

Comparative Study on Retention Policies of Public and Private Sector Banks & Effect of Motivational Factors on Employee Retention

¹Tamna and ²Dr. Arvind Kumar

¹Research Scholar, OPJS University

²Associate Professor, Commerce, OPJS University

ARTICLE DETAILS

Article History

Published Online: 12 June 2019

Keywords

Employee retention, Public sector, Private sector banks.

ABSTRACT

Employee Retention' is actually a really crucial part of Human Resource Management (HRM), as it's an all-natural building block of a company. Profit as well as goodwill is being produced by the group from the human resources. Workers are the backbone of a company. Hence, the retention of the workers is actually a crucial tool in trying to keep a company on track. Banking industry of India is recognized by a significant competition and it is completely technology based which produce a serious issue to endure on the market place. The banking sectors are actually having to spend substantial quantity of cash for building training tactics as well as programmes in banks, the issue is the fact that as soon as education is actually provided to workers, are they stay in the group for long period? If perhaps not education is meaningless especially in banking sectors. And so, there has to be a highly effective preparation to retain these employees. The main aim of this study is to discuss the strategies and comparison between public and private sector banks and also determine the effect of motivational factors on employee retention. As a result, current study seeks to concentrate on problem of employee retention in public too private sector banks. Public sector banks are in contrast to the private sector counterparts of theirs on the foundation of the employee retention policies of theirs. Study discovered that public sector banks are unfavourably working with the problem of talent retention and they also do not have any defined employee retention policy where as private sector banks provide prominent value to talent retention and the many HR policies of theirs as well as practices are actually aimed to retain best talent in the organisation of theirs.

1. Introduction

Employee retention is actually an attempt by a company to keep a working environment which supports current staff in staying with the business. Lots of employee retention policies are actually aimed at dealing with the different requirements of staff members to improve the job satisfaction of theirs and minimize the sizable expenses involved in hiring as well as training the staff.

Nowadays, the top struggle for the banking industry is retention of the workers, as the actions of personnel has been transformed and those youthful personnel often prepared to turn over when he or maybe she dissatisfies with any explanation of the project. They're not the people that have just one chance to make it through though they've numerous offers at hand at some point of time. It's a lot more than simply keeping the workers on the project. It's the primary task of the employer to keep the very best workers in the banks. Employee retention is a highly effective mean or maybe a method to keep a workforce in banks that is both sustainable and stable. There are particular factors for the workers to leave a company. Expectations play an important role to figure out if a worker is satisfied or perhaps disappointed with the present job. The more powerful connection the manager as well as staff have with one another has a tendency to make the staff to remain with this specific business for an extended period of time.

1.1 Employee Retention

Employee retention is a procedure where workers are urged to stay with the group for the optimum period of time or

perhaps until the conclusion of the venture. Employee retention creates benefits that are many for just about any company for example employee determination, involvement, committed as well as making themselves a feeling of attachment which allows them for supplying positive providers of ever-changing expectation of the consumer particularly service sector as Banks. The phrase retention is described as an obligation to carry on and do exchange or maybe business with a specific business on a continuing basis.¹ Employees these days are different. They're not the people that don't have many good possibilities at hand. The moment they think disappointed with the present employer or maybe the task, they change over to the subsequent job. Employee turnover bills for just about any companies? ranges thirty to fifty % of the yearly salary of entry level personnel, 150 % of middle-level personnel, and up to 400 % for special employees and top level. It's the duty of the employer to retain the optimum staff of theirs. In case they don't, they will be left with no good staff. An effective employer ought to know the way to entice as well as retain its employees.

The Banking sector of India becomes a highly competitive sector and it is completely technology based which develop a serious issue for survival of the marketplace. The employees working in the Banks are actually viewed as backbone for their earnest constant satisfactory delivery of services. Hence, the retention of the workers is actually a crucial human resource practices for conquering the issues experienced by private and public industry banks in the latest time. A number of accounts are submitted in current times about the benefits of human resource management in the banking industry and one

