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Impact of Motivating Factors on Retention Tendancy Among Private Sector Bank Employees

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Abstract

Human Resource Management practices can affect such efforts of the employees by influencing their skills and motivating them. A knowledgeable and skilled employee is the backbone for the private sector banks that improves creativity and innovation. Therefore, HR professionals in private sector banks work hard to develop innovative retention strategies for engaging, motivating and retaining their employees. This mind set of bankers has prompted the researcher to look for a relationship between firm's Human Resource Management Practices and their impact on dependent variables like Job Satisfaction, Work life balance, Overall well-being etc. There is a positive relationship between payment packages provided to private sector bank employees and their level of job satisfaction. Work culture has the influence on creating positive attitude among private sector bank employees within banks. Cordial relationship between management and employees provide a healthy working atmosphere among private sector bank employees. The private sector banking climate requires the employees to adapt to performance targets. Banks execute transactions directly with consumers, offering them services like saving and transactional accounts, mortgages, personal loans, debit cards, credit cards etc. Modern banks are very effective for the utilization of country's resources and economic development. Banking sector has identified management of human resources as the key to future success. This study focusing on to identify to what extend the traditional motivating factors such as compensation and benefits, work environment and work life balance affect the employee retention among private sector bank employees.

Keywords: *HRM practices, Work-life balance, Work environment, Cordial relationship, Employee retention.*

1. INTRODUCTION

The most common retention strategies in private sector bank employees are offering attractive and competitive compensation, continuous upskilling and career mapping. When employees can visualize the way in which their skills translate in to new role, they will become so much delightful in their work. Efficient career development policy and promotion policy of private sector bank contribute too much towards satisfaction of employees. The regular satisfaction surveys conducted among private sector bank employees also ensures employees feel valued.

The common strategies adopted to improve employee retention are creation of positive work environment, communicate with the employees about their needs and wants, building team spirit, helps them to maintain better work-life balance etc. Giving them opportunities to grow themselves along with the growth of industry is also very important for employee retention. Remote work and flexible schedules can improve the work-life balance and employee satisfaction, this will results

in better retention of employees. This can be achieved through the digital tool like cloud computing. Empowerment of employees can be attained through providing access to advanced technology and effective training. Personalized learning, improved communication and collaboration, data-driven decision making etc. are other benefits of digitalization.

2. LITERATURE REVIEW

According to Cariappa, Pavithra,(2023), The establishment of well-structured compensation policies within the higher education sector is essential for promoting faculty retention. Such policies not only serve as a means to reward employees for their work but also contribute to fostering a sense of value and motivation among them, encouraging enhanced performance and dedication to the organisation. According to Ganesan,S(2020), various demographical and organizational factors are influencing in employee retention. It also confirms that organizational commitment acts as a partial mediator in expatriate employees' retention. According to Vidyasagar,K(2018), the banks were good in retaining its employees with best retention strategies. However, the banks should provide competitive salary packages and welfare measures to its employees; banks should also focus on reducing work load and stress of the employees with reasonable hours of work and limited targets by which the banks can retain employees in a better way than before. According to Chitra,K(2018), leadership and motivation are significantly influencing more for the employees to continue their stay in the present organization . The Indian banking sector should focus more on retaining the best talent by providing good leadership, motivational work environment and ensuring good work life balance.

3.SIGNIFICANCE OF THE STUDY

HRM practices adopted by the organizations are playing a vital role in the success of organizations. Human resource is most valuable resource of each and every organization. The job satisfaction level will become higher when they are updated with new digital tools, thereby the retention of employees can be achieved. Inspite of the emergence of Artificial Intelligence and digitalisation, the traditional motivational factors also have the importance in retaining the private sector bank employees. Banking institutions execute transactions directly with consumers, offering them services like saving and transactional accounts, mortgages, personal loans, debit cards, credit cards etc. Modern banks are very effective for the utilization of country's resources and economic development. Banking sector has identified management of human resources as the key to future success. The study of traditional motivating factors in employee retention among private banking sector bank employees is important because now a days society wants to save their time which demands retention of much trained employees.

4.OBJECTIVES OF THE STUDY

1. To study the effect of compensation and benefits on the employee retention.
2. To identify the extend of private sector bank employee retention through positive work environment.
3. To know the role of work-life balance on the retention of private sector bank employees.
4. 4.To provide the measures for the improvement of bank employees .

