

IMPACT OF EMPLOYEE RETENTION STRATEGIES IN PRIVATE SECTOR BANKS ON TURNOVER INTENTIONS

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Abstract: *Retaining well competent employees is a challenge for the upcoming organizations. Good employees have fruitful contribution for the successful functioning of an entity. Every industry utilizes its human resource assets by adopting different retention strategies. By doing so, the organizations are able to tackle the problems of turnover, thereby sustaining the credibility in the industry. The present study has discussed about the impact of Employee Retention Strategies in private sector banks on Turnover Intentions. The respondents belong to employees in HDFC, ICICI and Axis banks of Kerala. A sample of 100 respondents was taken using Convenient Sampling Technique. The results of the study showed that the Employee Retention Strategies are very high in the private sector banks. It was also revealed that among the retention strategies, Compensation Related Strategies and Personalized Retention Strategies of the banks have negative impact on the Turnover Intentions of the employees.*

INTRODUCTION

Every organization treats employees as their valuable assets. A large part of cost is invested for the human resource section for creating a competent workforce. Cost of hiring, cost of training, cost of educating and all other costs related to strengthen the employee wellbeing are important concerns for the organizations. What if, these costs are found to be wasted? Once an employee who is fully moulded, trained and developed leaves the organization, it creates a huge monetary loss. This can also create herding behaviour of turnover among other employees too. Therefore, retaining competent employees is considered to be an inevitable part of the organizational objectives. One way to reduce the cost of employee turnover is retaining the talented and skilled employees (B Rupavati & Prof D Sreeramulu, 2020). The organizations follow different retention strategies to keep their workforce to be remained there, till their age of retirement. In

the present competitive world, no companies are ready to give up their quality employees. The organizations are striving hard to satisfy the different basic, safety, belonging, esteem and actualization needs of the employees as suggested by Abraham Maslow. The effectiveness of retention strategies followed by an organization determines its success to a great extent.

The service quality of the employees has high impact on the growth of industries in service sector (*Atif Salmna, Nawaz Ahmad & Faiq Matin, 2014*). Private Sector Banks have higher growth in India as well as in the state of Kerala. At the national level itself, private sector banks are rising with emerging technologies and customer supports. Many leading private sector banks follow different retention strategies to utilize their precious employees. Important strategies among them include identifying career objectives of the employees, training the managers, proper recognition of the employees, and framing a long term career plan for the employees. HDFC, the largest private bank of the country uses special strategies like 'Mystery Calling', to track the issues of employee attrition and 'Exit Interview', to identify the causes of employees to leave the organization. Axis Bank, the second highest private bank of the country also have sound retention polices. HR Department of this bank conducts 'Exit Interview' to tackle the turnover intentions. It also creates friendly work environment, awards LTC and other benefits and also gives more value on the organizational cultures (*Triupti Sachin Gupte, 2020*). Hence, retention has high impact on the job outcomes of bank employees. Moreover, it is very essential for the banks, since the replacement of one's responsibility seems to be complex in the banking sector (*Yashpalsinh Zala & Dr. Chintan Rajani, 2021*).

STATEMENT OF THE PROBLEM

Banking Sector is the backbone of the Indian economy and the retention of employees is important for the sector to save costs and time (*Rushank Kumar, 2021*). Today the operations of private banking sector are not only limited to banking functions, but also extended to insurance and mutual fund services. The nature of work in the sector is becoming complex day-by-day. Private Sector Banks offer attractive compensation package and career succession planning to retain talented workforce (*Yogita V Patil & Dr. Arundhati S Ninawe, 2018*). There is considerable growth in the employment opportunities in private banking sector in the country. However, it is also important to note the attrition rate in the sector also. Banking and Financial services reported the highest attrition rate of 31.5 percent in the country (*The New Indian*

Express, dated 14.04.2022). The situation is almost similar in the state of Kerala also. Graduated youth are given more opportunity in the private banking sector in Kerala and at the same time, the rate of employee turnover is also going in an upside trend. The present study focuses on the influence of retention strategies on turnover intentions among the private sector bank employees in Kerala.

REVIEW OF LITERATURE

Utkarsh Mangal (2015): According to the data collected from 268 employees in different branches of Axis, HDFC, ICICI and Kotak Mahindra in the state of Haryana, it was found that the key factors of employee retention consist of brand name, challenging work and facilities for effective work.

Bhawana Ahuja (2015): A study conducted among 400 employees in ICICI, HDFC and Axis Bank in Haryana revealed that the overall HRM practices are positively related with the employee retention in the banks. Thirteen variables were considered as the HRM practices, out of which five variables contributed significantly towards the retention of the employees. These variables include Human Resource Planning, Training & Development, Promotion & Transfers, Induction and Fringe Benefits.

