International Journal of Research in Social Sciences
Vol. 10 Issue 04, April 2020
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

A STUDY OF EMPLOYEE RETENTION STRATEGIES PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

Employee retention is important because it involves organisational challenges such training time and investment, knowledge loss, insecure employees, and an expensive candidate hunt. As a result, losing a key employee is a costly prospect for a company. According to various estimates, losing a middle manager may cost up to five times his compensation in most firms. Employers who are astute understand the value of keeping top employees, Employee retention is a concern for the tail banking business at all levels, and from distributors to executives to customer service representatives; therefore competition to acquire them is very fierce. In order to recruit critical personnel, there is fierce competition and this study which discussed about Study of Employee Retention, Employees' Retention, Employee Retention Strategies, Customer retention, Retention Factors, Top Strategies to Improve Employee Retention, Public and Private Sector Banks, Types of Banks, Public and Private Sector Banks Employee Retention, Human Resource Management and Employee Retention.

KEYWORD: Employee retention, Public and Private Sector

INTRODUCTION

Employee retention is important because it involves organisational challenges such training time and investment, knowledge loss, insecure employees, and an expensive candidate hunt. As a result, losing a key employee is a costly prospect for a company. According to various estimates, losing a middle manager may cost up to five times his compensation in most firms. Employers who are astute understand the value of keeping top employees. In the Indian context, retaining talent has never been more vital; nevertheless, things have altered in recent years. There are enough of prospects for the finest in the business, as well as the second and third best, in India's major cities. Companies have never placed a greater emphasis on retaining key personnel and addressing attrition issues.

Employee turnover may cost firm money in terms of recruitment and administrative expenditures, but it can also cost money in terms of quality control from departing staff, as well as reduced productivity until new employees arrive as a result of poor quality and delays. It's possible that these expenses will never be recouped. After a company has spent a significant amount of time and money recruiting and training its workers, it must now figure out how to keep those important people productive and loyal to the organisation. Employee retention is critical for maintaining customer connections and controlling recruitment and training expenditures. Any company that loses an experienced employee will almost always incur considerable costs. Strong leadership and effective management techniques are the keys to employee happiness and retention. If these techniques are mastered, happy, loyal workers and clientele should ensue, leading in growth, revenues, and personal fulfillment. Employees are an investment in the eyes of the employer. The purpose of an interview is to determine whether or not a candidate has a strong work ethic, motivation, and drive. Employees are frequently viewed as a financial investment, but they are much more than that. A considerable emotional involvement is required to accelerate corporate plans and achieve organisational objectives.

Companies must recognize the requirements of workers and keep them for a longer length of time as the competitive climate continues to evolve. So, in order to discover the need for employee retention in the Banking Industry in India, this study was conducted. It found that a number of elements, including work satisfaction, incentives, training, and career advancement, had a stronger influence on employee retention. Conversational strategies, according to Verlander EG and Eans MR, may be employed as a set of best practices for all employees in order to keep them for a longer amount of time. According to research and best human resource practices, when companies regard their employees as valuable contributors, they are more likely to stay with the company for a longer amount of time. Firms, on the other hand, train workers, give competitive compensation plans, and boost perks to keep them loyal. Despite these efforts, many organisations face a labour shortage and high turnover rates. In the event of personnel shortages and rising service delivery expectations, it is critical to investigate the elements that contribute to employee retention, since people provide a significant source of knowledge and expertise to any firm.

Study of Employee Retention

The Economic Impact It is quite expensive to replace an employee. However, a brand's reputation still exists. Customers don't trust a company that can't keep its employees. It denotes sloppy management, confusion, and a lack of planning. Employees typically escape the mouth with a bitter taste, sentiment, and expertise they have gained, regardless of whether they are left alone and leave on their own, and their feelings are often reproduced to future employers and their own networks. Over the following few years, the associated talent drain will impair your company's brand.

Employees' Retention

In the last ten years, the banking industry has slowly progressed from a fiercely competitive environment focused on transactional and consumer assistance, as well as sales competition. Employees in long-term banking are disillusioned with the market and resistant to new expectations. Employee morale deteriorates, resulting in decreased earnings. Because of the close ties that exist between employees and customers, losing these employees would mean losing vital customer relationships. Employee retention is a concern for the tail banking business at all levels, from distributors to executives to customer service representatives, therefore competition to acquire them is very fierce. In order to recruit critical personnel, there is fierce competition. Top executives and HR departments spend a lot of time, money, and effort trying to develop new methods to entice employees to leave.