of the article submitted by Hudson (2008) on HR Issues/Challenges in Banking sector? which especially spotlights the problems experienced by banking industry like hiring right staff, retaining talent, staff, staff development, salary inflation, outside threats, etcetera. Some other challenges are changing working compensation, re-skilling, and conditions etc. An additional report submitted by FICCI Public Sector Banks, Private Sector Banks and Foreign Banks view issues in hiring extremely competent youngsters when the major risk to their HR methods in front of higher staff expense overheads, poaching of competent quality staff as well as substantial attrition rates. The banking sectors are actually having to spend substantial quantity of cash for building training tactics as well as programmes in banks, the issue is the fact that as soon as education is actually provided to workers, are they stay in the group for long period? If perhaps not education is meaningless especially in banking sectors. The above-mentioned reports highlight the benefits of employee retention in the banking industry. Though the current study wants to go over the instruction features as well as the impact of its effect on employee retention of Banks. It's thought that instruction improves employees' career opportunities in that competitive and continually changing planet. Thus, the existing paper is an effort to discover the effect of instruction on Employee Retention in which Development and career Opportunities plays as an intervening job among Training as well as Employee Retention.

1.2 Factors of Employee Retention

Retention entails 5 leading things:

a) Compensation

Compensation establishes the biggest piece of the employee retention process. The employees consistently have exclusive standards with respect to their compensation packages. Compensation packages shift from industry to industry. So, an appealing compensation package assumes a basic job in holding the employees. Compensation incorporates salary and wages, rewards, benefits, essentials, investment opportunities, rewards, excursions, and so forth. While setting up the packages, the accompanying parts ought to be remembered:

b) Salary and monthly wage

It are the greatest segment of the compensation package Salary and wages speak to the degree of expertise and experience an individual has. Time to time increment in the pay rates and wages of employees ought to be finished. Furthermore, this expansion ought to be founded on the employee's performance and his commitment to the association. Reward: Bonuses are generally given to the employees toward the year's end or on a celebration. Monetary advantages: It incorporates paid holidays, leave travel concession, and so forth. Long haul motivators: Long term impetuses incorporate stock alternatives or stock grants. These impetuses help hold employees in the association's beginning up stage.

c) Health insurance

Health insurance is an extraordinary advantage to the employees. It sets aside employees' cash just as gives them a

peace of mind that they have someone to deal with them in bad occasions. It additionally shows the employee that the association thinks about the employee and its family

d) After retirement

It incorporates instalments that an Employee gets after he retires like EPF (Employee Provident Fund) and so on.

e) Miscellaneous compensation

It might incorporate employee assistance programs (like psychological counselling, legal assistance and so forth), limits on organization items, utilization of an organization vehicles, and so forth.

2. Effect of motivational factors on employee retention

Employers can build employee retention and engagement through various down to earth people-centered strategies. A viable retention program is one that grasps an assortment of approaches and practices to make a work environment where employee needs to feel great. Whatever the system embraced, an association must guarantee that the activities line up with the crucial, culture, goals, and estimations of the association, just as being practical measures to live up to employees' needs and desires. Overviews, studies and articles, recognized for as far back as decades, were utilized to arrange the pivotal factors in high employee retention and engagement. Extensively, numerous investigations guarantee that there are a few factors that determine an association's capacity to draw in and hold employees (Fig. 1).

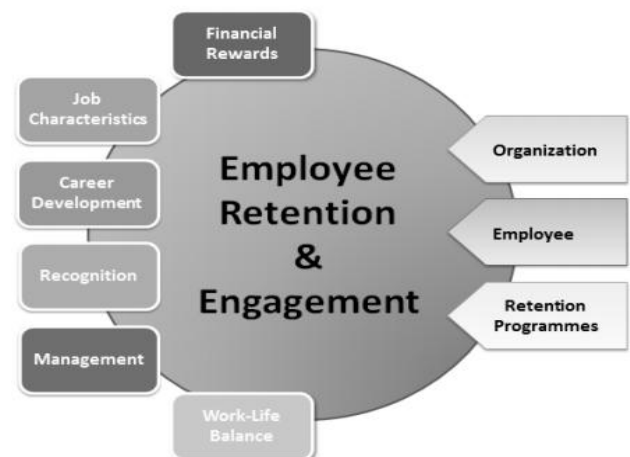


Figure 1: Motivational factors for employee retention and engagement

2.1 Financial Rewards

In a focused business world, more employers are taking a gander at improvements in greatness and increment profitability while diminishing expenses. An employee reward program is one technique for inspiring employees to change work schedules and key practices to profit an association. Reward projects are as often as possible utilized by association to attempt to hold employees. Most examinations noticed that financial reward is one of the essential kinds of outward money related rewards which spread the fundamental needs of pay to make due (to cover tabs), a sentiment of stability and consistency (the job is secure), and acknowledgment (my workplace esteems my aptitudes). In the