Kannan P (2016): Sufficient opportunity to use personal talents, opportunity to do new skills, learning opportunity and proper corporate strategy designed by the bank are the key factors influencing the employees to be remained in the organization. The data for the study was collected among 1315 employees of HDFC, ICICI and Axis banks in Chennai, Coimbatore, Trichy and Madurai cities of Tamil Nadu.

Yogita V Patil & Dr. Arundhati S Ninawe (2018): From a study conducted among 120 employees of 8 private sector banks in Jalgaon district of Maharashtra, it was found that the employee retention strategies of the banks are not related with the job profile detailing, work culture and rewards & recognition.

Triupti Sachin Gupte (2020): According to the employees of ICICI, salary package, job satisfaction and sick leave are the best ways to retain the employees in the organization. The policies of the bank encourage career growth of the employees and employee ideas are listened

and valued. Proper guidance and feedback also creates good organizational environment which motivates the employees to retain in the bank.

Shahin Akther and Javed Tariq (2020): Growth opportunity, Employee Self attainment, Training & development and Employee Benefits influence the retention of the employees in the private sector banks in Bangladesh. The study was conducted among 204 employees in ten different private sector banks in Dhaka, capital city of Bangladesh.

Atif Salman, Nawaz Ahmad and Faiq Matin (2014): The motivation aspect has positive effect on the employee retention while the employee training and employee development do not have any positive effect. The study was conducted among 208 employees in selected public sector banks and private sector banks in Karachi, Pakistan.

Ms. Aparna Mendiratta and Dr. Ashok Kumar Sharma (2019): The influencers of employee retention strategies differ significantly between public sector banks and private sector banks. The data for the study was collected among 490 employees in SBI, Bank of Baroda, Axis Bank and HDFC Bank in Rajasthan. Among employees in Axis Bank and HDFC Bank, the employees are more retained with organizational influencers like career development, promotion policies, purposefulness of job and acknowledgment of individual contribution. They are also more retained with personal influencers like good friends at work, having work opportunities, employee expectations, care by supervisors and encouragement at work.

B Rupavati and Prof. D Sreeramulu (2020): Rewards & recognition, motivation, career development opportunity, job security, training & development, work environment and workers' participation management are the important factors affecting the employee retention of 100 employees in SBI and ICICI Bank in Telangana.

A.E. Hanai and W.A.Pallangyo (2020): The influence of Compensation on Employee Retention was studied among 370 bank employees in Dar es Salaam region, business capital of Tanzania. The results of the study revealed that the compensation is a significant factor in predicting the compensation of the employees.

OBJECTIVES OF THE STUDY:

1. To identify the factors of employee retention among the employees of private sector banks in Kerala
2. To analyze the level of retention practices and turnover intentions among the employees
3. To study the relationship between employee retention practices and turnover intention among the employees of private sector banks in Kerala

RESEARCH METHODOLOGY:

The present study focuses on the employee retention practices of private sector banks in Kerala and also its relationship with the turnover intentions of the employees. A descriptive research design has been adopted by the researcher for this study. The researcher used convenient sampling technique for selecting the sample respondents from the population. The study was concentrated among 100 employees working in private sector banks in different cities of Kerala. For the purpose of the study, the top three private sector banks in India were considered and they include HDFC Bank, ICICI Bank and Axis Bank.

The respondents of the study were approached and the data relating to retention and turnover intention were collected with the help of a structured questionnaire. The questionnaire was divided into three different sections- demographic profile, retention practices in the banks and the turnover intentions of the employees. The employee retention and turnover intention were measured using a five point Likert scale. The statements of Employee Retention were adopted from previous studies on Employee Retention in the private banking sector. The statements of Turnover Intentions were based on a scale developed by *Bothma & Roodt (2013)*. In the analysis part, the researcher has used Exploratory Factor Analysis, Mean Score Analysis, Multiple Correlation and Multiple Regression for fetching the results for the study.

DATA ANALYSIS AND INTERPRETATION:

1. Factors of Employee Retention practices in the private sector banks- Exploratory Factor Analysis

Table 1: Total Variance explained and Rotated Sum of Squared Loadings

Component/ Factor	Rotation sum of squared loadings		
	Total	% of variance	Cumulative %
1	9.51	47.551	47.551
2	4.47	22.35	69.911
3	2.932	14.66	84.571