5.RESEARCH GAP

This study focusing on the private sector bank employees. Employee retention is the primary concern because in banking industry the employees should well versed with the updated technology. The training programmes will provided to improve their skills. This study aims to reveal the fact that to what extend the traditional HR practices helps them to increase their satisfaction level in work and retain the bank employees in their job . No other studies are conducted in this area.

6.HYPOTHESIS OF THE STUDY

H1: There is a significant impact of compensation and benefits on employee retention.
H2: There is a significant impact of work environment on employee retention.
H3: There is a significant impact of work-life balance on employee retention.

7.RESEARCH METHODOLOGY

Research design and sampling

The researchers have adopted a descriptive design for this study's purpose as it explains the characteristics of the population. The population for this study is 305 respondents who are working in private sector banks. A simple random sampling method has been adopted. This research study was conducted in in Tiruchirappalli district and Tiruchirappalli city with a sample size of 305 private sector bank employees. For this purpose, a semi-structured questionnaire consisting of awareness of digital tools, perception, perceived challenges and employee retention.

Sources of data

Primary data and secondary data is used to conduct the study. Primary data is collected from the private sector bank employees in Tiruchirappally district. The secondary data is collected through the journals, books and various websites inclusive of the research paper relating to the employee retention through modern digital HRM practices.

Statistical Tools used

With the help of SPSS, the researchers analysed through simple percentile analysis. One way ANOVA has been used to test the hypotheses. A structural equation model (SEM) was developed and analysed. Structural equation modeling (SEM) was applied to know the impact of the work environment on employee retention. SEM is a statistical technique that allows researchers to examine complex relationships between multiple variables. This approach is particularly well-suited for this study as it enables the simultaneous examination of the impact of HR practices through digitalization on employee retention. The CFA measurement model consists of 7 constructs. It includes compensation and benefits, work environment, training and development, performance appraisal and achievement, career development, work-life balance, and employee retention

8.LIMITATION OF THE STUDY

The major limitation of this study is, only private sector banks are included in this study. The researcher finds it difficult to meet the banking officials due to their busy work schedule. This study only confined to Tiruchirappallly district.

9. ANALYSIS AND INTERPRETATION OF DATA

TABLE 1. DEMOGRAPHIC PROFILE OF RESPONDENTS

Characteristics	Frequency
Gender	
Male	156
Female	149
Age	
Below 20 Years	68
20-29 Years	78
30-39 years	58
40-49 Years	51
50 years and Above	50
Marital Status	
Single	174
Married	131
Educational Qualification	
SSC	42
HSC	34
Graduation	55
Post-Graduation/Diploma	60
Professional Degree	64
Technical Course	50
Designation	
Lower levels of Management	167
Middle Levels of Management	138
Income(Per Month in INR)	
Less than or equal to 25,000	43

26,000-40,000	155
41,000 and Above	107
Length of Service	
Less than three years	95
3-6 years	74
7-10 years	75
More than ten years	61

Source-Primary data

- The data collected for this research study consists of 156 male respondents (51.1percent) and 149 female respondents (48.9 percent). Results show that male respondents are more as compared to female respondents.
- A total of 78 respondents (25.6percent) were under the age of 20-29 years, around 68 respondents (22.3percent) falls under the age group below 20 years, 19 percent of the respondents fall under the age bracket of 30-39 years. A total of 51 respondents (16.7percent)were under the age of 40-49 years. There were a total of 50 respondents (16.4percent) who were under the age bracket of 50 years and above.
- The majority of the respondents in this research study were single; there were 174 respondents (57percent) who were single and 131 respondents (43percent) who were married.
- The majority of the respondents (21 percent)in this study were having a professional degree. About (19.7 percent) of the respondents were having a post- graduation/diploma degree. About (18 percent) of the respondents have a Graduation degree, .and respondents having SSC qualification were about (13.8 percent) and respondents having HSC degree was (11.1 percent).
- Most of the respondents in this study belonged to the lower levels of management. About 167 respondents (54.8 percent) were working at lower- levels of the management; 138 respondents (45.2 percent) were from the middle - levels of management.
- In terms of income, 155 respondents (50.8 percent) were from the income group of 26,000-40,000 per month. About 107 respondents (35.08 percent) were from the income group of 41,000, and above.43 respondents (14.09 percent) were from income of less than or equal to 25,000 per month.
- In terms of Length of service, there were 95 respondents (31.1 percent) who were in their service for less than three years. (24.6 percent) of the respondents were in their service for 7-10 years. About 61 respondents (20 percent) were in their service for more than ten years, (24.3percent) of the respondents were in their service for 3-6 years

Result of Anova (AGE)

The respondents were divided into different age groups. The first group includes the respondents falling under the age group below 20 years. The second group includes respondents under 20-29 years. The third group includes respondents of 30-39 years. The fourth group includes respondents of 40-49 years. The last group included respondents of 50 years and above. One way ANOVA has been used to test the hypotheses. Table 2 shows the results of the test.

