank employees.



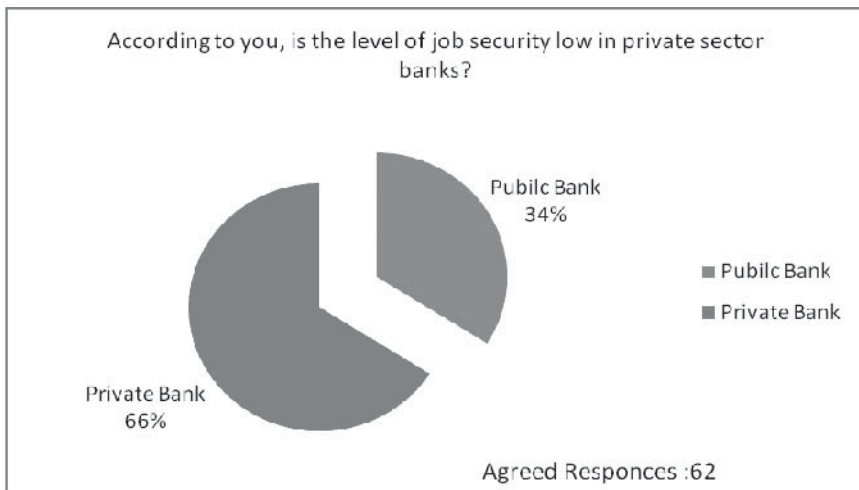
The public and private sector banks have received 68% agreed responses of total agreed responses i.e. 70. Which shows that in private sector HR counseling and intervention of HR in the business process in very low and this is the reason of employee movement.



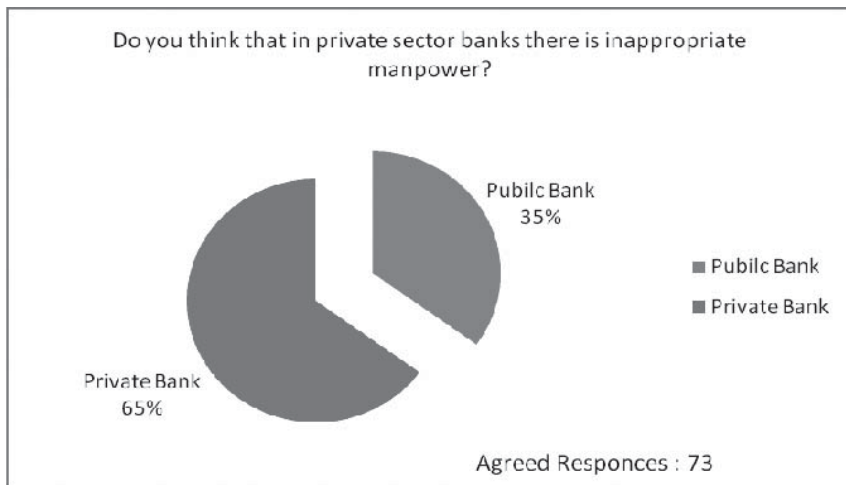
Slow promotion process in the public sector banks, 68% agreed responses out of which 65% were the public sector bank employees. This shows that there is dissatisfaction in government employees with respect to their growth in career.



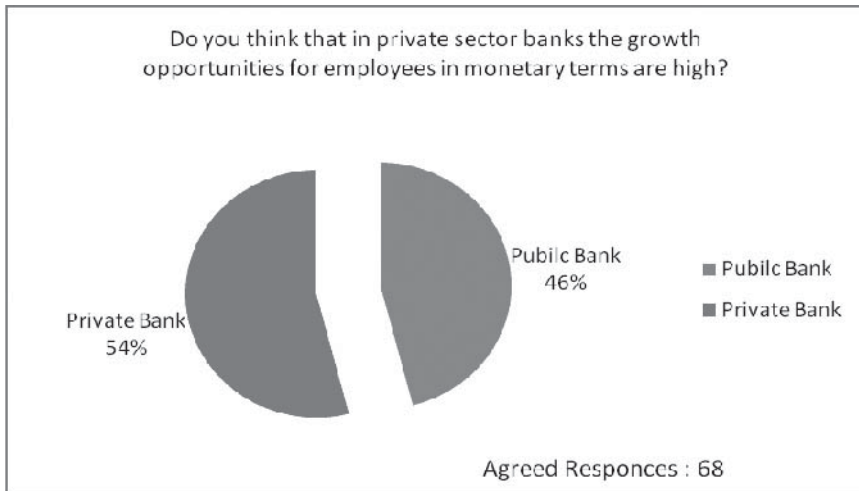
Fringe benefits are again a major tool to retain an employee. Each and every employee has some expectations from the employer like support after retirement. In public banks these benefits like pension, PF etc. are very common but in private banks it is almost nowhere. And when one analysis the results of this study it is proved by receiving 68% agrees responses on the importance of fringe benefits. It is required and a supportive tool to retain good people in the organization. In terms of public banks and private banks, it is 59% agreed responses from private sector employees out of total agreed responses received.



