Notification no.546/2023 **Date: 06-10-2023**

Name of the Scholar: Ritika Solanki

Name of the Supervisor: Prof. Ravinder Kumar

Department: Department of Commerce, Jamia Millia Islamia, New Delhi

Topic Name: Employee Retention in Banking Sector: A Comparative Analysis of Public and Private Sector Banks

Key Words: Human resource practices, Employee retention, Monetary factors, Non-monetary factors, Banking sector

Findings

- Monetary factors or Compensation is measured through four variables- raises, benefits, structure and administration, and level. All the four variables showed statistically significant contribution to monetary factors that further affect banking employees' intention to stay. However the impact is lesser in comparison to the influence of non-monetary factors on retaining employees in banks.

- Non-monetary factors exhibited statistically significant and strong relationship with bank employees' intention to stay. Additionally, it is noted that non-monetary factors have higher influence on bank employees' intention to stay than the monetary compensation. This could be based on the Maslow's Hierarchy of Needs Theory (Maslow, 1958), which states that once the lower level needs of human (employees) are fulfilled then they move on to the higher level needs and the lower level needs no more are impactful in influencing the behaviour and attitude of employees.

- The priority-wise list of non-monetary factors as per the analysis is- Work Life balance, Career Development, Training, Performance Appraisal, Recruitment and Selection, Supervision and Job Characteristics.

- There is a statistically significant difference in the retention ratio between public and private sector banks. Retention ratio is found to be higher in case of public sector banks. The reason to this may be the impact of monetary factors being higher than the non-monetary factors on employees' intention to stay in case of private sector banks. This may indicate that employees are continuing their jobs in private sector banks just because of fulfillment of their monetary needs, which are easily imitable by the rivals to attract employees. Also, the concentration of old generation workforce in public sector banks due to job security and autonomy may lead to higher retention rates.

- The effect of monetary factors on intention to stay is higher in private sector banks in comparison to the public sector banks. The compensation of public sector banks is way lower and hence not comparable to private sector bank employees. Hence monetary factors play negligible or insignificant role in affecting employees' decision to stay in public sector banks.

- The impact of non-monetary factors on employee retention is higher in public sector banks while comparing the two sectors. Due to the comparative monetary factors of public sector banks being way below the line and hence don’t motivate the staff at all to stay within the banks. Hence even the inadequate applications of HR policies compel the employees to stay for longer. The reasons to this as noticed by the researcher at the time of data collection while surveying the bank employees, may be ‘job security’ and ‘autonomy’, which are higher in case of public sector banks than their private counterparts.

- There is only marginal variation between the two groups with private sector employees exhibiting greater satisfaction with the monetary compensation than public sector bank employees. So, bank employees of both the sectors are satisfied with financial factors they receive from banks but the rate of satisfaction is moderate.

- Private sector bank employees’ perception towards non-monetary factors is higher than the employees of public sector banks. This indicates that private sector employees feel happier with the non-monetary factors than their public sector bank peers. This may be the outcome of wiser implementation of HRPs by the private banks.

- But apart from comparisons, the independent retention ratio of even public sector banks is not that impressive and the public sector banks employees perceived lower satisfaction with both monetary and non-monetary factors. Hence both the sectors have scope for improvements with an objective of enhancing the retention rates of overall banking industry. The reasons to such results could be employees leaving the banks to move to other sectors like multinational companies, high technology jobs where they get better compensation packages with higher chances for professional growth.