Table 2: Analysis Based on Age (One-way ANOVA)

Variables	Below 20 (N=68)		20 – 29 years (N=78)		30 – 39 years (N=58)		40 – 49 years (N=51)		50 years and above(N=50)		F value	P-value, Sig
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
WLB	3.74	.834	3.62	.870	3.72	.788	3.48	.957	3.57	.865	.841	.500
ER	3.59	.980	3.59	.910	3.56	.948	3.42	1.098	3.61	1.066	.330	.858

Source-Primary data

Note: WLB *Work-Life Balance,* ER- *Employee Retention.*

H_0* : *There is no significant difference in the mean value of work-life balance across age.

Table 2 shows that the mean value of the employees falling under the age group below 20 years (3.74) is the highest. Employees falling under the age group 40-49 years have the lowest mean (3.48) when compared to the mean value of employees falling under other age groups. Although the insignificant difference was found since the p-value is

.500, which is more than .05.Hence, hypothesis H_0 was ***supported.***

H_0*: *There is no significant difference in the mean value of employee retention across age.

It is clear from table 2 that the mean value of employees under the age group of 50 years and above is the highest (3.61). Employees under the age group of 40-49 years have the lowest mean (3.42) when compared to other age groups. Although the insignificant difference was found since the p-value is .858, which is more than .05 Hence, hypothesis H_0 was ***supported.***

The Structural Equation Modeling (SEM)

The structural Equation Modeling tool is one of the casual forms of modeling which is used to carry out a numerical assessment of the diverse set of models. The models may be related to mathematical concepts, computer algorithms, and statistical data that fit in the different constructs of data. It includes several processes with it like confirmatory factor evaluation process, partial least squares path modeling process, and others. Structural equation modeling is also considered to be one of the multivariate analysis procedures which are used to evaluate the facts related to structural relationships in a statistical manner. It is a combination of two techniques, which are the factor testing process and multiple regression evaluation procedures. As a result, the structural relationship that exists between the various measured variables and the latent constructs are known in a better way. It is one of the most preferred data analysis used by the researchers as it helps in the evaluation of multiple and interrelated facts that are present in a single analysis process. In respect to this, primarily, two types of variables are utilized, which are either endogenous or exogenous. The endogenous variables are dependent, whereas; exogenous variables are independent variables. Thus, the use of the Structural equation modeling process will help to analyze the various facts accurately.

Measurement Model

The CFA measurement model mentioned in the (figure 1) comprises of all the variables which are left after the exploratory factor analysis gets completed. It is a statistical tool used to develop the measurement model in the research study. Crowley and fan (1997) stated that it is essential to report a variety of fit indices while performing CFA. Some of the important fit indices mentioned in most of the research studied conducted earlier include the values of CFI, GFI, and NFI (McDonald and Ho, 2002). But as suggested by Hair et al. (2006), it is essential to report the values of CFI, Chi-square/df, and RMSEA.

The present research report the values of CMIN/DF, GFI, AGFI, RMSEA, NFI, and CFI (Chin et al., 1997; Salisbury et al., 2002) In many research studies, chi-square/df values which fall between 1 to 5 are considered to be appropriate for any measurement model. However, according to Kline,2004,) values of chi-square/df less than three is considered to be good.

CFA model depicted in the figure below 6.1 and table 6.2 shows that the values of Chi- square/Df, GFI, AGFI, RMSEA, NFI, and CFI. They all are considered to be a reasonably good fit, as suggested by (Hair et al.,2010). Bentler and Bonnet(1980) and Joreskog and sorbom (1993) stated that GFI and AGFI values of 0.9 are considered to be a good fit in any measurement model. However, Hair et al. (2010) suggested that GFI and AGFI value of more than 0.8 is also considered to be statistically significant. Mac Callum et al. (1996) stated that RMSEA value falling in the range of 0.08 to 0.10 was considered to be a mediocre fit and below 0.08 represents a good fit. Steiger (2007) also commented that RMSEA score of less than 0.07 could be an acceptable fit. CFI score greater than

