
HRM STRATEGIES AND STAFF RETENTION IN PRIVATE BANKS

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ABSTRACT

The Human Resource is considered to be one of the most precious resources in any firm, and its contribution is quite significant in every single country in the globe. The use of Human Resources (HR) techniques may be beneficial to the process of retaining valuable staff. This research investigates the influence that HR practises have on the retention of employees as well as the link between the two. Training and development, salary, job security, the working environment, leadership, and company culture and rules are all examples of HR activities. The primary purpose of this research is to determine the role and impact that HR procedures have on the rate of employee retention in the banking industry. The participants in this research project are drawn from eight of India's most prominent financial institutions, including public, private, Islamic, and international banks. Interviews and questionnaires were used as part of the mixed-method approach to collect the data for the study. Both a simple random sample method and a stratified random sampling method were used in the administration of the questionnaires and interviews, respectively.

Keywords: staff retention, retention in private banks

INTRODUCTION

The most important component of every company or organisation is the human resource department. Even if a company has enormous financial and technical resources, it will not be able to survive without an efficient staff. Through the implementation of the most effective HR practises, the business will be able to realise its goals by enhancing the performance and productivity of its workforce. As a result, many contemporary businesses have increased their spending on human resources (HR) in recent times in order to achieve better and more effective results. Every company and supervisor has the ongoing problem of retaining their workers and increasing the level of commitment they have to the company they work for. As a result, businesses are putting forth their best efforts to ensure that their employees are happy with their work and that they keep coming back.

In the modern day, retaining employees has not only become a struggle for enterprises but also poses a significant threat to the organisations' bottom lines in terms of both time and money. The management of this issue is essential for all kinds of firms, but particularly for those in the service industry because of the direct connection it has with their clients. The effect and pattern of turnover would be different from one industry to another, but it is particularly significant for the service industry. In light of the fact that high turnover hinders productivity and production, it should be decreased across the board.

It is necessary to devise and put into action an all-encompassing strategy and set of methods in order to

entice, cultivate, and keep employees with the business throughout the course of their careers (Shahid, 2017). In the service industry, providing high-quality customer service is of utmost importance, and the employees of banks take an active part in ensuring that their customers get such services. The manager is responsible for taking the required steps to ensure the retention of workers in order to provide customers with services that are efficient and of constant high quality (George & Zakkariya, 2015). Stavrou-Costea (2005) shows that there is a substantial correlation between HR practises and employee retention. He believes that successful HR practises are the foundation for retaining workers and finds that there is a significant association between HR practises and employee retention. According to Abeysekera (2007), a business may minimise the amount of employee turnover that occurs by putting into effect the finest HR practises.

The financial services sector is contributing significantly to the growth of India's economy. The Government of India is making it easier for international investors to be motivated and attracted to India's banking industry so that they may invest there. The success of the multinational banks in the country may also be attributed to the provision of alternative chances to experienced personnel. There is a trend taking place right now to recruit individuals who are bright and competent as well as trained and have professional abilities in order to compete in the market. According to Bilal et al. (2015), turnover is a huge concern for all companies, but it is more problematic for banks. Furthermore, owing to the intense strain of competition, it might be difficult for banks to keep talented employees. The following is an outline of the primary aims of the study:

1. To have a better understanding of the elements that influence employee retention in the banking industry.
2. To determine if there is a correlation and what part it plays between certain HR practises and the rate of employee retention?

Compensation Practices

The pay methods are designed with the primary purpose of luring, motivating, and retaining staff members to ensure the continued growth and development of the company's production (Armstrong, 2010). One of the most important and fundamental aspects of retaining employees is offering competitive pay and benefits. This satisfies the personnel's needs, both in terms of their material wants and their financial requirements, allowing them to keep their current level of living and social standing (Shoib et al., 2009). According to the findings of Kotachachu's (2010) research, the employee turnover rate is significant when the salary is lower than what is offered on the market and by other competitive businesses in the industry. One of the primary factors contributing to a reduced level of worker retention is the decreased incentives, allowances, and salaries that are provided by the company (Chikaji et al., 2016). The following hypothesis may be formed in light of the conversations that have already taken place.

