

A Comparative study of factors of Employee retention strategies in Public Sector and Private Sector Banks with special reference to Jalgaon District

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Abstract:

The organization have exit interview and employee retention strategies as many study suggest that this is the most crucial aspect of today's world that rather than spending time on finding and creating talent, it is important to retain your organization talent for long term. The purpose of the study was to find out the factors affecting employee retention in public and private sector banks with an objective to compare the retention factors in both the organizations.

The target population for this study was 120 respondents from public sector banks and 120 respondents from private sector banks. The researchers used Simple random sample method to determine sample size of other employees. Questionnaires will be used as data collection instruments. In this study, the validity of the instruments was tested through pilot testing conducted prior to the study and reliability was tested through test-retest technique by use of Cronbach's' Alpha. The data was analyzed using descriptive statistics and independent sample t-Test and presented in tables. The study findings indicated that Job security is the significant factor in public banks whereas career development and reward & recognition is the determinant factor in Private sector banks.

Keyword: Private Bank, Employee retention strategies, Training and Development, Job Security, Reward & recognition

I. Introduction

Employee turnover causes a valuable employees to leave the organization, based on small issues and hence employee retention become the most crucial issue while workforce management in immediate future. A Studies shows that in near future, the organization which adapt the realities of current world where innovation, creativity and flexibility plays a vital role to be successful organizations. The dynamics of work environment has reflected a diverse population whose motivation, beliefs and value structure is differ from past. This determinant is very important while considering economic uncertainty and corporate downsizing and its impact on losing critical employees.

The retention of employees has been shown to be significant to the development and the accomplishment of organization's goals and objectives especially in building competitive advantage over other organization in the phase of increased globalization. Today, changes in technology, global economics, trade agreements, and the like are directly affecting employee/employer relationships thus leading to high employee turnovers thereby affecting employee retention in an organization. According to Coff, (1996), outstanding employees may leave an organization because they became dissatisfied, under paid or unmotivated and while trying to retain employees within the organization they may present other challenges as well. Cappelli (2000) indicates that several factors are considered important in a well-functioning of employee retention. The determinants that are considered to have a direct effect on employee retention include: career opportunities, work environment and work-life balance. Cole (2000) suggests that people stay at such companies where there is a sense of pride and will work to their fullest potential. The reasons to stay are work environment, rewards, growth and development and work-life balance.

II. Literature Review:

Employee retention issues are emerging as the most critical workforce management challenges of the immediate future. Since the mid-1990s, scholarly research investigations have been focusing not only on determining why employees leave organizations but also concentrating on those factors positively influencing employees to stay (Hoisch, 2001), as well as the benefits associated with retaining tenured workers (Ramlall, 2004). Effectively designed and well implemented employee retention programs that increase employee tenure more than pay for themselves through reduced turnover costs leads to increased productivity (Simons and Hinkin, 2001). Fostering employee commitment can have a great impact on decreasing turnover rates. Bishop (1997) found that commitment has a positive effect on productivity, turnover and employees willingness to help coworkers because increased employee commitment improves team performance and productivity and decrease absenteeism, turnover, and intention to quit by employees. However, companies can take action to ensure that these increasing trends are minimized within their own individual organizational cultures. Therefore, strong retention strategy must be implemented in an organization if the organization is to promote employee retention. Byrnes (2002) notes that there are five essential steps for a company to develop an effective retention strategy: a corporate values system must be defined based upon the organization's values and vision

where the values guide the company and identify those employees desiring to move in the same direction; trust must be established within all parts of the business because security comes from trust and trust comes from honesty and communication; assess employee priorities through surveying from time to time to allowing organization to structure effective reward programs, thus increasing employees satisfaction; fourth, Byrnes recommends doing industry homework to enables companies understand competitors compensation and benefit programs so that organizations can keep pace with the industry remuneration packages. A clearer understanding of what is expected by employees within the industry provides the company the opportunity to increase satisfaction. Finally, the creation of a compensation and benefit package, supportive of company values and employee needs, is essential.

