

EMPLOYEE RETENTION AND BANKING: A REVIEW OF LITREATURE APPROACH

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ABSTRACT

Employee turnover is becoming a major problem in the organizations which costs a lot of money, efforts and energy. This problem can be a major obstacle for HR professionals in formulation of their HR policies. The aim of this study is to identify the main factors that affect the employee retention within organization and to suggest some employee retention strategies in the banking sector. Retaining employees involves understanding the intrinsic motivators of them which many organizations unable to identify. The reason is that individuals differ greatly in this regard. An organization should exert some effort and undertake some analyses to determine the nonmonetary interests and preferences of its key employees, and then attempt to meet these preferences in action. The retention of human resources has been shown to be momentous to the development and the accomplishment of the organization's goals and objectives. Increased emphasis has been laid on retention especially with the onset of revolution of information technology which is human sensitive

KEYWORDS: Employee retention, Employee Turnover, HR Policies, Banking Sector

Introduction:

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. 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.

Retention involves five major things: Compensation, Support, Relationship, Environment, Growth etc. Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. Employee retention is the, organizational issues such as training time and investment, costly candidate search, are involved. Hence, failing to retain a key employee is a costly proposition for any organization. Various estimates suggest that losing a middle manager in most organizations, translates to a loss of up to five times his salary. Retaining employees mean hold of employees. So employee retention can be stated as the processes in which employees are encouraged or motivated to stay with the organization for the maximum period of time or until the completion of the project. It is beneficial both for the organization as well as for the employees and the employers. Employee retention is also important because when an employee remains in an organization for a longer period then he/she becomes the storehouse of knowledge and secrets of the organization. But when he/she leaves the current organization and joins a new organization then it becomes positive for the later and negative for the previous one as because knowledge and secrets are moving with him/her only. In addition, organization's status is also at risk where turnover rate is relatively high. The customers do not feel positive dealing with an organization which is unable to keep their employees. Again, constant high turnover rate creates disturbances and increased workloads in remaining present employees. So, when employees notice that their colleagues are going to another organization, automatically their efficiency levels go down. Bliss estimates the cost of employee turnover as 150% of an individual employee's annual salary. The cost is significantly higher 200% to 250% of salary for managerial and sales positions. The cost can be substantial when high profile employees or higher number of employees is involved. A huge amount of cost incurred in losing critical employees. For example, Hale, in his study, it was found that employers cited recruitment costs of 50 to 60% of an employee's first year's salary and up to 100% for certain specialized, high-skill positions. Again, In an another study, Fitz-enz has proved that when direct and indirect costs are combined, the total turnover cost of an exempt employee is a minimum of one year's pay and benefits, or a maximum of two years' pay and benefits. He again added that the regular company loses approximately \$1 million with every 10 managerial and professional employees who leave the organization. So, there is a huge loss of knowledge given to the employee along with his/her departure.

Literature Review:

C. Borstorff Patricia and B. Marker Michael (2007) researched that the employees were more dissatisfied with their work schedules. The supervisory relationships were considered as the most important factor for retaining the present employees in the company. Perception of little supervisory support, not feeling appreciated by the organization and the poor performance

appraisal feedback were the major factors that contributed to the dissatisfaction amongst the employees. Also, most of the employees were not satisfied with the call in system and work hours of the company.

KanwalAmbreen and Majeed Muhammad (2013) concluded that low pay given to the employees can be a major determinant of the dissatisfaction level of employees in the organization. Also the long working hours contributed to the major dissatisfaction amongst the employees as it showed the higher turnover percentage that made it difficult for the banks to retain their employees. They also concluded that employees satisfaction can be increased by the evaluation of the job performance. Bonus and rewards have also been the major factors for retaining employees in the bank.

RawatRashmibarjatya (2013) concluded that the reasons employees leave the organization is very different from the reasons because of they stay in the organization. She compared it with the Herzberg's two factor hygiene theory. The person will leave the organization without the hygiene factors such as salary whereas motivating factors such as recognition actually pursue them to stay in the organization. This means that trying to have lower attrition rate would not increase retention rate. For retaining employees organizations should make career path visible, allow flexibility in employees schedule and create equitable pay and performance processes.

Dr. Mehta Mita and KurbettiAarti (2014) researched that employee commitment can play a major role in low turnover rates as it has positive developments on productivity, turnover and employees eagerness to help colleagues. Moreover employees commitment has shown better team performance, low absenteeism and intention to leave. Thus employee commitment can help employee retention and hence employee retention strategies must be kept in place.

Narang Uma (2013) stated that frequencies of career development, allocation of rewards regarding work and work environment showed the highest values in relation to their perceived level of retention with the organization. It means that the employees are more concerned about their career growth and development and want to work in the environment where they get support from their colleagues. So the organizations need to provide their employees with the best career opportunities, working environment, rewards, supervisor support, work life balance and should work on them.

Michael O. Samuel and ChipunzaCrispen (2009) investigated that there are certain variables which are crucial in influencing employees' decision to either leave or remain in an organization. Such variables include training and development, recognition for good performance, a competitive salary package and job security. However other variables should not be underestimated when formulating a retention policy.

