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"A STUDY OF STRATEGIES FOR RETAINING EMPLOYEES IN THE INDIAN BANKING INDUSTRY"

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ABSTRACT

Employee retention is important because it involves organisational challenges such training time and investment, knowledge loss, insecure employees, and an expensive candidate hunt. As a result, losing a key employee is a costly prospect for a company. According to various estimates, losing a middle manager may cost up to five times his compensation in most firms. Employers who are astute understand the value of keeping top employees and the study which discussed about history of banking, Indian banking structure, Role of reserve bank of India, Methods of retention, Retention strategies used by banks to keep employees, Retention techniques using motivational techniques.

Keyword: bank, strategies

INTRODUCTION

Individual savings have been encouraged, and these resources have been pooled in successful areas, thanks to the banking industry. The financial sector's performance, in fact, determines the global economy's success. Until the banks were nationalized in 1991, the public sector banks had a massive advantage over private sector banks. The development and marketing of private sector banks were aided by deregulation, outsourcing, and globalization philosophy. In the current environment, the whole banking sector is undergoing significant changes and must contend with significant challenges as a result of shifting expectations targeted at alleviating their cash shortages. The law, on the other hand, establishes rules and regulations that enable them to operate in accordance with international standards, so improving the financial sector and ensuring that change occurs. In addition to these rigorous guidelines, there are considerable differences in operational techniques. If banks want to keep up with a competitive company, they must eliminate flaws.

There were enough of employment and skills to meet the requirements of employers for decades. India is rapidly assuming its proper place on the global scene. According to a recent forecast, Indians would account for 25% of the global workforce by 2025, and this trend is likely to continue for the following 25 years, until 2050. As a result, there will be a labour shortage in India, thus businesses should focus on how to keep their employees for longer. They should also focus on hiring techniques and procedures for employee retention. The employer has the option of hiring, and the job itself is not difficult. The general norm used to be to work for a firm for 30-40 years and then retire, but staff retention is now a major issue. Employee retention refers to the policies and procedures that encourage employees to stay with a company for a long time. Every company spends time and money grooming new workers, preparing them to be corporate ready, and bringing them up to speed with the rest of the team. When people quit their jobs after completing their training, the company is utterly lost.

Employee retention considers a variety of factors to ensure that a person stays with a company for as long as possible. When one employee leaves a firm, it's like throwing a stone into a still pond; it sends ripples of disturbance throughout the corporation, causing an imbalance. This imbalance may be costly in any firm. Employers make a deliberate effort to build and maintain an atmosphere that encourages current workers to stay employed by putting in place rules and procedures that satisfy their different demands. A successful retention plan may also be used to acquire new employees,

Employee retention is important because it involves organisational challenges such training time and investment, knowledge loss, insecure employees, and an expensive candidate hunt. As a result, losing a key employee is a costly prospect for a company. According to various estimates, losing a middle manager may cost up to five times his compensation in most firms. Employers who are astute understand the value of keeping top employees. In the Indian context, retaining talent has never been more vital; nevertheless, things have altered in recent years. There are enough of prospects for the finest in the business, as well as the second and third best, in India's major cities. Companies have never placed a greater emphasis on retaining key personnel and addressing attrition issues

HISTORY OF BANKING

The earliest known financial institutions were presumably religious temples, which were built in the third millennium B.C. or earlier. Banks undoubtedly existed long before paper money was invented. Precious metals such as gold were found in the shape of compressed plates that made it easier to transport the precious metals from one place to another They were the best places to keep your gold since they were continually guarded and well-protected. In addition to being holy, temples served as a deterrent to would-be burglars. Around Babylon, temple priests/monks loaned money to merchants in the 18th century BC, according to historical accounts. Hammurabi's Code was written at a period when banking was well established enough to warrant the enactment of banking rules.