Retention factors are utilized as an important topic for managers, organizations, and organizational researchers (Abbasi and Hollman, 2000; Arkin, 1997; Muchinsky, 1997; Sigtler and Adams, 1999). Consistently, retention of talented employees can be a source of advantage for an organization. But there are challenges in attempting to retain these employees (Barney, 1991; Wernerfelt, 1984; Pettman, 1975). Meanwhile, from their view of these retention factors from 1995 to 2004, were used to identify the critical factors in high technology employees' retention (McNee, 1998; Dockel, 2004). Compensation, job characteristics, training and development opportunities, supervisor support, and promotion were identified as the top five retention factors. This was specifically chosen because the demand for high technology employees skyrocketed, turnover increased, job hopping became the norm and the shortage of qualified candidates existed. Companies try to keep these valuable employees with their cutting edge knowledge and skills, but the demand for high technology employees with skills has increased substantially, e.g. for ten positions only eight candidates with the required skills qualify (McNee, 1998; Murphy, 2000). To add to this, competitors use aggressive recruitment tactics to try and woo away these valuable employees. Because of this shortage, it has become critical to retain high technology company most valuable technical employees. On the other hand, Dockel (2004) has identified top five of retention factors including compensation, job characteristic (skill variety and job autonomy), training and development, supervisor support and promotion. Overall, the justification to select five factors widely utilized by most companies to motivate their employees, it seems reasonable to identify them as a means of examining the effect on career commitment (Turbin and Rosse, 2006).

III. Objective:

This study is mainly intended to compare the factors of employee retention strategies in public and private sector banks which is further divided into following sub-objectives as follows-

1. To identify the factors influencing employee retention strategies.
2. To compare the factors of employee retention strategies in public and private sector banks.

IV. Hypothesis:

H0: There is no difference in the importance in Public and Private Sector banks attach to the subsets of Retention Strategies.

H1: There is a difference in the importance in Public and Private Sector banks attach to the subsets of Retention Strategies.

V. Research Methodology:

The summary of research methodology is given as below-

Table No 1: Summary of Research Methodology

Sr. No	Title	Description
1	Research Design	Descriptive
2	Research Method	Survey
3	Sample Size	120 Public Sector Bank Employee & 120 Private Sector Bank Employee
4	Research Instrument	Structured Questionnaire
5	Primary Data	Through Filled Questionnaire
6	Secondary Data	Research Paper, Journals, Articles, Newspaper, Library, Books
7	Area of Study	Jalgaon District

VI. Data Analysis & Interpretation:

A reliability analysis was carried out on the work culture, job profile detailing, reward & recognition and Employee retention strategies related questions. Cronbach's Alpha showed that the questionnaire reach the acceptable reliability

Table No 2: Reliability Test

Factors	Reliability Statistics	
	Cronbach's Alpha	N of Items
Retention Strategies	.771	12

Factors influencing employee retention strategies in public and private sector banks:

From the table no. 2, it can be noticed that Job security is the most important factor in employee retention strategies whereas Job rotation and new assignments is least important according to public sector employees. Private sector bank employees feels career development and reward & recognition as the most important determinant in employee retention strategies whereas working environment is the least important.

Table No 3: Factors influencing employee retention strategies in public and private sector banks

		Public Sector Banks	Private Sector Banks
	N	Mean	Mean
Job Security	120	6.4	5.2667
Promotion Opportunities	120	5.5583	5.2583
Welfare measures	120	5.3083	5.2333
Working Environment	120	5.0333	4.8833
Job Rotation And New Assignments	120	4.9583	5.2667
Career Development	120	5.375	5.3583
Location Transfer with promotion	120	5.3333	5.3
Support for higher Education	120	5.1667	5.0167
Training & Development	120	5.2333	4.8833
Reward & recognition	120	5.2833	5.3583
Fringe Benefits	120	5.125	5.0417
Role of Exit Interview	120	5.0417	5.0417

Hypothesis 1 Testing:

To study if there is a difference in the importance in Public and Private Sector banks attach to the subsets of Retention Strategies.

Statistical Test: Independent Sample t-Test is done separately for each employee retention strategies.