Dr. DuttaAmitBijon(2014) highlighted that holding a crucial employee in the organization would demand the organization to inculcate the feeling of job security and job satisfaction into the minds of the worker. Effective communication helps worker to spot with the organization and produce with openness and religion. Impelled worker don't seem to be solely committed to a lot of output however conjointly influence a much better work culture for a long run. This helps in developing a much loyal and effective workforce operating towards a much better productivity for the organization.

Kyndt Eva, DochiFilip, Michielsen Maya and MoeyacrtBastiaan (2008) researched that the perception of the importance of learning to employees and the quality of work climate is the strong predictor of employee intention to remain with the present employer. One of the aspects

of learning and work climate was pressure of work which was shown to have significant negative relationship with employee retention. Besides this personal factors such as self perceived leadership and seniority can also play a major role in employee retention.

Dr. RehmanM.Safdar(2012) concluded that turnover rate in the public sector organizations is high especially in the regulatory authorities. Concerning employee retention the public sector organizations should play a more significant role in implementing human resource systems which should emphasize training and career development for the new employees. Thus more effort is needed in developing human resources management systems mainly in the public sector organizations.

GhansahEdward(2011) researched that employees want to be recognized for doing their job well. Rewards and recognition respond to this need by validating performance and motivating employees toward continuous improvement. It not only effect the person being recognized but others in the organization as well. A well executed reward system can experience the commitment to excellence. However if the reward system is broken the opposite effects will occur.

MathurAtul and Aggarwal P.K.(2013) concluded that employee retention helps the organization in reducing the cost of turnover, loss of knowledge, interruption of work, regaining the efficiency and improve the productivity of the organization. Money and the working environment are the important reasons for leaving the organization. if the employees are not satisfied with the salary and the monetary benefits provided to them by the organization, they are more likely to leave it.thus it is very important for the organization to make an effective compensation policy which is able to satisfy the employees.

Ramlal Sunil (2003) investigated that the common factors affecting employees' satisfaction and the likeliness to leave were rewards and recognition, task identity, feedback, number of positions held at the company, age and satisfaction with position as an indicator for likeliness to seek a position with another organization. He further concluded that employees seem to want a flexible work schedule. These conclusions indicate that organizations should identify their critical employees and be able to meet their needs and expectations.

J.Mnimala Mathew (2011) stated that inadequacies in the availability of human resources have been amongst one of the most critical reasons for the failure of many social enterprise. Grants and donations from the government and private agencies have been the traditional sources for funding. But there are restrictions on use of such funds on employees salaries and perks. The resoruces generated by them are not large enough for them to afford market rate compensations for their employees. Hence their HR strategies should be assigned around a different paradigm than the traditional ones based on salaries and perks.

RaoK.Aparna(2011) concluded that employee retention is the most critical issue facing corporate leaders as the result of the shortage of skilled labour, economic growth and employee turnover. To retain employees in the organization, an employee's work should be clearly communicated to him, excellent career growth prospects should be offered and innovative and practical employee policies pertaining to flexible working hours and schemes, providing healthcare for self-care and dependents should be implemented.

Richie B.Sebastian(2008) researched about how MNCs can retain their foreign subsidiary staff. He stated that MNC's tendency to transfer home country practices abroad reduce their ability to effectively retain their staff across different subsidiaries. To increase the retention capacity in each

subsidiary, the context-generalizable practices should be rooted in MNC's home country context that influences the choice of practices that are potentially available to MNCs.

D. ChordiyaKavita (2013) investigated that frustration and constant friction with their superiors or other team members are amongst the majors reasons because of which an employee leaves an organization. She further stated that factors such as competitive compensation, encouragement and recognition, well equipped and safe environment, infrastructure, potential talent and job involvement are the important factors that help retaining employees in the organization.

Balakrishnan C. and Masthan D.(2013) stated that employee retention can be improved by improving engagement level of employees. Their study confirmed that employee retention can be improved by addressing non financial drivers of employee engagement like communication, recognition, manager support, team work and role clarity. Thus it has given very positive message that retention can be improved even without financial expenditure.

NeogBidyutBijoya and BaruaMukesh (2015) researched that job security is the most important factor for retaining employees in the organization. Apart from job security flexible work schedules, childcare assistance and parents leave alongwith maternal leave should be given to keep their motivation level up. A healthy supervisor employee relationship is also very important for retaining the executive level of employees. Above all salary was found to be the most important factor for retaining employees in the organization.

CONCLUSION:

This study has recognized that some of the factors do affect the employee retention. It has been found that amongst the eight factors, the expected work nature, proper recognition and no discrimination has a major impact on the employee retention in the banking sector. So organizations should emphasis more on retaining employee depending on these factors. Also it is found in the study that proper recognition and fair evaluation on the basis of work performance are the major determinants in retaining the employees in the organization. So, the competitive rewards should be provided to the employees according to their performance. It motivates the employees for better work and devotion towards the organization.

From the above review it can be concluded that Employee retention is a very important for the organization. It helps the organization in reducing the cost of turnover, loss of company knowledge, interruption of work, regaining the efficiency and increases the productivity of the organization. The important reason for leaving the organization by the employees is money.

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