There is more evidence of banking in ancient Greece. Loans, deposits, money exchange, and the certification of coinage were all common financial practices in Greek temples, as well as in private and public organisations. For example, a moneylender in one Greek port might give the customer a credit note in exchange for a payment, which the customer would then be able to "cash" in another Greek port, sparing the customer the trouble of transporting coins on his voyage. The earliest known banker was Pythius, a commercial banker active in Asia Minor around the beginning of the 5th century B.C. Early Greek city-state bankers were often "metics," or foreigners.

Banking in the Mediterranean culture shifted to a credit-based system around the fourth century BC Throughout Egyptian history, grain has been utilized as currency. In addition to precious metals and state granaries, the money itself served as a form of currency. Grain banks were established in Egypt under the era of the Ptolemies (332-30 B.C.), who turned the various scattered government granaries into an extensive network of grain banks, with the principal accounts from all of the state granary banks being kept in Alexandria. Transferring funds from one account to another without passing actual cash was the primary method of making payments through this banking system's trade credit system.

The desolate Aegean island of Delos, notable for its gorgeous port and the famed temple of Apollo, became a major financial centre in the late third century B.C.E. Real credit receipts replaced cash transactions, and payments were processed based on simple instructions with individual accounts for each customer. The Romans' victory over Carthage and Corinth made Delos a more important city. Consequently, it was only inevitable that the banks of Rome would follow in the footsteps of Delos. Financial institutions and procedures were more regulated in Ancient Rome because of the administrative aspects of banking. Borrowing and deposit interest rates have been increasingly competitive in recent years.

INDIAN BANKING STRUCTURE

The pre-independence structure of the Indian financial sector had no purposeful supervision or direction. Only the Bank Charter Act of 1876, which governed the three presiding banks, and the Indian Companies Act of 1913, which offered limited safeguards against bank failures, were comprehensive banking legislation in India at the time.