Variable and Measurement:-

Grouping Variable: Respondents type (1= Public Sector Banks) and (2= Private Sector Banks)

A. Dependent Variables: Various components of Employee Retention strategies are measured on 7 point scale.

Respondents were presented with 12 components of employee retention strategies and were asked to rate them on 7 point scale (1= highly dissatisfied, 2= dissatisfied, 3= somewhat dissatisfied, 4=Neutral, 5=somewhat satisfied, 6= satisfied, 7=Highly Satisfied). A List of These Components are given below-

- a. Job Security

- b. Promotion Opportunities
- c. Welfare Measures
- d. Working Environment
- e. Job Rotation and New Assignment
- f. Career Development
- g. Location Transfer With Promotion
- h. Support for Higher Education
- i. Training and Development
- j. Reward and Recognition
- k. Fringe Benefits
- l. Role of Exit Interview

H_0 : Both the groups are identical. ($\mu_1 = \mu_2$)

H_1 : Both the groups are different. ($\mu_1 \neq \mu_2$)

Level of Significance: $\alpha=0.05$

Table No 3: Group Statistics

	Bank Type	N	Mean	Std. Deviation	Std. Error Mean
Job Security	Public	120	6.4000	.71479	.06525
	Private	120	5.2667	.83750	.07645
Promotion Opportunities	Public	120	5.5583	.93302	.08517
	Private	120	5.2583	1.13386	.10351
Welfare measures	Public	120	5.3083	1.22162	.11152
	Private	120	5.2333	1.06695	.09740
Working Environment	Public	120	5.0333	1.13710	.10380
	Private	120	4.8833	1.13895	.10397
Job Rotation And New Assignments	Public	120	4.9583	1.25956	.11498
	Private	120	5.2667	.83750	.07645
Career Development	Public	120	5.3750	1.17439	.10721
	Private	120	5.3583	1.19379	.10898
Location Transfer with promotion	Public	120	5.3333	1.19757	.10932
	Private	120	5.3000	.88498	.08079
Support for higher Education	Public	120	5.1667	.86319	.07880
	Private	120	5.0167	1.22291	.11164
Training & Development	Public	120	5.2333	.82740	.07553
	Private	120	4.8833	1.13895	.10397
Reward & recognition	Public	120	5.2833	1.24471	.11363
	Private	120	5.3583	1.19379	.10898
Fringe Benefits	Public	120	5.1250	1.10433	.10081
	Private	120	5.0417	1.01581	.09273
Role of Exit Interview	Public	120	5.0417	1.22575	.11189
	Private	120	5.0417	1.01581	.09273

Table 4- Levene's Test for Equality of Variances

		Levene's Test for Equality of Variances	
		F	Sig.
Job Security	Equal variances assumed	2.370	.125
	Equal variances not assumed		
Promotion Opportunities	Equal variances assumed	3.031	.083
	Equal variances not assumed		
Welfare measures	Equal variances assumed	4.200	.042
	Equal variances not assumed		
Working Environment	Equal variances assumed	1.779	.184
	Equal variances not assumed		
Job Rotation And New Assignments	Equal variances assumed	24.911	.000
	Equal variances not assumed		
Career Development	Equal variances assumed	.014	.907
	Equal variances not assumed		
Location Transfer with promotion	Equal variances assumed	12.513	.000
	Equal variances not assumed		
Support for higher Education	Equal variances assumed	20.956	.000
	Equal variances not assumed		
Training & Development	Equal variances assumed	19.680	.000
	Equal variances not assumed		
Reward & recognition	Equal variances assumed	.051	.822
	Equal variances not assumed		
Fringe Benefits	Equal variances assumed	1.870	.173
	Equal variances not assumed		
Role of Exit Interview	Equal variances assumed	11.963	.001
	Equal variances not assumed		

Assumption of homogeneity of Variance was tested using Levene's Test.

The assumption of equality of Variance is met in all classes except in cases of the components job rotation and new assignments, location transfer with promotion, support for higher education, training and development and role of exit interview.

Hence for Test of Significance we refer to t value in the row labeled equal variance is assumed except for the components job rotation and new assignments, location transfer with promotion, support for higher education, training and development and role of exit interview, in this case we refer to t value in the row labeled equal variance not assumed.