Safety on the Job

There is a considerable and favourable correlation between job security of personnel in public and private sectors, particularly the banking industry, and employee retention (Samuel and Chipunza, 2009). The stability and predictability of employment is a key and important factor in determining the level of job satisfaction and employee retention (Milne, 2007). In the event that their jobs are secure, the personnel

will have a greater sense of commitment and motivation toward the task. According to the findings of the study, one of the most important and significant factors that contributes to the retention of employees is job security (Alzayed and Murshid, 2017). Because some workers consider it more important than getting a raise or a promotion, it has become an essential need in the modern workplace. The following hypothesis is one that may be formed in light of what has been discussed above. Leadership

Leadership is very significant due to the fact that the actions of the leader may either grow or destroy the organisation. According to Taylor (2004), companies shouldn't rely on the HR department to tackle the problem of retaining workers; instead, this responsibility should be assigned to the leaders and managers of the company so that it may be solved in an efficient and effective manner. According to the findings of Paille et al(2013) . 's research, the staff retention rate is quite high if the staff has trust in the supervisor and also receives assistance from him, and the opposite is true if the staff does not have any of these things. Based on the findings of their research, Nwokocha and Iheriohanma (2015) came to the conclusion that staff performance and retention may be improved with the assistance of suitable leadership methods. The writers also said that leadership is useful for suitable business tactics to increase employee morale and motivation, and they mentioned that this can be accomplished with the support of leadership. The leadership practises of a company are a significant and primary influence in determining whether employees will quit or remain with a company (Azeez, 2017). The following hypothesis may be formed in light of the conversations that have already taken place.

Conditions of Employment

The atmosphere of the workplace is one of the primary factors that determines whether or not an employee will remain with a business for the long term (George & Jones 2008). Neog and Barua (2015) argue that staff attitudes are positive when the working environment is good, and that there is a strong relationship between employees' retention and working environment. Furthermore, they claim that there is a positive relationship between employees' attitudes and the working environment. It is important for the firm to create the sort of atmosphere that can meet the long-term and immediate requirements of its employees. Because the workers are so at ease in their surroundings, they do not quit the company even when they have access to better employment opportunities elsewhere (Winterton, 2011). Irshad (2009) comes to the conclusion that the working environment is one of the most important variables for retaining people, and that a significant number of employees quit a company because of the working environment there. The following hypothesis may be formed in light of the conversations that have already taken place.

Organizational Culture

Workers are more likely to remain with a company for an extended length of time if they believe that the organisation has a positive and excellent culture that is a good match with the employees' behaviour, attitudes, orientation, and interests (DiPietro and Milman, 2004). According to Zhao et al. (2007), culture is more important than reward and compensation for the following reason: if the workers feel comfortable in the culture, it will encourage them to remain for a long amount of time in the business. [Citation needed] When it comes to increasing employee retention, performance, and flexibility, one of the most significant factors is the culture of the firm (Chia, Lee, et al., 2014). A company's culture is the glue that holds management and workers together, helping to bridge the gap that often exists between the two groups. When there is a positive culture at a business, the employees get the impression that they are working in their second home. The following hypothesis may be established on the basis of the talks that have already

taken place.

RESEARCH METHOD

To investigate the relationship between HR and organisational characteristics and employee retention in the banking industry of India, data is gathered using a mixed-method approach so that researchers may determine the relative importance of the two. When one strategy is not sufficient to solve the issue in a way that is both efficient and successful, this method is used so that a greater knowledge of the situation may be attained since it is a more advanced methodology (Creswell, 2008).