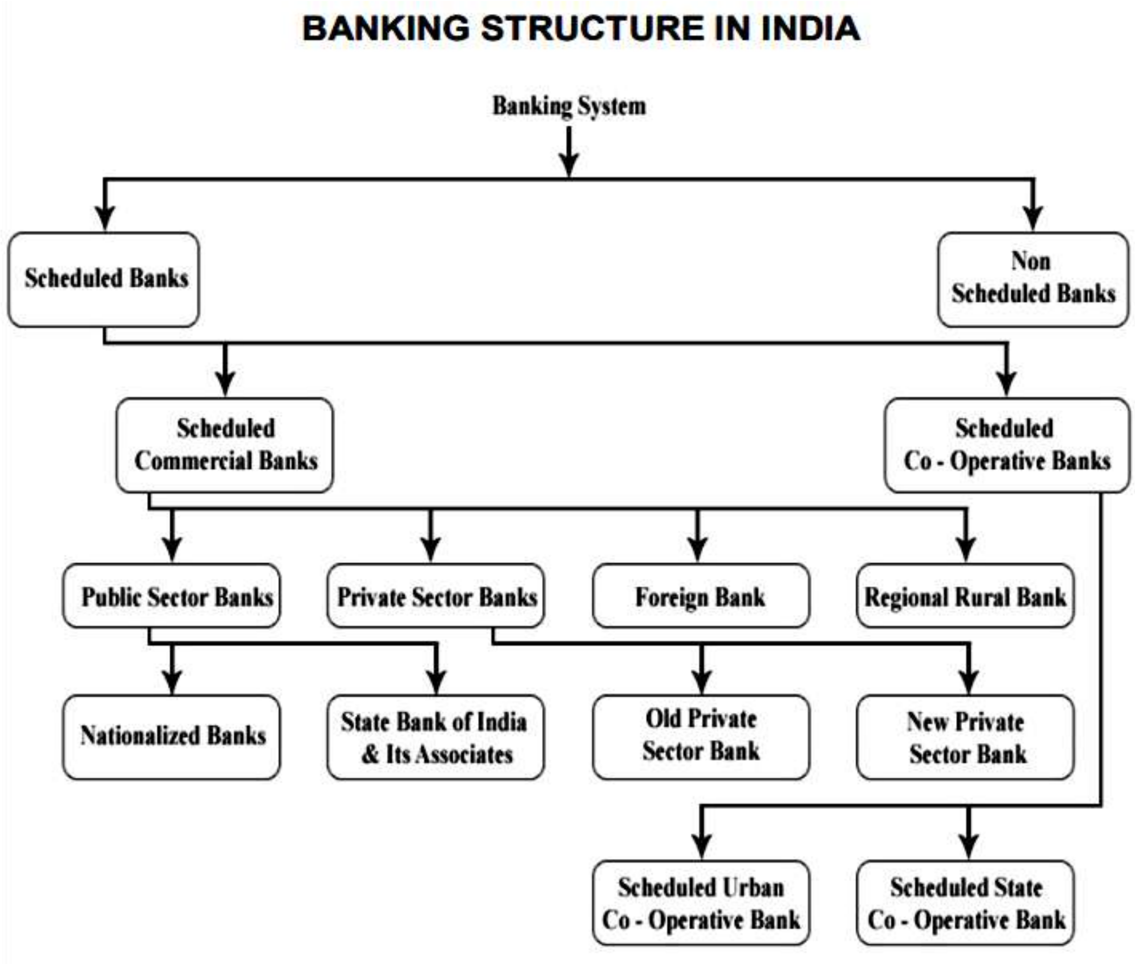

Figure 1: Banking Structure in India

Source- RBI Report on Trend and Progress of Banking in India

ROLE OF RESERVE BANK OF INDIA

The Reserve Bank of India (RBI) is the country's central bank, in charge of both Rupee policy and the nation's foreign exchange reserves. Formed on April 1, 1935 during the British Raj and enacted by the Reserve Bank of India Act of 1934, the institution is critical to the country's economic growth. The Asian Clearing Union counts it as one of its members. The Reserve Bank of India was established under the Reserve Bank of India Act, 1934, in order to maintain monetary stability in India and to run the currency and credit system of the nation to its advantage.

The central bank was established in 1935 as a response to post-World War I economic woes. The Hilton Young Commission's recommendations led to the creation of the Reserve Bank of India. Despite the fact that the bank wasn't established for another nine years, the commission's report was presented in 1926. Keeping reserves to ensure monetary stability and running the currency and credit system in the country's best interest is described in the Reserve Bank of India's Preamble as one of the Reserve Bank's primary responsibilities. First founded in Kolkata, Bengal, the Reserve Bank of India's central office was relocated to Mumbai in 1937. Despite Burma's 1937 secession from the Indian Union, the Reserve Bank remained the country's central bank until the end of Japan's occupation of Burma in World War II and into the early part of the twentieth century. When Pakistan gained independence in June 1948, the Reserve Bank of India took over as the country's central bank. The Reserve Bank of India (RBI) was initially established as a shareholders' bank, but since it was nationalized in 1949, the Indian government has controlled 100% of the RBI.

An economic policy of central planning was implemented in India between 1950 and 1960, which concentrated mostly on the agricultural sector. As part of the RBI, the administration nationalized commercial banks and set up a central bank regulation based on the Banking Companies Act, 1949 (later renamed the Banking Regulation Act). In addition, the central bank was required to provide loans in support of the economic strategy. It was necessary for the reserve bank to develop and oversee a deposit insurance mechanism following bank failures. On December 7, 1961, it was launched in an effort to restore public confidence in the nation's banking sector. The motto "Developing Banking" was employed by the Indian government when it set up economic development funds. They reformed the national bank market and nationalized several organisations during the Gandhi government and their successors. To regulate and sustain this public banking sector, the RBI had to assume the most important role.

