



A Study on Factors Affecting Employee Retention in Private Sector Banks with Reference to Chennai District

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ABSTRACT: *The demands and turbulence in the workplace and business have increased. As a result, there is much more rivalry amongst organizations. The study is regarding the factors of Employee Retention in the Private Banking sector of Chennai district. Employee retention plays a vital role in the development of private banks. In the current scenario, it is the major issue faced by the private banking industry in the Chennai district because of the huge employee turnover. Private banks face more difficulties to retain their employees regarding motivation, training, and development since there are many such banks in metropolitan cities like Chennai. This study focuses on the primary data which is collected through a closed-ended questionnaire with a five-point Likert Scale. The result of the data has been critically examined through data analytical tools. The study mainly examines the relationship between employee retention, employee motivation, employee training, and employee development.*

KEYWORDS: *Employee Development, Employee Motivation, Employee Retention, Employee Training, Employee Turnover.*

INTRODUCTION

In India, banks play a vital role in every aspect of life in recent times. Especially in metropolitan cities like Chennai, Mumbai, Calcutta, and Delhi. Nowadays private sector banks are increasing to a greater extent. The services rendered by private banks are increasing at a rapid speed every day. So, the Organizations are competing with each another in terms of their services rendered. To satisfy the customers the private banking sectors are working hard with their policies and practices aimed at attracting and retaining potential Workforce. This is because the above situation has bred a highly demanding and egoistic workforce who leave or threaten to leave the Organization even at the slightest discomfort and join the competitor Organization. Job-hopping has become a common phenomenon among banking Professionals due to the occurrence of many private sector banks. This has posed a challenge to HR professionals in the banking sector to design effective retention strategies keeping in view this delicate situation. The decision of leaving the Organization is not easy for an individual employee as well as significant energy is spent on finding new jobs, adjusting to new situations, giving up known routines and interpersonal connections, and being so stressful [1]. Therefore, if timely and proper measures are taken by the banks, some of the voluntary turnovers in the Organization can be prevented.

Employee Retention Strategy

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees. Every organization invests time and money to groom a new joiner, make him a corporate-ready material and bring him at par with the existing employees. The organization is completely at a loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period. During the 1990s, job seekers had a dizzying array of choices when they searched for work. It was a difficult task for employers to keep employees. Losing employees always meant losing knowledge, capital, skills, and experience. Losing knowledge was a major concern for the organization. If an organization lost an employee with a great amount of knowledge, it essentially lost revenue that the employee would have generated. If an employer lost an employee with a great amount of experience, it would take lots of time and money to retain a new employee for positive production. Experience is an intangible that is relied on up heavily [2]–[6].

Indian Perspective of Retention Management:

As of now, some strategies are followed in retaining the employees which have become a challenge for any company in the market. The management has to provide a good working environment, better compensation both monetary as well as non-monetary, better coordination and communication among superiors and subordinates, providing flexible working schedules, and a better investment for training and development so that they can provide the employees a better working environment. In addition to this, the management should provide support, and promote corporate culture and employee empowerment so that they will have job satisfaction which will lead to high employee retention [7]–[10].

REVIEW OF LITERATURE

Employee retention issues are emerging as the most critical workforce management challenges of the immediate future. In fact, “the dynamics of the work environment will have to reflect a diverse population comprised of individuals whose motivations, beliefs, and value structures differ vastly from the past and one another. “Retention rates generally fall as employees become distracted, confused, and preoccupied with potential outcomes immediately following an organizational transition” [11]. Despite the huge literature on identifying factors on employee turnover which is the reason employees to leave [12], less is recognized about the aspects that induce employees to stay.

Maertz & Campion [13] noted that “relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what determines retention processes should be studied along with quitting processes”. Steel, Griffeth & Hom [14] added, “the fact was often overlooked, but the reasons people stay were not always the same as the reasons people leave”. Daniel Gbervbie [15] examined the techniques for recruitment, retention, and overall performance of employees in Nigeria's Federal Civil Provider. To

achieve the goals, questionnaires were administered to officials of the Nigeria civil carrier chief's office and a structured interview was carried out with Federal Civil Provider fee officials. The results confirmed that the techniques for the recruitment of civil servants are in particular based on the precept of the federal person (same representation of people from one-of-kind sections of the United States), advantage, political attention, and discretion of the government. In terms of worker retention strategies, it was discovered that the provider lagged in providing adequate incentives to hold its workforce in terms of the overall performance. It is therefore recommended that, even though the federal precept can be important as an approach for recruiting employees into the Federal Civil Provider due to the multicultural, ethnic, and religious diversity of Nigeria, its application needs to nevertheless be conducted to reflect advantage inside the precept. Similarly, incentives ought to be furnished to keep able employees for better overall performance.

