

# Employee's Retention in Banking Sector

Gurpreet Kaur<sup>1</sup> and Nishi Bala<sup>2</sup>

I.K. Gujral Punjab Technical University, Jalandhar  
E mail: rajinderrandhawa75@gmail.com

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**Abstract**—Banking being one of the key service sectors in India has witnessed an explosive growth and expansion. Rising incomes enhanced the need for banking services which resulted in great boom in terms of advanced technology, prompt communication system and conception of various banks to cope up with multinational led environment. Committed employees create the customer stories which make the brand creditable. The Indian Banking Sector is characterized by a large number of banks having a various category of ownership – Public Sector Banks, Old Private sector Banks, New Private Sector Banks and Foreign banks. New Private Sector Banks are those banks which came into existence after Banking Sector Reforms in 1991. With well equipped tools, technology, and financial & technological innovations, New Private Sector Banks helped to create a better competitive environment for the Indian Banking sector. Entry of the large number of Foreign Banks led to significant changes in functioning as well as in the financial environment in India. The recommendations of various committees also aimed to improve the operational and financial efficiency of Indian Banking Sector.

## INTRODUCTION

Organizations spend a lot on their workforces in terms of orientation and training, developing, preserving them in their organization. Therefore, administrators at all expenses must reduce worker's turnover. Although, there is no ordinary context for understanding the personnel turnover procedure as whole, a wide array of aspects have been initiate useful in initiating employee turnover. Therefore, there is need to change occupied understanding of the employee turnover, more especially, the sources what defines employee turnover, effects and policies that superiors can put in place decrease turnover. With globalization which is cumulative competition, organizations must carry on to develop physical goods and offer services which are constructed on approaches formed by employees. These employees are particularly essential to the organization since their value to the organization is basically intangible.

## STRUCTURE OF INDIAN BANKING SYSTEM

Banking Sector

Indian banking system consists of 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. The commercial banking industry provides

employment to around 13 lakh people and out of them more than 3 lakh are female employees. Banking is the process of financial intermediation and trust based relationship. Rising incomes enhanced the need for banking services which resulted in a great boom in sector and higher demand for transactional banking services. Due to the convincing demographics in today's scenario, the patrons are more affluent in terms of comfy lifestyle and financial planning; they are not only well-informed but are also very selective in terms of investments and cash outflow.

The face of Indian banking has now changed as banks are reaching out to the masses with advanced technology, prompt communication system and services which are not restricted to public sector banks. They have recorded a rapid rise of the new private sector banks to cope up with multinational led environment. The trends in the Indian banking sector are highly favorable as it gives equal prospect of employment to both genders. Banks started to bring about changes in HR practices in order to retain and develop its employee base which outline a major operative expense. As a career, it offers the employees an opportunity to uphold a balance between the family and profession in a better way by building diversity much earlier than other sectors

## THEORETICAL FRAMEWORKS

### HYPOTHESES

H0: There is no relationship between different factors and employee's retention

H1: There is a significant relationship between different factors and employee's retention

## RESEARCH ETHODOLOGIES

### DATA COLLECTION

The respondents of the study are the private and public banks was conducted to evaluate the factors of employee turnover so the employees are selected as respondents due to convenience and get better results. Data was collected from secondary source and the secondary data was collected from books, magazines, internet, and newspapers.

## LITERATURE REVIEW

Employee satisfaction is an important success factor for all organizations. Employee satisfactions have been recognized to have a major impact on many economic and social phenomena, e.g. economic growth and higher standard of living. Companies must continuously employee satisfaction in order to stay profitable. Employee satisfaction is an important success factor for all organizations. Employee satisfactions have been recognized to have a major impact on many economic and social phenomena, e.g. economic growth and higher standard of living. to quit their jobs than older employees and demonstrate a greater tendency to be willing to work overtime.. Jagannathan and Sunder (2011) in their study of employees of the Life Insurance Corporation of India in Tamil Nadu reported that the job security, recognition for work, supervision, pay, grievance handling procedures and other financial facilities had significant impact on their job satisfaction. Shariq (2011) in study of the impact of gender and attitude in banking professionals observed that female employees showed less satisfaction as compared to male respondents. Soumendu Biswas (2011) reported that psychological climate proved to be a significant positive predictor of job satisfaction. It further underscores that support and sincerity in supervisor-subordinate and peer-related relationships enhance an individual's level of job satisfaction. Wadhwa et al. (2011) reported that factors of working conditions, fair rewarding, promotion opportunities, salary, adequate authority, supervisors influence the job satisfaction of employee. Work –life balance is a key driver of employees' satisfaction. The implementation of work –life programs has both individual and organizational benefits. Effective work-life programs facilitate a symbiotic relationship between the employee and employer for mutual benefits. Employees who are better, able to balance the demands on their time are more satisfied and content. In turn they are able to perform better. Such provisions also aid in employer branding and are emerging as retention factors. Employee engagement was greatly influenced by performance management, personal development and growth, workplace recreation and remuneration package. Individual factors predict job engagement and organizational engagement. For example: co employee support predicted both job and organization; employee development predicted job. The study supported that Social Exchange Theory (SET) can be used as theoretical framework in understanding the construction of employee engagement. This means that the employees who have perceived support from the co-employees are more likely to reciprocate with greater level of job engagement and organization engagement; employees who are provided with adequate development (training, skills and learning) are more likely to be more engaged in their job role and organization roles, and would repay with greater organization engagement (Andrew et al., 2012.) However, among the determinants, remuneration is the highest contributor of employee engagement with workplace recreation having the least