Source: SPSS Data Output

Table 2: Factor wise classification of statements of Employee Retention

	Factors		
	1	2	3
Factor 1: Organizational Retention Strategies			
There is sound grievance management system in the organization	.913		
There is effective employee performance appraisal system in the organization	.911		
The organization promotes team development and teamwork	.895		
I have enough freedom to take work related decisions	.885		
There is ample flexibility in the working time of the organization	.813		
I am satisfied with the work shifts allowed by the organization	.800		
There is two way communication in the organization	.791		
I feel high level of job security	.790		
Impartial or unbiased attitude of my immediate supervisor motivates me to retain in this organization	.773		
Factor 2: Compensation Related Retention Strategies			
Employees are offered Over Time payments for their extra work		0.879	
There is periodic revision of salary package in the organization		0.802	
The organization offers competitive salary package to retain the employees		0.801	
Accommodation facilities are provided to the employees based on their		0.79	

convenience			
The employees are provided with special insurance schemes in the organization		0.762	
Besides basic pay, the organization also offers bonus, paid holidays and other monetary benefits		0.726	
Factor 3: Personalized Retention Strategies			
Best performances of the employees are highly rewarded			0.821
Employees are given personal counselling for creating a committed workforce			0.783
The organization gives opportunity for periodical promotions			0.704
The organization encourages innovation and creativity			0.536
Better training and development programs are provided to the employees to stay remained in the organization			0.466

Source: SPSS Data Output

The 20 statements structure of Employee Retention has undergone Exploratory Factor Analysis and resulted in three factors. Nine statements belong to first factor 'Organizational Retention Strategies', six statements belong to second factor 'Compensation Related Retention Strategies' and five statements belong to third factor 'Personalized Retention Strategies'.

The statements altogether explain 84.57 percentage of variance in the Employee Retention. The factors Organizational Retention Strategies, Compensation Related Retention Strategies and Personalized Retention Strategies explain 47.55%, 22.35% and 14.66% of the variance respectively.

2. Level of Employee Retention practices used by the private sector banks- Mean Score Analysis

Table 3: Mean Score Analysis of factors of Employee Retention and Turnover Intention

SL No.	Variable	Number of respondents	Mean Score	Interpretation
1	Organizational Retention Strategies	100	4.3389	Very High
2	Compensation Related Retention Strategies	100	4.2657	High
3	Personalized Retention Strategies	100	4.355	Very High
4	Turnover Intentions	100	2.068	Low

Source: SPSS Data Output

Table 3 shows the mean scores of different factors of Employee Retention and also the mean score of Turnover Intention. The factor ‘Personalized Retention Strategies’ has the highest mean score and such retention strategies are very high in the selected private sector banks in the study. The factor ‘Organizational Retention Strategies’ has the second highest mean score and these strategies are also very high in the private sector banks. The factor ‘Compensation Related Retention Strategies’ has third highest mean score and these strategies are high in the private sector banks. The ‘Turnover Intentions’ exhibit a mean score of 2.068, which means that it is low in the private sector banks.

3. Relationship between Employee Retention practices and Turnover Intentions- Correlation Analysis and Multiple Regression Analysis

Table 4: Correlation Analysis

	Factors of Employee Retention practices					
	Organizational Retention Strategies		Compensation Related Retention Strategies		Personalized Retention Strategies	
	Pearson coefficient	p-value	Pearson coefficient	p-value	Pearson coefficient	p-value
Turnover Intentions	0.07	0.947	-0.694	0.000	-0.569	0.000

Source: SPSS Data Output

Table 5: Model Summary for Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 ^a	.546	.531	.51817

a. Predictors: (Constant), personalized retention strategies, organizational retention strategies, compensation related retention strategies

Table 6: ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	30.951	3	10.317	38.425	.000 ^b
1 Residual	25.776	96	.269		
Total	56.728	99			

a. Dependent Variable: Turnover Intentions

b. Predictors: (Constant), personalized retention strategies, organizational retention strategies, compensation related retention strategies

Table 4 shows the correlation between Factors of Employee Retention and Turnover Intentions. The correlation between Organizational Retention Strategies and Turnover Intentions is insignificant ($p > 0.05$, $r = 0.07$). The correlation between Compensation Related Retention Strategies and Turnover Intentions is significant ($p < 0.5$, $r = -0.694$). Also, the correlation between Personalized Retention Strategies and Turnover Intentions is significant ($p < 0.05$, $r = -0.569$). Organizational Retention Strategies do not correlate with the Turnover Intentions of the employees. However, both Compensation strategies and Personalized strategies of retention are negatively correlated with the Turnover Intentions of the employees.

Table 5 shows the Model Summary for multiple regression analysis. The 'r' value in the table shows the multiple correlation coefficient, which is 0.739. This means that there is good level of prediction of Turnover Intentions by the Factors of Employee Retention. The 'r square' value in

the table shows the coefficient of determination. The ‘adjusted r square’ value in the table shows a numerical figure of 0.531, which means that the Factors of Employee Retention altogether explains 53.1 percent variance in the Turnover Intentions.