1. Employee Retention Strategies

Employee retention strategies relate to the method, plan, or set of decision-making behavior put in place by businesses to keep their capable employees on the job. When firms develop and implement proper employee retention methods, researchers have discovered that employees are more inclined to stay and contribute toward the successful attainment of corporate goals. A worker's perception of the company is heavily impacted by their connection with their boss, according to Madiha et al (2009). Workers are less likely to leave an organisation if they have assistance, and they are more engaged if they have a solid connection and open communication with their boss. Supervisors engage as a connection between stated aims and expectations and practical implementations. They assist in managing both within and beyond the workplace by harmonizing competing needs. Employees will seek alternative opportunities for new jobs if the relationship is not nice, and vice versa.

Employee commitment may be formed when the work environment is harmonious and does not cause employees to feel pressured. Companies that actively promote a positive work environment and value employee contributions while achieving true work-life balance have been found to be more successful at communicating the idea that their employees are one of their most valuable resources. They go on to say that a good work climate includes aspects of the workplace that are enjoyable or fun, the organisation being a unique place to work, and the firm being regarded as an employer of choice.

Customer retention

In retail banking, Levesque and McDougall (1996) looked at how satisfied customers were with their experiences and what they planned to do in the future. Quality dimensions (like getting it properly the first time), characteristics (like competitive interest rates), obstacles (like service recovery), and products used were all shown to be important in the study. Customer satisfaction and switching intentions were shown to be influenced by service faults and the bank's ability to recover from them. Clark (1997) researched the impact of customer-employee relationships on customer retention rates at a well-known UK retail bank. Customers' retention rates are linked to customer satisfaction scores, which, in turn, are linked to the opinions of both customers and employees about the quality of the services provided. Clark (2002) investigated the relationship between employee perceptions of organisational climate and customer retention in a particular service situation, such as a large UK retail bank. The branch's customer service methods and processes were studied via the use of a case study approach. Employees' perceptions of the business environment were shown to have a direct correlation with customer retention. Climate themes may be broken down into five categories, each of which has a number of components that are critical to client retention, according to the author.

Retention Factors

Agrela, et al. (2008) emphasizes the importance of focusing on issues that drive organisational retention, which leads to development and success. According to research, retention tactics that match the expectations of all workers improve a company's ability to adjust more quickly to ongoing organisational changes. According to research, patterns in redefining new engagement tactics are one of the most important factors in dealing with the organization's diversity and long-term retention outside of traditional salaries and benefits packages, as well as rewards that include employee satisfaction. The following segment provides a brief introduction and analysis of 12 retention variables that work to keep the company's most valuable asset—its employees.

Top Strategies to Improve Employee Retention

- Suggest fair and competitive wages.
- Take the incentives into account.
- Direct the administrators, supervisors and managers.
- Clear tasks and duties of work.
- Have adequate resources for change.
- Offers withholding incentives,

- Conduct an examination on staff productivity.
- Encouraging cooperation.
- Enjoyable a little (team lunch or dinner, birthday parties, outings, contest)
- Draft all of the agencies' goal statements.
- Have free contact possible.
- Encourage school.
- Be agile. Be flexible.
- Offer the right facilities and supplies to workers.
- Make sure they are respected by employers.
- Adopt the management-by-the-way methodology (MBWA).
- ESOPs (Employee Stock Option Plan) introduction.

Public and Private Sector Banks

There are two major issues in the banking industry's risk management and management, as outlined in Chakrabarty (2012). During this decade (2010-20), the decade of retirement, he predicted that billions of citizens would retire, and that banks would need to focus and develop their HR strategies to meet the challenges. For example, succession planning, outcomes assessment, resource management, people and promotion, management gaps, opportunities and compensation, and gap leadership were all discussed in detail in Kamath 2003 and Bharati 2007. She found that private-sector banks are more successful than their public-sector counterparts and have less HRM issues than PSBs, give greater importance to employee performance, and compete with other HRM activities (2009). As seen by the steady drop in staff expenses, private banking has excelled at keeping costs under control whereas public sector banks have struggled as a result of their higher costs per person. On top of all these challenges in HR, banks also face issues in transition planning, such as high attrition rates and skills shortages, low employee quality, and high staff turnover rates.

Types of Banks

According to the 1935 "State Bank of India Act," "The Imperial Bank of India" was nationalized, and the State Bank of India was established as a result. Its goal was to provide financial services to rural and semi-urban areas in addition to different public needs. Indian commercial banks were nationalized in 1969, and six more were added to the list in 1980 to form the public sector banks. Scheduled banks and non-scheduled banks are the two types of commercial banks in India. The Scheduled Banks include the SBI and its subsidiaries, private sector banks, and foreign banks, as well as the nationalized Bank and its subsidiaries. The second schedule of the RBI Act, 1934 lists all banks that are not listed as non-scheduled.