Table No 5: Independent Sample t-Test for equality of means

		t-test for Equality of Means						
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Job Security	Equal variances assumed	11.276	238	.000	1.13333	.10051	.93533	1.33134
	Equal variances not assumed	11.276	232.266	.000	1.13333	.10051	.93530	1.33137
Promotion Opportunities	Equal variances assumed	2.238	238	.026	.30000	.13404	.03593	.56407

	Equal variances not assumed	2.238	229.493	.026	.30000	.13404	.03588	.56412
Welfare measures	Equal variances assumed	.507	238	.613	.07500	.14806	.21668	.36668
	Equal variances not assumed	.507	233.767	.613	.07500	.14806	.21671	.36671
	Equal variances assumed	1.021	238	.308	.15000	.14692	.13943	.43943
Working Environment	Equal variances not assumed	1.021	237.999	.308	.15000	.14692	.13943	.43943
	Equal variances assumed	-2.233	238	.026	-.30833	.13808	.58035	-.03632
Job Rotation And New Assignments	Equal variances not assumed	-2.233	207.018	.027	-.30833	.13808	.58055	-.03611
	Equal variances assumed	.109	238	.913	.01667	.15287	.28449	.31782
Career Development	Equal variances not assumed	.109	237.936	.913	.01667	.15287	.28449	.31782
	Equal variances assumed	.245	238	.806	.03333	.13593	.23445	.30112
Location Transfer with promotion	Equal variances not assumed	.245	219.114	.807	.03333	.13593	.23457	.30124
	Equal variances assumed	1.098	238	.273	.15000	.13664	.11919	.41919
Support for higher Education	Equal variances not assumed	1.098	213.996	.274	.15000	.13664	.11934	.41934
	Equal variances assumed	2.724	238	.007	.35000	.12851	.09684	.60316
Training & Development	Equal variances not assumed	2.724	217.242	.007	.35000	.12851	.09671	.60329
	Equal variances assumed	-.476	238	.634	-.07500	.15744	.38515	.23515
Reward & recognition	Equal variances not assumed	-.476	237.586	.634	-.07500	.15744	.38515	.23515
	Equal variances assumed	.608	238	.544	.08333	.13697	.18650	.35317
Fringe Benefits	Equal variances not assumed	.608	236.358	.544	.08333	.13697	.18651	.35318
	Equal variances assumed	.000	238	1.000	.00000	.14532	.28629	.28629
Role of Exit Interview	Equal variances not assumed	.000	230.067	1.000	.00000	.14532	.28634	.28634

a. For Job Security:

$t(238)=11.276, p=0.000$

Conclusion: Since the P value (0.000) is less than level of significance (0.05) the null hypothesis is rejected, hence it is concluded that there is difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 6.400 and mean for Private Sector Banks is 5.2667. Hence we conclude that Public Sector Bank employees attach more importance to Job

Security than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe job security as moderately important in employee retention strategies.

b. For Promotion Opportunities:

$$t(238) = 2.238, p = 0.026$$

Conclusion: Since the P value (0.026) is less than level of significance (0.05) the null hypothesis is rejected, hence it is concluded that there is difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.5583 and mean for Private Sector Banks is 5.2583. Hence we conclude that Public Sector Bank employees attach more importance to Promotion opportunities than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe promotion opportunities as moderately important in employee retention strategies

c. Welfare Measures

$$t(238) = 0.507, p = 0.613$$

Conclusion: Since the P value (0.613) is greater than level of significance (0.05) the null hypothesis is failed to rejected, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.3083 and mean for Private Sector Banks is 5.2333. Hence we conclude that Public Sector Bank employees attach more importance to Welfare Measures than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe welfare measures as moderately important in employee retention strategies

d. Working Environment

$$t(238) = 1.021, p = 0.308$$

Conclusion: Since the P value (0.308) is greater than level of significance (0.05) the null hypothesis is accepted, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.0333 and mean for Private Sector Banks is 4.8823. Hence we conclude that Public Sector Bank employees attach more importance to Working Environment than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe Working Environment as moderately important in employee retention strategies