influence. Low engagement and job satisfaction can contribute to multiple organizational problems and have been associated with increased levels of turnover and absenteeism, adding potential costs to the organization in terms of low performance and decreased productivity. It is important for bank management to be aware of the needs and make up of their workforce, as well as the impact of environmental factors, when developing their programmes and policies that have implications on engagement (Mokaya et al., 2014)

## OBJECTIVES OF STUDY

1. To analyze the satisfaction level of the employees working conditions, job security and other
2. To study the impact of different variables such as the occupational level, age, education, organizational climate, economic background and gender, on the various factors affecting the overall job satisfaction.
3. To identify the factors responsible for satisfaction or dissatisfaction of the bank employees.
4. To identify and suggest some measures for improving the satisfaction level of the employees.

**Research design:** Research design is the conceptual structure within which research is conducted. As search the design includes an outline of what the researcher will do from writing the hypothesis and its operational implication to the final analysis of data. The present study is exploratory in nature, as it seeks to discover ideas and insight to bring out new relationship. Research design is flexible enough to provide opportunity for considering different aspects of problem under study. It helps in bringing into focus some inherent weakness in enterprise regarding which in depth study can be conducted by management.

## Methodology

Human resource is an important asset of any organization. In this era of competitive world, success of any organization depends on its human resource. Banks are no exception to this. The employees of the Bank are valuable assets to the organization. If they are highly satisfied with the job they produce more which is profitable for the organization. So in this competitive environment, the essential thing is to know the views of employees toward their job and to measure the level of satisfaction with various aspects of job satisfaction. Efficient human resource management and maintaining higher job satisfaction level in Banks determine not only the performance of the Bank but affect the growth and performance of the entire economy.

## Demographic Factors

Demographic factors have a role in job attitudes and motivation as they are the statistic characterizing of human population. The major demographic factors include gender,

age, marital status, qualification, income, and years of services.

**Work Life Balance**

Work-life balance, in its broadest sense, is defined as a satisfactory level of involvement or fit between the multiple roles in a person’s life (Hudson, 2005). The concept includes proper prioritizing between "work" (career and ambition) and "lifestyle" (health, pleasure, leisure, family and spiritual development/meditation) and an ideal idea of "lifestyle choice."

Byrne (2005) suggested eight important sections of life as the eight spokes in a wheel. The sections are work, finances, spiritual, hobbies, self, social, family and health, which are important for every human being and each individual attempts to achieve a balance amongst these different sections.

**Institute for Employment Studies (IES) Model of Drivers of Engagement**

The model of drivers of engagement is based on an attitude survey conducted on fourteen organizations. Based on the findings of the survey, the study concluded that there is a strong link between feeling valued, involved and engagement which is clearly illustrated in the model. IES refers to the model as a diagnostic tool, which can be used to derive organization-specific drivers. Regardless of the sector, many drivers will be common to almost all organizations and there exists a strong link between feeling valued and involved and engagement.