The participants in this research are from eight of the most important financial institutions in the Indian banking industry, including public, private, Islamic, and international financial institutions. Two banks are chosen to represent each sector based on the total value of their assets, and the employees of HBL, UBL, NBP, Punjab, Meezan, Albarka, SCB, and Samba Bank are interviewed to get the necessary data.

On the basis of the purposive sample approach, interviews were conducted from a total of 24 HR managers, including 3 managers from each bank. These interviews are being used for the qualitative research. In the case of the questionnaires, we employed a multi-stage sampling approach. The questionnaire, which had previously been used by a great number of researchers, was selected for utilisation. The total number of respondents was 480, and using a stratified random selection method, 60 people were chosen from each institution to make up the sample. The strata are divided according to institution, employment rank, and classification. In the second step, we employed a method called simple random sampling. Additionally, some preliminary testing was done. The value of Cronbach's alpha was used to perform the reliability test, and because it was found to be larger than 0.7 across the board for each variable, this implies that the results were reliable and acceptable. The percentage of those that replied was 79%.

Nodes and themes were employed for qualitative analysis, whereas factor analysis, descriptive statistics, correlation, reliabilities, and multiple regression were used for quantitative analysis.

DATA ANALYSIS

The key takeaways from the qualitative research are summarised as follows:

The HR managers are the ones who are given interview questions on training activities and the influence that such efforts have on retaining workers.

According to the respondents, training gives employees the fundamental knowledge they need to execute their jobs effectively, including information on organisational norms and regulations as well as job needs. On a yearly basis, the bank is spending a significant amount of money on various training and development methods. The management of the public and foreign banks both stated that their institutions regularly provide opportunities for training and professional growth. Because of the thoroughness and professionalism of the training facilities offered by this bank, a significant percentage of employees from other banks are able to be retained. At the beginning of each year, a training schedule is sent to each and every branch of the public sector banks in order to get everyone up to speed. The bank also provided the convenience of delicious meals, a hotel with five stars, and a renowned academic to give a lecture during the training session. It has been determined that training and development play a very important part in the

process of retaining employees.

One of the most important aspects of keeping employees on board for the long haul is providing competitive pay. After working in the bank for more than ten hours, if the employees' most fundamental requirements are not met, then the employees have a strong desire to leave their positions. During the interview that came before, the HR managers said that they believe that remuneration is one of the most important aspects in retaining employees. The employees who work in the bank often evaluate their pay in relation to that of their coworkers who carry out equivalent responsibilities in both their own institution and in other financial institutions. If the workforce has the impression that there is an imbalance in the remuneration, then the intention of the personnel to leave the company is likely to be quite high. When compared to that of the other sector, the remuneration structure of the bank is superior. One might get the conclusion that one of the most important factors in retaining workers is the remuneration structure.

It has been noticed, based on the interview analysis conducted by HR managers, that job security plays a highly active part in the process of employee retention. When compared to contractual or third party personnel, the degree of employee retention among permanent workers is much higher. One of the most significant variables that contributes to the greater employee retention rate in the public sector is the provision of job security. When compared to employees of other banks, even contractual workers have a sense of security working for public sector banks. According to the managers, the advantages of having permanent workers are more or less equivalent to those of having temporary staff. The contractual staff will quit the bank if they are offered a new chance with less rewards, but the permanent employee will continue to serve the bank for a longer amount of time in such a scenario. It may be inferred that the assurance of continued employment plays a significant part in the process of retaining employees.

The managers in the banking industry have given their response, which is that leadership techniques play a very important role in the retention of workers. According to the responses, the most common reason an employee departs a bank is due to ineffective management methods. It is often believed that individuals do not change jobs; rather, they change who they report to as their superior in terms of behaviour, practises, relationships, and style. This is because employees place a significant amount of importance on their leaders. To ensure that their subordinates stay on course, the leaders place a strong emphasis on monitoring, mentoring, coaching, and counselling. If the leader aligns their efforts with those of the staff person in question, recognises the problem, and works to remedy it, then the retention rate will be high.