Chandiok S. [16] examined that career path is highly influenced on retaining the employees. It was observed that employees were not happy with their salary, culture, recognition, environment, policies, and relationship with the company and with co-workers. The study suggested that the textile industry has to revise its current policies relating to employees because of various factors affecting higher turnover. Damayanti N [17] started the study to find out the association between factors of retention and career commitment. Compensation, training and development, job characteristic, supervisor support, and promotion were measured. The results of the study indicated that compensation, training and development, job characteristic, supervisor support, and promotion were positively correlated with career commitment and compensation was the most important factor in influencing career commitment.

Sinha C & Sinha R [18] had taken a study to identify the main factors of retention management strategies in organizations. The organizations taken into consideration were two heavy engineering manufacturers based in India. The data was collected from 100 employees of heavy engineering manufacturers in India. The factors for EEPL were "competence & relationship-oriented", "scholastic & futuristic oriented" and "developmental & reward oriented"; while for MBPL, the factor was 23 "relationship-oriented", "competence & scholastic oriented" and "reward oriented". The findings had shown that these aspects had played considerable roles in employees staying in the organization. Pinder J [19] revealed the reasons affecting employee retention using a structured online survey in North America. The study discovered that in most of the category's employees considered the expectation of a higher salary, employment position, opportunities for professional development high performance, environment opportunities for promotion, and a high-performing environment were the main reasons to leave the organization and retain in the organization.

Akila R [20] examined the opinion of executives on employee retention attributes at BGR Energy a sample of 109 respondents from the executives' cadre. The analysis revealed that the Employees have given the highest weight to comfortableness in working hours and are not satisfied with the annual increments provided. Gender had a significant relationship with work-life balance. Correlation between job satisfaction and working condition led to employee retention. The factors that had a greater influence on employee retention were career opportunities, and work-life balance. Shukla S [21] focused on the issue of employee retention in public as well as private sector banks. Public sector banks had been compared with their private sector counterparts based on their employee retention policies. Functional as well as

HR managers were interviewed and results were analyzed separately. The study found that public sector banks were unfavorably dealing with the issue of talent retention and they didn't have any defined employee retention policy whereas private sector banks had given prominent importance to talent retention and their various HR policies and practices were aimed to retain the best talent in their organization.

Research Questions:

- What are the factors affecting employee retention?
- What are the level and factors affecting employee retention in private sector banks?
- What are the factors affecting the retention of employees in private sector banks?

METHODOLOGY

Design:

Figure 1 is representing the conceptual framework of the current study. In the current study, a questionnaire was given to the respondents to gain knowledge on the factors affecting employee retention. As represented in Figure 1, four hypotheses (H1, H2, H3, H4) were created based on compensation, performance appraisal, training & development and lastly working environment.

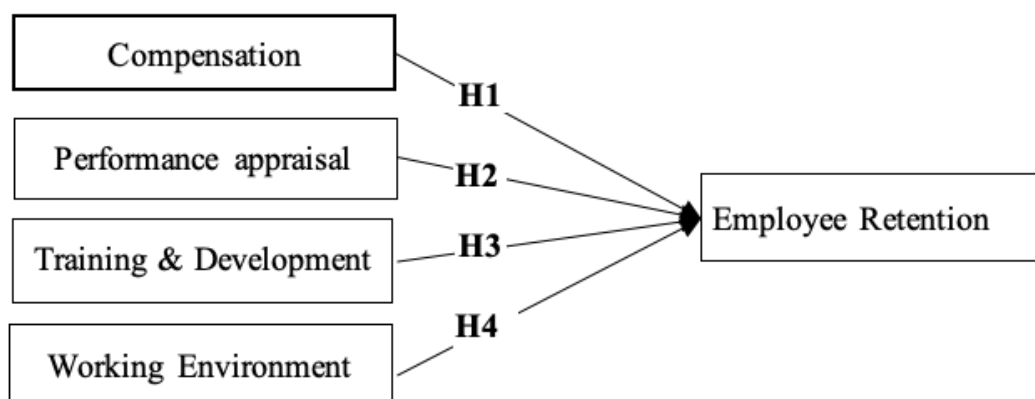


Figure 1: Representing the conceptual framework of the current study

Sample and Instruments:

Demographic factor's:

Here in the below Table 1, the Demographic details of the respondents are given. The majority of the individuals were males.