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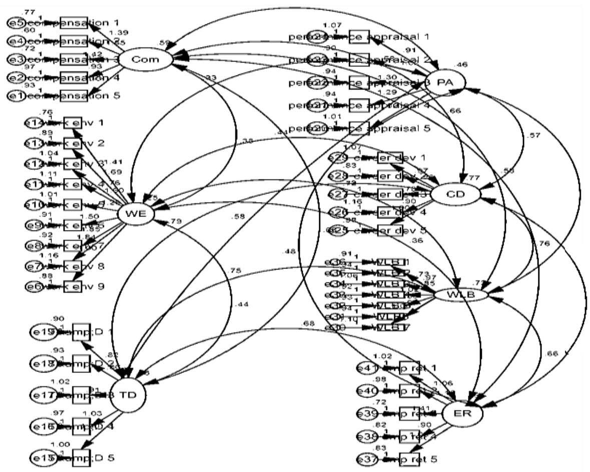
0.90 are considered to be good (Bentler and Bonnet, 1980; Salisbury et al., 2002). However, as suggested by Hair et al. (2010), CFI scores more than .80 falls under the acceptable limit. Therefore in this research study, the reporting values of CMIN/DF, CFI, AGFI, RMSEA, and GFI are all under the acceptable limit as suggested by (Hair et al .,2010., MacCallum et al.,1996, and Hu and Bentler, 1999).

Figure 1 Measurement Model (CFA)



The CFA measurement model consists of 7 constructs. It includes compensation and benefits, work environment, training and development, performance appraisal and achievement, career development, work-life balance, and employee retention.

Table 3: Fit Indices, Recommended Values and Descriptions.

Fit Index	Observed Values	ommended Values	Researchers
CMIN/DF	2.871	<3	Kline,2005
GFI	.810	>0.70	Tabachnik and Fidell, 2007
AGFI	.860	More than 0.80	Hair et al.,2010
RMSEA	.078	<0.1	MacCallum et al.,1996, Hu and Bentler, 1999
NFI	.812	More than 0.80	Hair et al. 2010
CFI	0.864	>.0.80	Hu and Bentler,1999 and Hair et al.,2010

The second objective of performing CFA was to measure the validity of the items used in the questionnaire. Construct validity, Convergent validity, and discriminant validity plays an important role in any research study.

Construct Validity

Construct validity is the degree to which the observed variables reflect the latent factors which they are supposed to measure. The values of convergent validity and discriminant validity are used most of the times to measure the construct validity.

Convergent Validity

Convergent validity is based on the assumption that the scale items used in the questionnaire belonging to a particular construct should have a high ratio of common variance (Malhotra and Dash, 2011; Hair et al., 2010). Convergent validity is performed to know whether the two measures of the constructs that should be theoretically related to each other are actually related to one other (Khan and Adil, 2013). Convergent validity (CV) of the construct can be found out by calculating the values of Average variances extracted and Composite Reliability (Hair et al., 2010). Table 6.3 shows the values of Composite Reliability (CR) and Average Variance Extracted (AVE).

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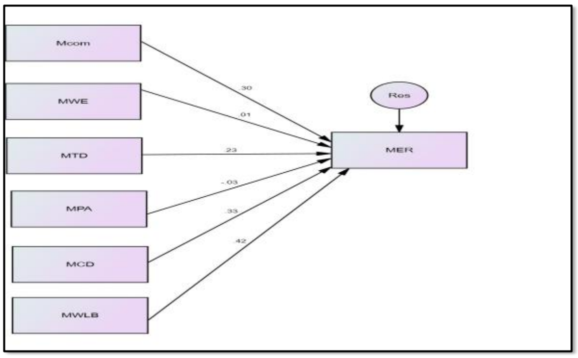
Table 4: CR and AVE Values

Constructs	CR	AVE
WLB	0.812	0.415
Com	0.842	0.520
WE	0.843	0.418
TD	0.763	0.412
CD	0.777	0.411
ER	0.815	0.471
PA	0.741	0.412

Source: Prepared by the researcher

Discriminant Validity

Figure 2: Structural Model



The concept of discriminant validity was introduced by (Campbell and Fiske,1959). Discriminant validity refers to the extent to which a construct differs from the other constructs items used in the research study, in the sense that the phenomenon has not been captured by the other constructs (Khan and Adil, 2013; Hair et al., 2010).