According to the participants, culture and policy have a very important impact since the workforce is more sensitive to a culture that is positive and adaptable. The employee retention rate is much higher when the culture is upbeat and supportive, whereas it is significantly lower when the culture and rules are unsupportive and unhelpful. When compared to the cultures and policies of private and Islamic banks, those of the public sector and foreign banks are much more effective and employee-oriented. As a result, the percentage of staff that stays with public and foreign banks is higher than the percentage that stays with private and Islamic banks due to this factor.

The response from HR managers is that the atmosphere of the bank has a significant impact on the retention of workers. The supervisors insist that the worker must split their time between two locations, namely their place of employment and their own residence. If the place of employment provides a loving, supporting, and positive working environment, then the personnel will stay with the company for a longer period of

time as compared to a working environment that is unfavourable. The personnel is able to work in an atmosphere that has a bad culture, but they are unable to work in an environment that has a poor culture and is strict. The atmosphere of the bank that is run by the government has likewise become more pleasant over the course of time. According to the HR manager of the international bank, the working atmosphere of their bank is highly effective and excellent, which helps to boost staff retention. This is one of the benefits of working at their bank.

Analysis in Quantitative Terms

The findings of the quantitative analysis are shown in the following table.

Analyse of the Factors (FA)

The purpose of doing the factor analysis is to assess the factor loading as well as the correlation between the variables. There are a number of ways that may be used to extract the components; however, the Principal component method with varimax rotation is being used for the measurement scales in this particular research. In order to arrange the data, a tiny coefficient has been hidden by suppressing the value up to a maximum of 0.40. The seven variables that best described the total amount of variation were isolated using the main component factor in conjunction with the varimax rotation. Because the factor loading value of some of the elements is lower than 0.40, they are not included in the pattern matrix. T5, WE1, and CP1 are three of the questions that have been removed from the final rotated component factors matrix. The factor loading of each item is detailed in table 1, which may be seen below.

Table 1: Final Rotated Component Matrix

Items	Component						
	Fact or 1	Fact or 2	Fact or 3	Fact or 4	Fact or 5	Fact or 6	Fact or 7
C3	0.915						
C4	0.899						
C5	0.889						
C2	0.888						
C1	0.853						
Ret3		0.905					
Ret5		0.905					
Ret1		0.900					
Ret4		0.660					
Ret2		0.411					
WE2			0.780				
WE1			0.764				
WE3			0.749				
WE4			0.677				
WE5			0.675				
J2				0.771			
J1				0.747			
J3				0.738			
J4				0.677			
L2					0.777		
L1					0.745		

L3					0.695		
L4					0.674		
T2						0.823	
T1						0.804	
T4						0.788	
T3						0.787	
CP2							0.773
CP1							0.728
CP3							0.673
CP4							0.538

Eigenvalue and Variance

The EFA is carried out, and the result shows that Eigenvalue is larger than 1.0, which provides an explanation for the cumulative variance of 68.466%. In this particular investigation, the retrieved components had Eigenvalues that varied anywhere from 8.521 to 1.192. Because factor 1 compensation practises accounts for 8.521 percent of the total variation, it has been determined to be the most important factor. The following table provided an explanation of the overall variation that was caused by the components.

Table 2: Total variance explained.

Component	Eigenvalues		
	Total	% of Variance	Cumulative %
1	8.521	27.488	27.488
2	4.005	12.918	40.406
3	2.694	8.690	49.096
4	1.668	5.381	54.477
5	1.656	5.343	59.820
6	1.489	4.802	64.622
7	1.192	3.844	68.466

Kaiser-Meyer-olkin(KMO)

Because the value of KMO is higher than the cut off value of 0.5, as expected by Hair et al., the sample size is enough. This was determined by comparing the KMO value to the cut off value (2010). The significance of the result found in Bartlett's Test of Sphericity indicates that the data being compared are not the same. The value of KMO is shown in table 3, which can be found below.