Twenty banks in India were nationalized between 1969 and 1980 by the government. In the 1970s and 1980s, the Gandhi government and its successors stepped up economic and financial sector regulation, particularly in the wake of the financial crisis. Since then, the central bank has risen to the position of dominant actor, expanding its mandate to include interest rates, the reserve requirement ratio, and the amount of visible

LITERATURE REVIEW

Shrivastava and Rai (2012) the results assessments and their function in strengthening organizational capacities were evaluated in the Indian banks. The authors concluded that performance assessment activities are also a key element in bank performance improvement and hold workers highly motivated. The assessment of results was also emphasized as a framework for developing and improving the bank's efficiency plans.

Ahmad (2012) the association between Indian banking and unionization of employees has been investigated. The study included public as well as private banks. In addition to unionism and job prosperity, the research demonstrated greater satisfaction among non-Unionized employees in the banking industry. The results suggest that non-unionized workers had better employee relations than unionized employees.

Shukla (2014) Realized studies on public and private sector banks' job retention practices in India. The findings of the study showed that banks in the public sector had no established executive retention policy while private banks promote talent retention and their HRM activities seek to maintain their organizations' best talent.

Jyothsna& Kumar (2015) provided empirical data concerning the performance assessment variables influential to Indian bank employees' organizational engagement and work satisfaction. This study considered work satisfaction as the variable based on employment, Although the rates contained independent variables, environmental aspects, organizational engagement and the actions of the organizational citizenship. Regression analysis results underline the significant impact and positive outcome of performance evaluation variables on the employee satisfaction of private banks in India, organizational commitments and organizational citizenship behavior.

Jha and Mishra (2015) examined the impact of HRM's experience on the production of staff in the Indian banking industry. The authors concluded that various corrective HRM measures may be taken to improve employee productivity in banks. Employee meetings, brain storming practises, research and productivity circles are the preferred measures.

Jain and Jain (2015) Proof of fruitful training in the Indian banking sector was submitted. The authors assessed the efficacy of training in the Indian public, private and international banks. The contribution to training engagement was identified among all the measurements chosen in the selected banks for the investigation at high levels. In intermediate stages, other measurements have been discovered.

Roy (2015) the numerous variables affecting the retention of employees among bank employees in Assam, India were studied. Test findings concluded that close to 80 percent of public sector workers and 60 percent of private sector employees were happy with Assam's HRM activities. The study found that HRM activities and job satisfaction of bank workers were closely related.

Mr. Satyam Prakash Srivastava(2019) Banking has undergone enormous changes and large sections are dependent on the architecture of the facilities. In the last few decades, the banking reforms have changed greatly so that they can provide professional services to the clients in a much better way. At present, the study examines operation quality and the satisfaction of private and public banking customers. The service gaps or differences between private and public banks and why they define and meet consumer needs are also considered. The study shows that private sector banks have better qualities of operation than government banks.

Gupta, and Mittal (2008) "A good-design promotional strategy is necessary in order to effectively promote bunkering services," That Comparative Study on Public and Private Sector Promotional Strategies in India. They investigated the methods of banking ads in the private and public sectors. In almost all sorts of newspapers, all bank classes favor their facilities. "Private transactions" and "direct ads" are the key differences between bank advertisements." The distinction is that government banks don't follow the promotion tactics for personal and direct marketing; private sector banks, on the other side, do the same.

Ronald T. Rust, Catherine N. Lemon, Valarie A. Zeithaman (2004) Return on Marketing study conducted: utilizing consumer capital to concentrate on marketing strategies, their work allows ROI to be assessed whether metrics such as quality return, return on ads, loyalty schedules or even return on business citizen's ship are used, provided a certain change in customer view.

Das and Ghosh (2006) The post-reform success of the Indian Trade Banking Industry was analyzed. Non-parametric data analysis was used to measure the success of individual banks. In order to determine the inputs and outputs of banks, they utilized three different approaches: intermediation, value-added analysis, and operational analysis.