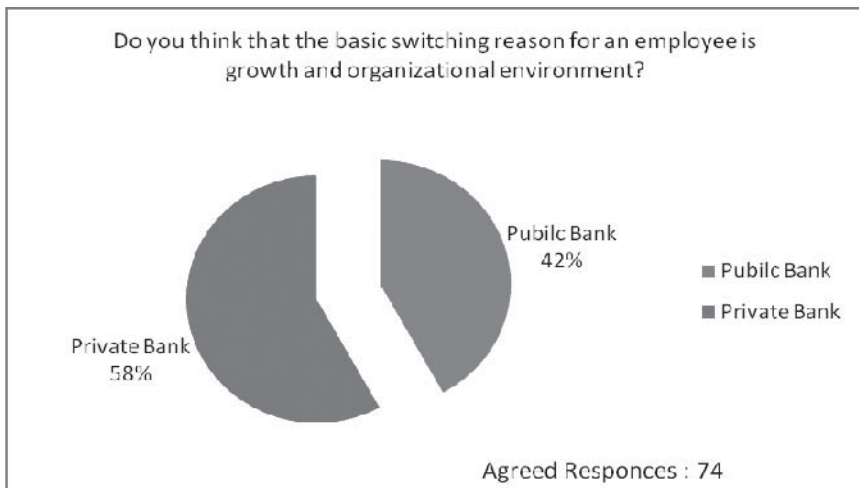
In the near past, each and every economy faced the recession and it impacted the Indian banking sector as well. In the private sector banks, such as ICICI Bank Ltd. retrenchment of employees was there and in some organizations fresh hiring was on hold. Retrenchment at the time of recession impacted the mind set of an employee long lastingly. As per this research 62% agreed responses received supporting the statement that the job security is on lower side in private banks. An in depth approach of responses received shows that 66% of agreed responses received form private sector.



In the present scenario, each and every bank is having a spirit of competition, inter-sector and intra-sector. They are always looking forward to grab the market monopolistically in terms of customer base, liquid and fixed assets, number of branches, number of accounts and obviously in terms of quarterly and annual profit and wealth appreciation. This spirit creates an immense stress on the employee and management. And according to the responses received, 73% agreed responses with respect to the workload clause. An in-depth study says that in private banks, work pressure and level of stress on employee is very high as compare to public banks. In the research 65% agreed responses received from private bank employees out of total agreed responses. This thing shows that the late sitting, less personal life, higher mental pressure and depression is on the the higher side in private banks. Having the zeal of competition is good but upto that limit when the win-win situations between employer and employee can float easily.



It is seen that in government organizations salary package is fixed as per the designation and the post at all the levels but in private organizations it is always negotiable and varies between the two employees at same designation and at same post moreover at the same place. In public banks, salary is on lower side and revision of package is in the frequency of five years but in the private banks it is on the higher side and annual revision by the senior management and again it is based on the performance of the employee. The research shows 68% agreed responses for this statement that the salary amount is on the higher side in private banks as compare to public banks. An in-depth study shows that 54% agreed responses received from private sector banks.





A healthy organizational environment provides a healthy mentality and soundness towards policies and accuracy along with new ideas. These are directly related to the growth of employer and employee. The research shows 74% agreed responses in this regard and out of which 58% were of private banks.

### **Conclusion**

The overall research shows that the growth of a bank is based on the level and growth of its employee. A higher level of retrenchment is there in private sector banks and therefore the level of loyalty is on lower side in the private sector bank employees and this is the major reason of higher employee turnover and migration from one bank to other bank. Employee of private sector banks are facing long hierarchy, immense work pressure, very hard policies and pressure to perform, less working span, undefined role of HR management, retrenchment at the time of recession, less job security etc. whereas the public sector employees are facing lesser pay scale, long span to get promotion, higher time to get confirmation, slow appraisal process, unhealthy working conditions etc.

Presently organizations have started to work upon these factors and are willing to keep their good work force and are offering many things to retain the employee such as Employee Stock Option Plan, Bonus, Salary Hike, Performance Appraisal, Promotion, Fringe Benefits, Change in Job Role, Staff Welfare Funds, Fringe Benefits, Awards to Employees, Gift Coupons, Conveyance and other allowances, Group Insurance, etc. Bank policies need to be revised with time and should be common for both the public and private sector banks.

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