1. Scheduled Banks

A list of "Scheduled Banks" was created by the second scheduled act of the RBI. Section 42 (6) of the RBI Act, 1934 specifies that only Rs. 5 Lakh is needed. The Scheduled Banks are entitled to a number of special benefits. In other words, scheduled banks have a higher level of trustworthiness and reputation than non-scheduled banks. It is necessary to obtain a refinancing facility when needed.

2. Nationalized Banks

In addition to the six nationalized on April 15, 1980, there are 14 nationalized banks that were nationalized on July 19, 1969. After nationalization, governments attempt to conduct a variety of social programmes using these institutions, which are now listed as scheduled banks.

3. Non Scheduled Banks

Non-scheduled banks are commercial banks that are not listed in the second schedule of the RBI Act. The RBI does not have the authority to provide them with services such as bill refinancing or rediscounting. Lending money, discounting and collecting debts and other agency services are all part of their business. For loans, they want more security.

4. Old Private Banks

All of these financial institutions were established in accordance with the provisions of the Companies Act of 1956. There is a fundamental distinction between a Co-operative Bank and a Private Bank in its goal. Private banks operate for their own gain, whereas cooperative banks serve the interests of their members.

5. New Private Banks

These banks have dominated the Indian banking industry in a short period of time because of their wide range of services and customer-oriented orientation, as well as their long working hours and fast service. As a result, this is also registered under the Company Act 1956. There is a significant disparity between the newer private banks and the more established ones.

6. Foreign Banks

When we say "foreign banks," we're referring to institutions that operate across many nations. For Indian banks, foreign banks are those with a branch office in India but whose corporate headquarters are located elsewhere in the world. E.g. Standard Chartered and City Bank.

8. Co-Operative Banks

As a result of the growing demand for Co-operative Credit, a new Act of 1994 was passed that allows a union of primary credit societies or a union of primary credit socialites and people to increase their demand for Co-operative Central Banks as another component of Indian banks.

Public and Private Sector Banks Employee Retention

S. No.	Public Sector Banks	Private Sector banks
1	Well defined employee retention Policy is lacking	Proper policy to retain valuable talent is present with all private banks
2	The traditional approach of workforce management that causes brain drain is still dominant in the HR policy	The HR policy is framed as per the market scenario and changes are incorporated according to environmental and strategic changes occurring from time to time.
3	Some not so encouraging employee retention schemes are present.	The bank adopts proper employee retention schemes to prevent employee turnover and retain their talent.
4	PSB's are facing increasing and continuous problem of Employee turnovers.	Here the Employee turnover is not increasing and is not at all a big problem for banks to face.
5	The high employee turnover is resulting in increase in the cost per employee.	As Employee turnover is not increasing hence the cost per employee is decreasing year by year in private sector banks.

While public sector banks may not have centralized hiring and firing authority, the traditional approach to management and employee retention is still prevalent. HR efforts at PSB are mostly unimportant as a result of the company's focus on the methodical formulation of policies. Decentralized HR management enables banks in the private sector to better meet the needs of their own employees by tailoring HR policies to meet those needs. It's also possible that he'll make a decision on an employee's turnover or the need for time, such as a change in job position; profile of employment; and an increased or lowered compensation. As a result, it is possible to keep the finest employees while avoiding tight policies. As a result, banks in the private sector are more strategically connected with HR because of their decentralization and openness. There aren't any competition-related HR strategies in public banking. They need the time to deal with the various issues that come their way on a daily basis.

1. Strategies for Talent Retention:

For Ortlieb and Sieben, a talent management taxonomy based on the significance of each employee's competencies was designed. Organizational HR managers who participated in this study all concurred that having the necessary skills is essential. Consequently, there are internal business abilities (such as technical competence and leadership) and external knowledge-based skills (e.g., the ability to read and write). With regards to discussions with customers and other parties involved These are the techniques for retaining information: Rewards, both monetary and non-monetary: Pay rises and more flexible employment duties and prospects.

- Organizational standards and values: a desire to participate and a sense of belonging.
- Coercion: employment contracts that include penalties for quitting the business.
- We're always looking for fresh experts and managers (internal or external).
- Computer technology and complex programmes may be used to acquire, use, and share information through the use of know-how management.