present monetary occasions, financial reward, for example, money is as yet the primary incentive that makes employee improve work. In any case, most specialists concur that money isn't the long-haul answer for contracting, particularly for keeping, high talented employees. For example, a study directed by the "Establishment for Employment Studies" in the United Kingdom expressed that lone 10% of employees who had left their employer gave dissatisfaction with pay as the principle purpose behind leaving. Numerous associations utilized this strategy to submit their employees to stay by methods for compensation bundles. A case of this, in a study found that the most prominent retention system announced by HR managers of learning firms was as yet identified with compensation.

2.2 Job Characteristics

It is characterized as "how much the job gives significant opportunity, autonomy and carefulness to the person to calendar work and determine the systems utilized in doing it". It expands on the suspicion that people don't simply work for the money yet in addition make reason and satisfaction in their life. As per, employees notwithstanding a solid need to convey astounding outcomes, likewise need to

take on troublesome challenges that are pertinent to the association. Be that as it may, dreary based performance of undertakings, the likelihood of de-motivation and turnover are generally high. Research has indicated that the design of high gifted employees' work substance impacts the stability of the specialized work power. Besides, when employees see their undertakings as trying with open doors for learning and data trade, they are likewise more averse to leave. As indicated by profoundly gifted employees, had all the earmarks of being progressively included, increasingly happy with their jobs, and more dedicated to the association than non-high talented employees did .

2.3 Career Development

The 21st century employment relationship has re-imagined improvement and profession opportunity. Improvement is presently considered as increasing new aptitudes and exploiting various strategies for learning that advantage employees and the association the same. Employee's advantage by encountering more noteworthy satisfaction about their capacity to accomplish results at work and by assuming liability for their profession; the association benefits by having employees with more aptitudes who are progressively gainful. The accessibility of employees in terms of expertise improvement openings and vocation development is the 'key attractors' to associations. In the event that an association doesn't perceive the person's need and want to develop, at that point 'advancement' turns into a primary explanation behind acquiescence

The European Center for the Development of Vocational Training states associations need to understand that profession improvement of their workforce is a method for drawing in and holding the best people. By perceiving and reacting to the requirements of employees they will get the best out of them. It was recommended that an association that needs to reinforce its bond with its employees must put resources into the advancement of these employees. By

offering vocation improvement openings, employers can assist employees with upgrading their employability in the inner and outside work market and build up their very own upper hand. Numerous employees pay special mind to employers who give preparing and aptitude advancement exercises that encourage profession improvement. At the point when they get such chances, employees are probably going to focus on the association. For example, a study found that employee' bits of knowledge on development openings offered by employers decreased turnover expectations. reports that the issue of absence of gifted workers in Asia, especially China and Japan, apparently is the greatest danger and is oftentimes referred to explanation behind superior workers to leave the associations later on.

2.4 Recognition

Jacobson states that each employee should be lauded and perceived, and the more frequently they get it, the better. Being perceived for working admirably makes people rest easy thinking about themselves and the association they work for guaranteeing more devotion. Employers are in the best position to perceive and hold the present employees.

Heath field proposes that associations ought to organize employee acknowledgment to make a positive, gainful and inventive hierarchical atmosphere. He included that people who feel acknowledged are progressively gainful about themselves and their capacity to add to the accomplishment of hierarchical objectives. In 2011, Accenture in Ireland led a study about the degree of acknowledgment that employees get for working admirably at work, and found 63% who have no plans of leaving are happy with their acknowledgment, while 24% are not happy with the acknowledgment of the associations. Given these various outcomes, associations should look for changes to improve their strategies like to dispense with partiality, perceive something beyond the world class, and worth employees for more than their work.

2.5 Management

Manager assumes a critical job in affecting the employee's commitment level and retention. There are some of manager's retention rehearses which increment the likelihood that an employee will stay focused on an association after some time. The board practices directly affect employee turnover. These elements are the most persuasive: planning enjoying some downtime employees to work, constrained preparing time, non-focused compensation rate and poor employee communication. Recommend these measurements must be injected set up and adjusted for an association to accomplish world class employee's commitment level and retention.

2.6 Work-Life Balance

In the cutting-edge lifestyle, 24 hours out of every day isn't sufficient to handle work and individual undertakings. Work life balance has turned into a pre-predominant issue in the workplace particularly in the general public loaded up with clashing duties and commitments. Encouraging a decent work-life balance is one of the retention factors much of the time referred to in the writing.