e. Job Rotation and New Assignment

$$t(207.018) = -2.233, p = 0.027$$

Conclusion: Since the P value (0.026) is less than level of significance (0.05) the null hypothesis is rejected, hence it is concluded that there is difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 4.9583 and mean for Private Sector Banks is 5.2667. Hence we conclude that Public Sector Bank employees attach less importance to Job rotation & new assignments than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe Job rotation & new assignments as extremely important in employee retention strategies

f. Career Development

$$t(238) = 0.109, p = 0.913$$

Conclusion: Since the P value (0.913) is greater than level of significance (0.05) the null hypothesis is failed to rejected, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.3750 and mean for Private Sector Banks is 5.3583. Hence we conclude that Public Sector Bank employees attach more importance to Career Development than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe career development as moderately important in employee retention strategies

g. Location Transfer With Promotion

$$t(219.114)=0.245, p=0.807$$

Conclusion: Since the P value (0.807) is greater than level of significance (0.05) the null hypothesis is failed to rejected, hence it is concluded that there is no difference between mean values of both the groups.

h. From Group Statistics Table below we see that Mean for Public Sector Banks is 5.3333 and mean for Private Sector Banks is 5.3000. Hence we conclude that Public Sector Bank employees attach more importance to Location Transfer with Promotion than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe Location Transfer With Promotion as moderately important in employee retention strategies

i. Support for Higher Education

$$t(213.996)=1.098, p=0.274$$

Conclusion: Since the P value (0.274) is greater than level of significance (0.05) the null hypothesis is failed to rejected, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.1667 and mean for Private Sector Banks is 5.0167. Hence we conclude that Public Sector Bank employees attach more importance to Support for Higher Education than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe Support for Higher Education as moderately important in employee retention strategies

j. Training and Development

$$t(217.242)=2.724, p=0.007$$

Conclusion: Since the P value (0.007) is less than level of significance (0.05) the null hypothesis is rejected, hence it is concluded that there is difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.2333 and mean for Private Sector Banks is 4.8833. Hence we conclude that Public Sector Bank employees attach more importance to Training and Development than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe Training and Development as less important in employee retention strategies

k. Reward and Recognition

$$t(238)=-0.476, p=0.634$$

Conclusion: Since the P value (0.634) is greater than level of significance (0.05) the null hypothesis is failed to reject, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.2833 and mean for Private Sector Banks is 5.3583. Hence we conclude that Public Sector Bank employees attach more importance to Reward and recognition whereas Private Sector Bank employees given extreme importance to reward and recognition as a parameter for employee retention strategies.

l. Fringe Benefits

$$t(238)=0.608, p=0.544$$

Conclusion: Since the P value (0.544) is greater than level of significance (0.05) the null hypothesis is failed to reject, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.1250 and mean for Private Sector Banks is 5.0417. Hence we conclude that Public Sector Bank employees attach more importance to fringe benefits than Private Sector Bank employees as an important parameter for employee retention strategies. Private Sector bank employees believe fringe benefits as moderately important in employee retention strategies.

m. Role of Exit Interview

$$t(230.067)=0.000, p=1.000$$

Conclusion: Since the P value (1.000) is greater than level of significance (0.05) the null hypothesis is failed to reject, hence it is concluded that there is no difference between mean values of both the groups.

From **Group Statistics Table** below we see that Mean for Public Sector Banks is 5.0417 and mean for Private Sector Banks is 5.0417. Hence we conclude that both Public and Private Sector Bank employees and Private Sector Bank employees attach equal importance as an important parameter for employee retention strategies.

VII: Discussion on Finding:

From the study we found that Job security is the most important factor in employee retention strategies whereas Job rotation and new assignments is least important in public sector banks. Private sector bank employees feels career development and reward & recognition as the most important determinant in employee retention strategies whereas working environment is the least important. Both the banks employees are having similar thinking that role of exit interview is very important in redesigning employee retention strategies.

VIII: Conclusion and Suggestions:

It is very important to retain talented employee in your organization which is act as a capital for your organization. To attain the required purpose organizations should have to focus on redesign its retention policies from time to time. Organization should have to identify the important factor that cause employee turnover and should have to overcome the barrier.

X: Bibliography:

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