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.880
	Approx. Chi-Square	8602.710
Bartlett's Test of Sphericity	Df	465
	Sig.	.000

Collinearity Statistics

To determine whether or not there is a multicollinearity problem with the model, the tolerance value and the variance inflation factor (VIF) are both used as diagnostic tools. As a result of the fact that the tolerance

value of each independent variable is greater than the cut point 0.2 and the value of VIF of each variable is less than the cut point 5, the researcher came to the conclusion that there is no possibility of multicollinearity occurring in the model. This is shown in the following table 4, which provides clear evidence of these findings.

TABLE 4: Collinearity Statistics

	Tolerance	VIF
	.975	1.026
Training compensation Job	.745	1.341
security Leadership Working	.785	1.273
env	.586	1.707
Culture & policies	.653	1.530
	.977	1.023

Descriptive Statistics

The following table 6 displays the descriptive statistics.

TABLE: 6 Descriptive Statistics

N		Mean	Std. Deviation
Training	380	4.0421	.70678
Compensation	380	3.4263	.91735
Job security	380	3.4095	.97049
Leadership	380	3.7474	.80196
Working. Env	380	3.6026	.82985
Culture & policies	380	2.4447	1.23690

The majority of respondents express contentment with the training and development, leadership, and working environment elements since their mean scores are close to four, which denotes the agree stage. The median rating for both salary and job security is quite close to three (neutral stage). According to the questionnaire, the mean score of culture and policies is close to two, which represents the stage of disagreement. This indicates that the workforce is not content with this aspect.

Correlation Analysis

The links between the HR practises and the length of time employees stay with a company are shown in table 7 below.

	Ret	Tra	Com	JS	Lead	WE	CP
Ret	1						
Tra	0.163**	1					
Com	0.474**	-0.008	1				
JS	0.392**	0.066	0.078	1			
Lead	0.525**	0.119*	0.466**	0.297**	1		
WE	0.505**	0.049	0.383**	0.322**	0.527**	1	
CP	0.061	-0.006	0.088	0.009	0.095	0.012	1

Due to the fact that the correlation between the two variables is (0.165(**), *.p.01), Training and development has a significant relationship with employee retention. According to the correlation matrix that was just shown, there is a favourable and very significant connection that can be made between pay and employee loyalty. The fact that the value of beta correlation is 0.392(**), and that.p.01 indicates that there is a significant positive association between employee retention and job security is supported by the findings of this study.

Because the value of r is.525(**), and p is less than.01, the findings suggest that there is a positive association between leadership and the number of employees who remain with the company. According to the correlation matrix shown above, the quality of the working environment also has a major impact on the likelihood of an employee remaining in their position. It is possible to draw the conclusion that culture and policies do not have a substantial connection with staff retention based on the value of r, which was found to be 0.061.

Regression Analysis

The results of a regression equation that was used to determine the impact that HR policies and practises have on the likelihood of an employee staying with an organisation are detailed in table 8 below.

TABLE 8: Regression analysis of employee retention

R	.643		
R Square	.413		
Adjusted R Square	.404		
Standard Error	.66270		
F	43.745		
Sig.	.000		
Durbin Watson statistics	1.634		
Independent Variable	Beta	t-value	Sig.
(Constant)		.480	.631

Training	.115	2.860	.004
Compensation	.261	5.688	.000
Job security	.072	1.740	.083
Leadership	.239	4.740	.000
Working environment	.260	5.413	.000
Culture & policies	.011	.273	.785

The results of the regression analysis are shown in the table above, and they make it abundantly evident that the independent variables account for 41% of the model's variance. Because the value of F 43. 745 is significant at 0.000, our model is an accurate representation of the data.

According to the findings in the table that was just shown, employee retention may be improved significantly with proper training and development. According to the results of the regression analysis, the beta value of pay is.261. This value is significant at a level of significance of 1%, which shows that this variable plays an important role in enhancing employee retention. According to the results of the regression study, job security does not influence employee retention.