OBJECTIVES

- Investigate the approaches used in the banking sector to hire employees.
- To determine the factors of executive attrition and turnover in the banking sector.
- To investigate the impact of financial and non-financial incentives/rewards on employee engagement.
- To investigate the connection between employee engagement and attrition in the Indian banking industry.
- To create an appropriate model for Indian banks' human capital recruiting and retention.

RESEARCH METHODOLOGY

The following graphic depicts the study's research approach, which incorporates quantitative and qualitative methodologies. Use of questionnaires to acquire empirical data is the most common form of data collection. “SPSS statistical software was used to examine the results. The findings of the study are put to good use in formulating hypotheses, making suggestions, and implementing strategies to boost staff retention.

DATA ANALYSIS

The data was analyzed in the following manner: all incomplete surveys were discarded. There were a total of 454 completed questionnaires, which were then processed for data analysis. SPSS (Statistical Package for the Social Sciences) was used as the software for data analysis. SPSS was used to handle and analyze the acquired data.

Methods of Retention

Public and private sector banks more or less follow the following retention strategies:

Alternative work schedule: Effective workforce management includes identifying and resolving workplace issues that improve workers’ productivity and the organization's bottom line. Alternative scheduling is an effective management strategy that can have a positive effect on recruitment, employee retention and overall job satisfaction. That said, employers who offer alternative work schedules must develop policies and procedures for maintaining control of the process, or scheduling changes and flexibility can wreak havoc.

Table 1: Retention Strategies Used by Banks to Keep Employees

Retention Strategies	**Mean**	**S.D.**
Alternative work schedule	2.59	1.379
Work schedule reduction on a voluntary basis	2.77	1.309
Work-at-Home/Telecommuting	2.85	1.491
Wellness Program	3.78	0.621
Mentoring/coaching	3.55	0.882
New assignments and job rotation	4.41	0.526
Help with career planning	2.84	1.209
Daycare is available on-site.	2.99	0.836
Recognition and rewards (e.g., service awards, employee of the year)	3.89	0.94
Suggestion Program for Employees	3.41	1.183
Opportunities for education	4.09	0.69
Job-related training opportunities	4.78	3.381
Annual Performance Evaluation	2.78	1.068

Table 2: Retention Techniques Using Motivational Techniques

Motivational Techniques	Mean	Std. Deviation
Monetary rewards (bonus)	3.58	1.527
Mentoring programs	4.13	0.706
Promotional opportunities	3.99	0.961
Challenging work assignments	3.44	1.096
Interesting work assignments	3.74	0.594
Recognition awards for performance	3.56	0.808
Increased responsibility	3.90	0.552
Achievement awards	4.65	5.95
Communication from executives	3.75	1.045
Enhanced retirement packages	3.58	1.279
Career development schemes	4.05	2.553

CONCLUSION

For public sector banks, employment agency procurement is more significant than for private sector banks when it comes to hiring new staff. Recruitment exams in private sector banks and in public sector banks are the most typical methods used to obtain workers in the private sector. In both public and private sector banks, nominating current staff is the least used technique of procuring. In a nutshell, with a few differences, the procurement methods used by public and private sector banks are almost identical. Workers of private sector banks are happier with the recruiting process than employees of public sector banks, according to a study of satisfaction levels. At the same time, a small number of public sector bank workers are unsatisfied with the hiring practices used by their institutions. As a result, public sector banks should investigate why workers are dissatisfied and make changes to their recruiting process where they can. When asked about dependent employment, respondents in public sector banks say yes which indicates that they agree that dependent employment is conceivable in the banks, however in private sector banks, it is less likely. When asked about bank dependant employment, workers at public and private sector banks answered quite differently. The banks' customer retention practices are scrutinized in this research. Employees in the public and private sectors had different answers to the issue of what they want to do in the future. Seventy-eight percent of public sector respondents and one hundred percent of private sector bank respondents said they have no immediate intentions to retire or quit their present jobs. Until they reached their natural retirement age, they would continue to work for the company. Only 21.8% of those polled at public sector banks said they expect to retire in the next 6-10 years.

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