Table 6 shows the statistical significance of the regression model using ANOVA. It can be interpreted that the regression model is significant [F (3, 96) = 38.425, p<0.000]. Further, we can say that the Turnover Intentions of the employees is significantly predicted by the Factors of Employee Retention.

Table 7: Coefficients Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.520	.735		10.234	.000
Organizational Retention Strategies	.051	.155	.029	.327	.745
Compensation Related Retention Strategies	-.622	.112	-.529	-5.571	.000
Personalized Retention Strategies	-.693	.228	-.312	-3.044	.003

a. Dependent Variable: Turnover Intentions

Table 7 shows the estimated coefficients of the regression model. The significant value column shows the statistical significance of each factor of Employee Retention. The p-value is less than 0.05 for Compensation Related Strategies and Personalized Strategies. This means that these two factors of Employee Retention (when taken individually) significantly predicts the Turnover Intentions of the employees.

The 'unstandardized coefficients' in the table shows how much the Turnover Intentions of the employees vary with each factor of Employee Retention Strategies. The coefficients have negative values which mean that the two factors- Compensation Strategies and Personalized Strategies have negative impact on the Turnover Intentions of the employees. From the table, it can be interpreted that 100 percent increase in the Compensation Strategies of Retention results in 62.2 percent decrease in the Turnover Intentions of the employees. Similarly, 100 percent increase in the Personalized Strategies of Retention results in 69.3 percent decrease in the Turnover Intentions.

DISCUSSION

The study was conducted among 100 employees working in different branches of HDFC, ICICI and Axis in Kerala. The first objective was to identify the factors of Employee Retention used by these banks. The results of Exploratory Factor Analysis classified the 20 statements of Employee Retention into three factors- Organizational Retention Strategies, Compensation Related Retention Strategies and Personalized Retention Strategies. The second objective was to analyze the level of Employee Retention and Turnover Intentions among the employees in the above discussed banks. The Organizational Strategies and Personalized Strategies of retention are found to be very high among the employees. The compensation strategies of retention are also high among the employees and the Turnover Intentions of the employees are low among the employees. The findings are similar to the studies of *Bhawana Ahuja (2015)*, *Obianuju, Gerald & Aniekwe (2017)*, *K Vidyasagar (2018)* and *Ms. Aparna Mendiratta & Dr. Ashok Kumar Sharma (2019)*. They also contradict the findings of *Atif Salman, Nawaz Ahmed & Faiq Matin (2014)* and *Yogita V Patil & Dr Arundhati Ninawe (2018)*. The third objective was to study the relationship between Employee Retention and Turnover Intentions. All the three factors of Employee Retention have combined effect on the Turnover Intentions of the employees. When the factors are considered individually, the Compensation Strategies of Retention and Personalized Strategies of Retention are found to be the significant predictors of Turnover Intentions. Both these factors have negative impact on the Turnover Intentions of the employees in private sector banks.

CONCLUSION

In this study, the researcher analyzes the level of Employee Retention strategies in the private sector banks of Kerala and its impact on the Turnover Intentions of the employees. A sample of 100 employees was taken from different branches of HDFC, ICICI and Axis banks in Kerala. There are different strategies adopted by the private sector banks in the state to retain its competent employees. Impartial attitude of the employer, giving enough freedom in work, flexibility in working time, effective employee performance appraisal, adequate salary package, special insurance schemes, monetary benefits other than basic pay, promotion opportunities, training and development and encouraging employee creativity are the key factors contributing to high Employee Retention in the private sector banks. Among these factors, Compensation Related Retention Strategies and Personalized Retention Strategies have negative impact on the turnover intentions of the employees. This explicate that the Compensation Related Strategies and Personalized Strategies are used by the private sector banks in Kerala for retaining its employees which helps in reducing their turnover intentions.

Even though, the organizational factors of retention are very high in the private sector banks, they do not have any impact in reducing the turnover intentions of the employees. Provision of competitive payment structure and understanding the personalized needs of the employees are found to be helpful in the reduction of turnover intentions. Compensation management is a vital part of retaining the human resources in the organization. The present study also proved the relevance of compensation in low turnover intentions of the employees. Therefore, the private sector banks in Kerala are recommended not to make any compromise in satisfying the financial needs of the employees. Besides compensation, the career growth is also important for the employees in banks. They expect ample support from the immediate supervisors and due to this expectation, the banks design personalized strategies for retaining good employees. The study has also proved that such strategies are also crucial in the low turnover intentions of the employees. The private sector banks in Kerala are recommended to maintain these strategies to be remained high. Apart from this, they are also recommended to implement further strategies for eradicating the turnover intentions of the employees.

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