2. Profile of Indian Banking Sector

India has a total of 27 state-owned and 19 privately-owned financial institutions, as well as 30-2 international financial institutions. One of the largest and fastest-growing asset size categories, according to a Boston Consulting Group analysis, would be the product reporting (GDP) services market by 2025.

As a result of the fast growth in ATM and Internet and mobile banking transactions during the last decade, Finance in the country is poised for greater change in the near future. Indian Parliament enacted Proposal for Banking Laws, drastically altering economic conditions in the industry as a whole (amendment). As a result of this legislation, the Reserve Bank of India will be able to provide definitive recommendations for the issuing of new banking licenses. SBI Young for India (SBI YFI), the State Bank of India's rural one-year fellowship programme, was introduced in 2014 with the goal of transforming India's youth into change agents in rural regions. This curriculum is tied to the workplace since it requires preparation or experience to help steer the transition to a better India.

India's banking industry may rise to the fifth largest in the world by 2020 and the third largest by 2025, according to estimates. Customers are now the primary focus for banks in India, who are modernizing their IT infrastructures to improve customer service and gain a competitive edge. Internet and mobile banking are becoming more and more commonplace as CRM and data storage are likely to drive this next generation of banking technology throughout the world.

3. Leading Banks of India

The leading banks in India were defined by the researcher using indicators such as net income, net profit, total assets, and future development. According to analysts, India's top six banks in both public and private sectors have been selected.

S.No	Public Sector Banks	Private Sector Banks
1	State Banks of India	ICICI Bank
2	Canara Bank	HDFC Bank
3	Punjab National Banks of India	AXIS Bank of India

Human Resource Management and Employee Retention

It is the strategic and cohesive approach to managing an organization's most valuable asset—the people working there who individually and collectively contribute to the attainment of the business's objectives HRM, The phrase "personnel management" has been largely supplanted by the word "human resources" to describe the procedures involved in managing individuals in businesses. The field of human resources management is constantly changing. An academic theory and corporate practice, human resource management deals with the theoretical and practical aspects of workforce management.

HR-related procedures at large corporations have long been the subject of controversy. The HR function and the HR profession have seen major changes in the previous 20-30 years. When it comes to employing, training, and managing employees, the "HR Department" is increasingly being seen as an essential aspect of a company's overall success. Recruiting and training top-tier personnel, monitoring their performance, and resolving employee performance concerns are all part of human resources management, which is a broad word that covers a wide variety of operations. Maintaining standards and processes for employee benefits and compensation, as well as keeping track of employee data, are all part of the job description. Because they lack the resources to recruit full- or part-time staff, small businesses, for-profit or not, are often left to do these activities on their own. However, they must ensure that all employees are aware of the company's employment rules and procedures as they stand at this time. This information is often conveyed via employee manuals, and all workers are required to study and understand these rules and regulations. Human resource management is seen by practitioners as an alternative to the more conventional methods of workplace management.

CONCLUSION

To summaries, according to data from a recent research, the HR department's most significant role is to attract new workers, and its least important one is to meet the demands of both internal and external clients. A variety of critical responsibilities for a bank fall squarely on the HR department, the most critical step, however, is finding qualified candidates to fill open positions. Other functions are as vital, although the bank's assessment of their value differs, and survey participants' views on this vary as well. For public sector banks, employment agency procurement is more significant than for private sector banks when it comes to hiring new staff. Recruitment exams in private sector banks and in public sector banks are the most typical methods used to obtain workers in the private sector. In both public and private sector banks, nominating current staff is the least used technique of procuring. In a nutshell, with a few differences, the procurement methods used by public and private sector banks are almost identical. Finding the root causes of employee unhappiness and improving the recruiting process should be a priority for public sector banks. In the banks, there is a provision for dependent employment, although in private sector banks, this is seldom conceivable. When asked about bank dependant employment, workers at public and private sector banks answered quite differently, The bank's employee retention measures have proven successful in retaining employees. According to the survey, no one has said that they are aware of the banks' staff retention programmes. The creation of retention strategies affects every employee, public or private, in every bank. It's at this point when the information gap is found. The retention of employees is an issue that banks need to raise their profile on. Employee Empowerment, Career Growth Plans, and Communication are all recognized as three types of characteristics that may be used to further dissect the data. If necessary, further data should be gathered and the study's dependability should be re-examined, as indicated by the findings. Public sector banks rely on training to maintain knowledge current and provide useful outcomes; private sector banks, on the other hand, rely on it to improve employee abilities. As a result, it may be argued that the value of training differs between public and private banks.

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