**Maslow’s Hierarchy Theory**

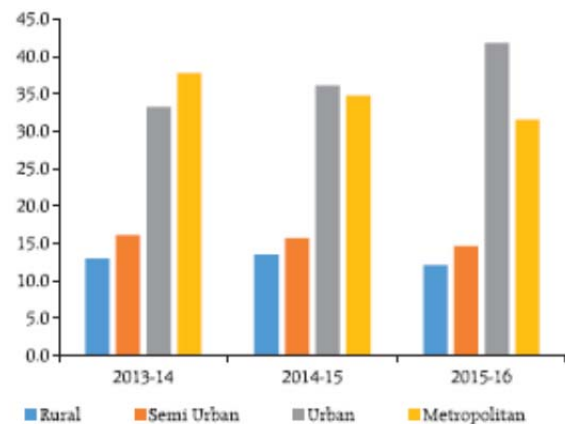
As an organization successfully meets each of these engagement factors, it states that the organization becomes more attractive to new potential employees and becomes more engaging to its existing staff. Engagement is fulfillment from job and is also remarkably similar to both Maslow's Hierarchy of Needs theory, with "hygiene" factors at the base of the triangle and "satisfiers" towards the top as shown

Organizational context and job satisfaction Hertzberg’s two factor theory points out that the ‘hygiene factors’ are very crucial in understanding job satisfaction of employees. These include aspects of the working environment such as pay, company policies, supervisory practices, and other working conditions. The cumulative evidence of research studies also

points out that various dimensions of organization, such as, salary, training and development, rewards and compensation, nature of job, promotion, autonomy, communication, job security, morale, role clarity, attitude of superiors, working conditions, team work etc., influence job satisfaction and morale of employees. The basic concern of this study is on to understand dimensions of job satisfaction in its contextual perspective, as it is difficult to determine impact of intrinsic factors of motivation.

**Customer services**

During 2015-16, 95,377 complaints were received against SCBs by 15 regional offices of the Banking Ombudsman as against 85,131 during the previous year. PSBs witnessed a marginal decline in the share of complaints received at Banking Ombudsman Offices to 68.2 per cent from 70.5 per cent in the previous year. PVBs’ share of the complaints increased during this period (Chart 2.17). Population group-wise, urban and metropolitan centres received a majority of the complaints (73 per cent of the total complaints in 2015-16) under the Banking Ombudsman scheme .



**WORK ENVIRONMENT**

If working situations are insufficient or the place of work have absence of important accommodations such as proper lighting, furniture, restrooms and other health and safety provisions, employees will not be willing to put up with the problem for longtime. Organizational uncertainty has been shown to have a high degree of high turnover.

**JOB STRESS**

High rates of mergers, acquisitions, increasing economic interdependence among countries due to globalization, technical development, and rearrangement have changed the organizational work over the last few eras have caused in time pressure, excessive work demand, role conflicts, ergonomic deficiencies and challenging customer relationship are causes of stress. The knowledge of job related stress (job stress), the series of reasons that lead to job related stress (stressors), lack

of commitment in the organization; and job frustration make employees to quit .

### **CAREER GROWTH**

Career evolution creates stress on employee's understandings of the value of his or her career prospects. Obstacles in career development can appear at any time during an employee's employment period which serves as stressor for them. These stressors can contain an array of problems like being trapped at a position, deprived of any expectations of improvement or pressures of downsizing. High employee turnover could also be due to no prospective chance for progressions or promotions. Employees prefer other companies which may offer them with higher posts and increased recompense packages.

### **COMPENSATION**

One mutual reason of high employee turnover rates is low salary and profits packages. When a worker is engaged in a low-wage position with restricted benefits, there is little encouragement to stay if a comparable employer offers even a considerably higher rate of pay. "While lower paying job roles involvement a general high average of employee turnover, they have a habit of to cost firms less per additional employee than do higher paying job roles.

### **FINDINGS AND DISCUSSION**

It is concluded that some of the factors causing dissatisfaction regarding job, some are neither causing dissatisfaction nor contributing much towards job satisfaction. Factors like working environment of the employees, performance appraisal techniques, relationship with other employees and grievance handling and safety provisions are contributing towards job satisfaction as dissatisfaction caused by these factors are almost negligible

### **RECOMMENDATIONS**

Disciplinary horizon should be extended in order to avoid the traps of biased partial correlations, especially because variables in the psychological dimension may be omitted, and because new interdependent links may arise. Extending the horizon obviously makes the picture more complex, but it may also provide suggestions on how to handle the most serious problems. Banks need to introduce special schemes related to pension, gratuity, retirement, and other related benefits to enhance the employee's sense of security. Special attention should be given towards reducing working hours and frequent transfer of the employees.

### **CONCLUSION**

Job satisfaction is a very big concept as it includes various factors associated with job satisfaction of employees. Satisfaction varies from employee to employee. The overall satisfaction of bank employees is associated with different factors of job satisfaction which includes nature of job, working environment, salary and incentives linked job, promotional methods, performance appraisal, relationship with other employees and management, and grievance handling etc.,

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