The contention among work and profession from one perspective and private life on the other is at present

accepting large extents in our general public. Numerous associations organized hotlines, programs, or even programming to guarantee that these contentions don't lessen the quality and efficiency of employees' work. There is an expanding interest for increasingly adaptable types of work, which would emphatically influence the decrease of the work family strife and employee satisfaction all in all.

3. Policies or strategies adopted by some Indian private banks for retaining its employees

3.1 HDFC

HDFC Bank likewise follows the elegantly composed retention strategy. The association of HR administrator is must for each situation of whittling down. Bank's HR utilize following systems for holding important ability:

Mystery Calling-To have eye on the explanation and main driver of employee's attrition. Interview (Exit/Problem Identification) Session-Is finished with specific employee for identification and arrangement of the problem. After knowing the reasons HR director utilize therapeutic offers (after analysing the value of employee) like changing of section, additional advantages, and fitting climbs in salary etc.

3.2 Axis Bank

Like other private banks Axis Bank likewise have employee retention strategy. There are two verticals in Axis bank for example deal vertical and activity vertical. Employee turnover is high in deal vertical. The Organization Culture gives a lot of significant worth to hold the employees. In this manner, there is less employee turnover form Axis bank to other private sector banks. Well-disposed working environment, less work pressures in Axis bank turns into the principle reason of less employee turnover. HRMS programming is utilized by employee to send their acquiescence, after that post employment survey might be taken by their prompt director to analyse the explanation of partition. Employees get advancement inside 2-3 yrs. (Approx.) contingent on their activity proficiency and viability, whereas different competitive exams are additionally led by banks to grant employees with LTC and different advantages.

3.3 State Bank of India

SBI the biggest bank of India doesn't have a specific retention strategy for their employees. Having the employee base of 292,215 (2012) SBI is the biggest bank in India. Despite the fact that SBI is enduring less with the issue of mind channel contrasted with different banks. Reason working behind it is acceptable HR rehearses. In the event that we talk about the ability retention strategy SBI has the accompanying approach: For superannuating employees-Post named 'Business Correspondence' and "Business Facilitator" are offered to resigned employees. What's more, for top administration post named "AGM Alternate Channel" are offered for overseeing and controlling the BC and BF. For New Joiners-Exit meet are taken, notice before multi month of leaving is asked so the vital move can be made.

Other fringe benefits like petrol allowances, portable allowances, and paper allowances and so forth are given to employees with the expectation to hold them. This is the fundamental explanation that SBI is pioneer bank in ability retention in current situation among PSB's.

3.4 Punjab National Bank

There is no auxiliary employee retention strategy existing in PNB. Be that as it may, banks utilize some retention strategies to hold the new joiner and superannuating employees. Yet, these techniques have negative effect on employees notwithstanding beneficial outcome on account of ostensible salary and low-grade positions. Scarcely any strategies are:

- ✓ For new joiners-Bond filling in official cadre, paid training, and so on.
- ✓ For superannuating employees-Post named "business facilitator" on nominal salary etc.

3.5 Bank of Baroda

Bank of Baroda is perhaps the most elevated profit-making bank in India. As other public area banks it likewise doesn't have any composed employee retention policy however BOB itself utilize indistinguishable strategies for holding the new joiner from well as the superannuating employees.

For new Joiners-giving the joining area as indicated by the competitor, multi day unique preparing program for making them acquainted with the bank, give some exceptional allowances like cooking gas allowances and so forth. For superannuating employees-Some back-office job, Assistant staff post on solidified salary (1 to 2 lac/annum).

3.6 ICICI Bank

ICICI bank has all around changed employee retention policy. They offer plans like ESOP's retention plans, employee benevolent strategies. Different strategies like noadvancement, no augmentation is additionally utilized by HR manager to check the steady loss. Bank utilizes trademark "SaathAapka" for their employees. That makes the sentiment of belongingness with their banks.

4. Comparison between the employee retention of public and private sector banks

Public segment banks have no very much characterized employee retention strategies though private segment banks show more concern towards talent retention. Each private bank has more self-governance contrasted with public banks for detailing of their HR arrangements and ways of thinking. Private division banks can adjust or change their HR works on as per the competitive condition and strategic prerequisite. In the wake of contemplating the employee retention policy of various banks, a comparison has been set up among public and private segment banks. Following (Table 1) shows contrasts on different parameters.