According to the findings of the regression analysis, leadership practises have a significant and beneficial impact in the retention of employees. The quality of the working environment has a significant and beneficial impact on the rate of employee retention in the banking industry. Culture and policies do not have a big impact in the retention of personnel due to the fact that the majority of policies in this industry are customer-oriented rather than employee-oriented.

The banks often hold training and development events in order to strengthen their employees' knowledge, abilities, and experience, as well as their ability to do their jobs. This process is being streamlined at the financial institutions on a daily, monthly, quarterly, and yearly basis, respectively. Training and development has a clearly favourable link with, and plays a substantial influence in, staff retention in the banking industry of India, according to both the qualitative and quantitative findings of the study. However, there is a need for an accurate evaluation of the training needs, and training should only be given for personnel who are both interested and essential to the company.

When it comes to retaining valuable employees, one of the most important things is the salary. According to the qualitative and quantitative findings, the level of remuneration has a substantial correlation with, and a favourable influence on, the retention of employees. When compared to any other element, the workers who are employed in developing nations such as India are much more interested in and driven by those HR practises which have either indirectly or directly increased their earning capability (Bashir & Khattak, 2008).

According to qualitative research, job stability is one of the most critical factors in employee retention. When compared to the retention rate of permanent staff members, the level of retention for contractual employees is lower. This is because contractual employees believe that their future is not secure as a result of inadequate job security. According to the correlation matrix, there is a strong positive connection between having a secure employment and being able to keep good employees. However, according to the findings of the regression analysis, there is not a significant influence of job security on the retention of staff. This is due to the fact that the positions of workers are not secure, with the exception of those working in public sector banks. When compared to employees at other banks, the staff members working in the public sector bank have a high retention rate. The lack of a substantial influence is due to the fact that more

than forty percent of the staff members included in the research are either contractual or third party workers; as a result, these individuals do not feel pleased or comfortable with their job security. At the conclusion of the surveys, there was a column that had been left vacant for extra information. In this column, the participants claim that job security is one of the most critical and significant criteria to keep them working for the business.

According to the qualitative research, there is a considerable correlation between the leadership behaviours and the rate of employee retention. Someone has properly said that "the workers did not alter the job, but they did replace their boss." [Citation needed] The findings of the qualitative research are supported by the findings of the quantitative analysis, which come to the same conclusion that leadership practises have a positive and substantial impact on the rate at which staff members are retained. The leader is in a position to create an atmosphere that may incentivize staff members to continue their employment with the business over the long run.

According to the findings of the qualitative research, the working environment has a major influence and plays a role in the retention of employees. The qualitative findings are endorsed by the quantitative results, which also discover that workers are content with the working environment that is prevalent in this industry, and that contentment has a significant link and function with employee retention.

According to the findings of the qualitative research, a productive culture and set of rules play a significant part in the process of retaining employees. At the beginning of this industry, the culture and policies of the banks were highly attractive to potential customers. However, as time went on, due to goals, stress, increasing profits, timing, and competition, the policies shifted to be more customer centred as opposed to staff oriented. The quantitative research makes it abundantly evident that there is no significant connection between culture and policies and the rate at which employees are retained in their positions. It indicates that the culture and policies of the banking sector are not up to par since employees are dissatisfied with them, which is a sign that the culture and policies of the banking industry are bad and inadequate.

CONCLUSION

Unfortunately, there is not a comprehensive study that has been conducted to observe the role and association of human resource and organisational factors on employee retention in the banking sector of India's economy. This is unfortunate because the banking sector is the primary driver of the economy. This research is highly beneficial to boost staff retention in the banking sector of India since it focuses on the types of HR practises that are competent to motivate, retain, and satisfy the most vital assets. As a result, the business should place a priority on these types of HR practises. A greater wage, a better opportunity, the ability to relocate, a personal cause, strong leadership, job stability, and a pleasant working environment are only few of the reasons why employees leave their jobs.

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