Table 1: Detailed Description of the Demographics of Respondents

Demographic factors		Frequency	Percentage
Gender	Male	180	60
	Female	120	40
Age	20 - 30	110	37
	30 - 40	85	28

	40 - 50	55	18
	Above 50	50	17
Education Qualification	Bachelor's Degree	110	37
	Master Degree	100	33
	Professional Courses	70	23
	Others	20	7
Work Experience	> than 1 year	55	18
	1 - 2 years	75	25
	2 - 3 years	80	27
	3 - 4 years	40	13
	5 years and above	50	17

Data Collection

Weighted Average:

Table 2: Representing the Weighted Average of Factors Affecting the Employee Retention

Sl. No.	Factors Affecting Employee Retention	Weighted Average
1.	Training	79.67
2.	Flexibility	79.67
3.	Financial Insecurity	82.73
4.	Work Life Balance	80.13
5.	Management	79.8
6.	Recognition	83.13

Table 2 shows that the most influencing factor that affects employee retention in private sector banks is recognition and the weighted average score value is 83.13. The least satisfying factor that affects employee retention in the private sector banks is training and flexibility and the weighted average score is 79.67.

Standard Deviation:

Table 3: Representing the Standard Deviation of Factors Affecting the Employee Retention

Sl. No.	Factors Affecting Employee Retention	Standard Deviation
1.	Training	43.93
2.	Flexibility	50.29
3.	Financial Insecurity	51.10
4.	Work Life Balance	47.21

5.	Management	44.29
6.	Recognition	55.21

Table 3 shows that the most influencing factor that affects employee retention in private sector banks is recognition and the standard deviation value is 55.21. The least satisfying factor that affects employee retention in the private sector banks is training and the standard deviation score is 43.93.

Data Analysis

Pearson’s Rank Correlation:

Table 4: Response to the Opinion Regarding the Techniques Adopted in Retention of Employees

Particulars	No. Of Respondents	Rank (X)
Flexible Work Schedule	50	4
Offering Wellness Programme	68	2
Employee Development programme	87	1
Positive Feedback	55	3
Encourage employee communication	40	5

Table 5: Response on the Frequency of Motivational Programme for the Employees to Attend

Particulars	No. Of Respondents	Rank (Y)
Annually	70	3
Half-yearly	83	2
Quarterly	105	1
Monthly	27	4
Weekly	15	5

Table 6: Response to the Benefits of Attending the Motivational Training & Development

Particulars	No. Of Respondents	Rank (Z)
Performance increase	43	1
Increase the skills	60	2
Reduce the workplace conflict	100	4
Reduces absenteeism	40	5
Improves productivity	57	3

Table 7: Calculation of All the Ranks

X	Y	Z	dxy	dyz	dxz	(dxy)²	(dyz)²	(dxz)²
4	3	4	1	2	0	1	4	0
2	2	2	0	0	0	0	0	0
1	1	1	0	-3	0	0	9	0
3	4	5	-1	-1	-2	1	1	4
5	5	3	0	2	2	0	4	4
Total						2	18	8

From Table 4, Table 5, and Table 6 calculations given below are conducted.

$$\text{Pearson's Rank Co-relation Coefficient} = 1 - \frac{6\sum D^2}{n(n^2-1)}$$

- $dxy^2 = 2$
- $dyz^2 = 18$
- $dxz^2 = 8$
- $r_{xy} = 1 - \frac{6\sum D^2}{n(n^2-1)}$

$$= 1 - \frac{6(2)}{6(6^2 - 1)}$$

$$= 1 - \frac{12}{6(35)}$$

$$= 1 - \frac{12}{210}$$

$$= 1 - 0.06$$

$$= 0.94$$

- $r_{yz} = 1 - \frac{6\sum D^2}{n(n^2-1)}$

$$= 1 - \frac{6(18)}{6(6^2 - 1)}$$

$$= 1 - \frac{108}{6(35)}$$

$$= 1 - \frac{108}{210}$$

$$= 1 - 0.51$$

$$= 0.49$$

- $r_{xz} = 1 - \frac{6\sum D^2}{n(n^2-1)}$

$$\begin{aligned}
 &= 1 - \frac{6(8)}{6(6^2 - 1)} \\
 &= 1 - \frac{48}{6(35)} \\
 &= 1 - \frac{48}{210} \\
 &= 1 - 0.23 \\
 &= 0.77
 \end{aligned}$$

The rank correlation coefficient between x, y, and z is positive and z is positive. So, there is a positive relationship existing between the retention, motivation, and training & development aspects of the private banking sector in the Chennai district (Table 7).