This research found that the values of the average variance extracted are around 0.4 (AVE), and the values of Composite Reliability is more than 0.7. The values of both AVE and CR are within the acceptable threshold, as reported by (Fornell and Larcker, 1981). He reported that the values of AVE should be higher than 0.5, but we can accept the values of 0.4 if composite reliability is more than 0.6. Hence in this research, the validity of the construct is acceptable, and we can proceed with further analysis.

Hypotheses based on Impact: SEM

Path Analysis and Hypotheses Testing

Maximum Likelihood Estimation (MLE) has been used to check the path estimates of the proposed research model.MLE is the most common measure that has been used to analyze the path estimates(Khan and Adil, 2013; Albright and Park, 2009; Chou and Bentler, 1995).

Table 5: Path Estimates

Hypotheses	Path	Estimates	p-value
H1.1	MER <--- Mcom	.297	.000
H1.2	M ER <---MWE	.008	.848
H1.3	MER <--- MTD	.229	.000
H1.4	MER <--- MPA	-.033	.442
H1.5	MER <--- MCD	.334	.000
H1.6	MER <--- MWLB	.415	.000

Source: Prepared by the researcher

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Note:

- MER –Mean value of all the items of the construct employee retention.
- Mcom - Mean value of all the items of the construct compensation and benefits.
- MWE- Mean value of all the items of the construct work environment.
- MTD -Mean value of all the items of the construct training and development
- MPA -Mean value of all the items of the construct performance appraisal and achievement.
- MCD-Mean value of all the items of the construct career development.
- MWLB -Mean value of all the items of the construct work-life balance.

In the path estimates presented above, structural equation modeling has been used to know the impact of HRM practices on employee retention. The results show that compensation and benefits, training and development, career development, and work-life balance have a significant impact on employee retention since their p-value was less than

.05. The hypotheses based on the work environment and performance appraisal and achievement was not supported as their p-value was more than .05.

Hypotheses Testing through Path Analysis

H1. *There is a significant impact of compensation and benefits on employee retention.*

From the SEM analysis, we can observe that there is a significant impact of compensation and benefits on employee retention (estimate

=.297). The impact of compensation and benefits on employee retention was found to be statistically significant since the p-value was 0.000,<0.05. Hence hypothesis H1.1 was ***Supported***.

H1.2 *There is a significant impact of work environment on employee retention.*

From the SEM analysis, we can observe that there is a positive impact of the work environment on employee retention (estimate =.008). The impact of the work environment on employee retention was statistically not significant since the p-value was .848>0.05. Hence the hypothesis H1.2 was ***Not Supported***.

H1.3 *There is a significant impact of work-life balance on employee retention.*

From the SEM analysis, we can observe that there is a positive impact of work-life balance on employee retention (estimate=. 415). The impact of work-life balance on employee retention was found to be statistically significant since its p-value was 0.000<0.05. Therefore, we can conclude that there was a significant positive impact of the work-life balance on employee retention. Hence hypothesis H1.6 was ***Supported.***

10. MAJOR FINDINGS AND DISCUSSION:

Demographic profile: The major findings from the demographic profile are presented as below.

- The number of male respondents is more in number.
- The most of the employees are under the age group of 20-29 years.
- The majority of the respondents in this study were having a professional degree.
- Most of the employees are from lower level of management and they have experience of less than 10 years.
- In terms of income, 50.8 percent of respondents were from the income group of 26,000-40,000 per month.

Hypotheses related findings:

- The impact of compensation and benefits on employee retention was found to be statistically significant .
- we can observe that there is a positive impact of the work environment on employee retention
- The impact of work-life balance on employee retention was found to be statistically significant since its p-value was 0.000<0.05.

11.DISCUSSION:

This study shows that compensation and benefits, training and development, career development, and work-life balance have a significant impact on employee retention. Attractive salary and perquisites encourage them to retain in the banks. It will also motivate them to take the heavy responsibilities and to work hard. Working environment is another important factor that will affect employees mindset. There is a positive impact of the work environment on employee retention. Cordial relationship with colleagues and effective communication always keep the working environment healthy. Work life balance has the positive impact on employee retention. Women employees are more concerned about this factor. Now a days they have the responsibility to take care of parents, children and look after the family. If they are able to handle this responsibilities along with their official work, they are willing to be in that bank for long period.

12.CONCLUSION:

Talented employees are gems to the banks, they can handle the customers efficiently, take strategic decisions and can solve complex problems related to the banking business so they need to be in the banks. The bank should provide them attractive compensation, recreation facilities, space for personal development and give concern for their problems. Thereby their job satisfaction level increased. Increased level of job satisfaction leads to employee retention. They also loyal to their employer.

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