Table 1: Comparison amongst Public and private sector banks regarding policies of Employee Retention

Public Sector Banks	Private Sector banks
HR policy is still suffering from the traditional approach of workforce management that causes brain drain	HR policy is market pegged and changes are inculcated according to environmental and strategic moves
Due to high employee turnover the cost of per employee is also increasing.	Cost of per employee is decreasing year by year in private sector banks.
Employee turnovers are	Employee turnover is not

continually increasing in public sector banks.	increasing and not at all a big problem for banks.
Some nominal employee retention schemes are present but employees do not see it as lucrative.	Proper employee retention strategies and tactics are adopted by banks to prevent employee turnover.
No well-defined employee retention policy	Every private bank has proper policy to retain valuable talent

Table plainly expresses that public division banks are carefully following the customary methodology of overseeing and holding their employees. As a result of incorporated intensity of recruiting and terminating, public segment banks have no authority in regards to the retention of any talent, regardless of whether HR manager considered it fit. Possessing to this centralisation of policy detailing, misalignment between the HR rehearses and strategic imperative exist in enormous degree in public area banks. Then again, in each private sector bank there is decentralization of intensity and HR manager has more autonomy for adjusting the range of HR approaches as indicated by the reasonableness of their association. In this way, HR manager has power to take choice like increment/decline the salary, changing of job area, job profile and so on as indicated by reason for wearing down of specific employee. Subsequently, they can hold best talent according to their prerequisite even of the superannuating employees. Because of this autonomy, decentralization, responsibility and accountability goals, private sector banks have great HR-procedure arrangement contrasted with public sector banks. Their HR strategies and practices are exceptionally competitive and showcase connected with attractive strategic direction.

Presently, it gets basic for public sector bank to center the arrangement of their HR approaches with strategic stance and prerequisite to determine the different issues experienced by them in the domain of workforce management.

5. Advantages of employee retention policies on banking sector

The need of retaining superannuated employees and new joiners were studied. It was also studied that how legitimate talent retention and the board can improve the circumstance. Employee retention policy in public sector banks can check the numerous issues that are saddling the points of view of advancement and development. Holding the old also brilliant talent can unravel the numerous HR challenges, right now looked by banking industry.

Out-dated employee is advanced as far as Experience, Inherent responsibility, High good and Loyalty. On the off chance that they are held and channelized appropriately; the lack of talent can be pooled once more. In the wake of investigating the different answers answered during the

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interviews. Study found that there are following advantages that would be acknowledged whether talent can be held-

- Succession arranging would be not, at this point an issue, through retention employees can be used in numerous zones.
- Leadership gap can be disappeared.
- Employer brand' can be made for public sector banks too.
- Other HR related issues like high employee cost, high employee turnover and so forth will never again be an issue.
- High whittling down rate can be settled.

6. Conclusion

Indian banking sector is the foundation of Indian monetary health. Their activity and development have significant effect on the nation's money related just as prudent results. In the quick changing business sector just competitiveness isn't adequate for the drawn out endurance, supportability of that competency is significant. Strategic stance received by corporates (Private or public) in practical regions like HRM, advertising, account, R& D and so forth become the key for reasonable competency. So public sector banks need to recognize the estimation of scholarly capital that lies in their employees and need of holding that capital for ideal use. Holding the obsolete and new talent employees may tackle the different issue of human asset the executives looked by banking industry particularly, public sector banks. Specialists and policy creators need to recognize this issue and use it as instrument to reformulate the policy of talent procurement, improvement and retention. Since in the hyper competitive market, employees (Unique arrangement of skills, capacities and recognize) are of prime significance.

Any innovation needs spurred employees to embrace it effectively. A few ways to deal with Retention are accessible. Early hypotheses are excessively short-sighted in their methodology towards Retention. For instance, backers of logical Management accept that cash is the motivating factor. The Human Relations Movement sets that social contacts will motivate workers. Insignificant information about the hypotheses of Retention won't help deal with their subordinates. They have to have certain strategies that assist them with changing the conduct of employees.

7. Recommendations

- Develop an appealing employee value proposition
- Create a complete reward structure that incorporates more than compensation.
- Give input on employee performance all the time
- Be adaptable regarding work-life balance.
- Create a culture of commitment
- Train managers to be viable.

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