RESULTS AND CONCLUSION

Chi-Square Hypothesis Testing

Table 8: Response to the Opinion Regarding the Techniques Adopted in Retention of Employees

Gender	Highly Satisfied	Satisfied	Neutral	Dis-Satisfied	Highly Dis-Satisfied	Total	Chi-Square value
Male	40	55	50	30	5	180	20.96
Female	23	40	35	20	2	120	
Total	63	95	85	50	7	300	

Cross Tabulation Between Gender and Techniques adopted in retention of employees:

Null Hypothesis (Ho): There is no association between gender and existing HRM practices in the retention of employees.

From the above Table 8, the calculated value of Chi-square is 20.96 and the tabulated value is 9.49. Hence it can be concluded that the null hypothesis is accepted at a 1% level of significance and the alternate hypothesis is rejected. It is proved that there is no significant relationship between gender and techniques adopted in the retention of employees.

Cross Tabulation between Gender and motivational program for the employees to attend:

Null Hypothesis (Ho): There is no association between gender and motivational program for the employees to attend.

From the above Table 9, the calculated value of Chi-square is 236.08 and the tabulated value is 9.49. Hence it can be concluded that the null hypothesis is accepted at a 1% level of significance and the alternate hypothesis is rejected. It is proved that there is no significant relationship between gender and motivational program for the employees to attend.

Table 9: Response on the Frequency of Motivational Programme for the Employees to Attend

Gender	Highly Satisfied	Satisfied	Neutral	Dis-Satisfied	Highly Dis-Satisfied	Total	Chi-Square value
Male	53	60	50	10	7	180	236.08
Female	28	30	30	19	3	120	
Total	81	90	80	29	10	300	

Table 10: Response on the benefits of attending the motivational training & development

Gender	Highly Satisfied	Satisfied	Neutral	Dis-Satisfied	Highly Dis-Satisfied	Total	Chi-Square value
Male	37	65	50	25	3	180	121.76
Female	35	40	35	10	0	120	
Total	72	105	85	35	3	300	

Cross Tabulation between gender and benefits of attending the motivational training & development:

Null Hypothesis (Ho): There is no association between gender and the benefits of attending the motivational training & development.

From the above Table 10, the calculated value of Chi-square is 121.76 and the tabulated value is 9.49. Hence it can be concluded that the null hypothesis is accepted at a 1% level of significance and the alternate hypothesis is rejected. It is proved that there is no significant relationship between gender and the benefits of attending the motivational training & development.

CONCLUSION

It is found that most of the employees who responded to the research questionnaire were between the age group of 20 years to 30 years of more than 2 years of experience which gives us the information that the young generation plays a vital role in the retention of employees in a workplace environment. It also gives us the information that if the employees are not satisfied with the organization's policies, they do not hesitate to jump from one organization to another, since there are multiple opportunities in the global market. The data analysis clearly shows that recognition of employees in the workplace considers the most for employees to retain and training and flexibility considers the least. The Pearson's Rank Co-relation gives us the result that there exists a positive relationship between Retention (X), Motivation (Y), and Training

and development (Z) which helps the private banking sector to retain its employees efficiently. The chi-square method provides the information that the null hypothesis is accepted and the alternate hypothesis is rejected that there is no association between gender and HRM practices for retention of employees, a motivational program organized and benefits of attending the motivational training & development because nowadays both male and female candidates find equal opportunities in every aspect of life. There is no gender bias.

Suggestions:

- Since the sample size is limited and the population is very large the results found can be taken into consideration only to an extent.
- The study is limited only to the Chennai district so the population taken for the study is also limited.
- Since many new private banks are emerging into the market as competitors and the employees also find multiple opportunities it is the responsibility of the management of the organizations to re-frame the HRM policies for the retention of their valuable employees in a better, more effective, and attractive manner.
- There should be a research department in every organization to find out new techniques to retain their employees for a longer period.
- Both monetary and non-monetary kind of benefits should be introduced to the employees and their families to attract their retention.

It is the responsibility of the management to find out and convince the employees who are in a position to change from one organization to another.

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