

# Strategic Employee's Engagement Practices: An Absolute Need for Talent Pool Retention in The Indian Banking Sector

Pooja Rani

Scholar, Coauthor: Dr. Shaifali Mathur, Sr. Assistant Professor, Department of Financial Studies,  
University: IIS (deemed to be) University, Jaipur

**Abstract**—In the modern business scenario, where banks and other organisations have to face challenges to stand solid amid the tough competition, employee turnover or attrition seems to be a serious threat to most of them. Since performance of any organisation is dependent on the hard work, dedication and expertise of its employees, in order to deliver the best performance and compete in the market, it has to engage and retain its best talented and consistent employees for a longer period. Considering the significance of employee engagement and retention, banks need to practice various engagement strategies. The present paper aims to discuss the significance and relevance of these strategic practices and to examine the impact of these practices on the actual retention level of employees in Indian banking sectors.

**Index Terms**—Employee's engagement, Employee's retention, Attrition, retention level

## I. INTRODUCTION:

The advancement has not only expanded the world's economies but also has enhanced the employment opportunities for all segments of our society. With this expansion, the matter of employee engagement has also become more relevant and significant in the modern business era. Any organisation needs the expertise and dedication of its employees during the threatening business conditions in this cut-throat competitive market which may be more disastrous due to unexpected attrition. In this dynamic business environment, the issue of attrition (an unanticipated fall in the employee number) is so extreme that it adversely affects human power and performance at all levels with severe job insecurity and leads to voluntary resignation for moving over or an employee's defection. Filling the vacant key

positions is so important in order to keep the growth momentum of ongoing projects in the organisation as it may affect the functional and production capabilities of the department, which subsequently affect the company's position in the market. The HR team faces many challenges to curb the higher attrition rate and retain the best talent pool of the enterprise. It can be achieved by treating manpower expertise as an asset, recognising the qualities and capabilities of the workers and getting them engaged through strategized practises in a fecund and capable working atmosphere.

Many critical factors have been identified as accountable for this and the HR management should be cautious about them and examine the cause of the attrition under the shadow of such factors. These factors may differ from organisation to organisation as per the dynamics of the particular industry. The higher attrition factors should be addressed in accordance with the employee level and their assignments. However, the most common factor is job dissatisfaction raised due to dishonourable working atmosphere, office politics, career and salary growth prospects or immoral business activities. Despite the various known and common reasons, it is a challenging

job for the management to estimate the specific reason, as an employee living usually does not disclose the real purpose and mostly, place some of the common reasons such as better opportunity or family/personal issues and also, the mind-set of the employer is mostly different from the employee's point of view. A reasonable amount of financial investment and operational effort is compulsorily required for the recruitment and proper training of new employees. The company's performance is the

outcome of a reliable, sincere and experienced set of employees, so augmented progress can be achieved with the help of them only. The retention of the best talent pool is possible by recognising the latent causes of dissatisfaction and enhancing the level of employee engagement and contribution. Sometimes money alone is not the issue and the management should think beyond it, many other factors that affect the degree of an employee's engagement in terms of dedication and willingness to perform. Kahn (1990) defined worker's engagement as "the synchronous business and enunciation of a person's 'favoured self' in assignment, that hoist relationship with work and to other individuals and dynamic job exhibitions". Gallup Organization (2006) described employee engagement as "The involvement with and enthusiasm for work". Rothbard (2001) also defined it on the same lines and stated, "it involves two critical components: attention and absorption. Attention refers to cognitive availability and the amount of time one spends thinking about a role, while absorption means being engrossed in a role and refers to the intensity of one's focus on a role." Employee retention is defined as a practice that inspires the existing employees to remain associated with the organization and not think of switching over to other job. According to Padron (2004), "to retain employees, employers need to believe that the best possible investment is in their employees".

## II. Human Resource and need of employee's engagement in banking system in India

After witnessing many ups and downs with some extraordinary events in the last three decades, India's banking system is going through a paradigm shift in the shadow of innovation, technology enhancement and digitalisation. The customer-centric marketing strategies, government initiatives, amendments in regulation and other improving efforts have made the banking system more accessible to all segments. It has resulted in accomplishing the realistic annual growth of aggregate deposits and bank credits. With this fast-paced changing techno-scenario, the HRM in banks has also gone through several variations in order to address the massive competition in the financial sector. It is a challenge for the HR people to search and capture the best existing talent in the

market and, simultaneously, to retain the best talent pool for a longer period of time. The banking industry, related to the service sector, need to deal with all kinds of consumers. It is highly sensitive regarding the role of the human factor as its success is dependent upon customer satisfaction. As per the RBI data, a network of 158913 functioning offices of commercial banks is widely spread all over the country where a huge number (1562521 employees) of employees are working. 34% of the functioning offices of commercial banks are situated in villages and 27% are in semi-urban areas and 39% of the total banking branch are situated in urban and metropolitan areas.

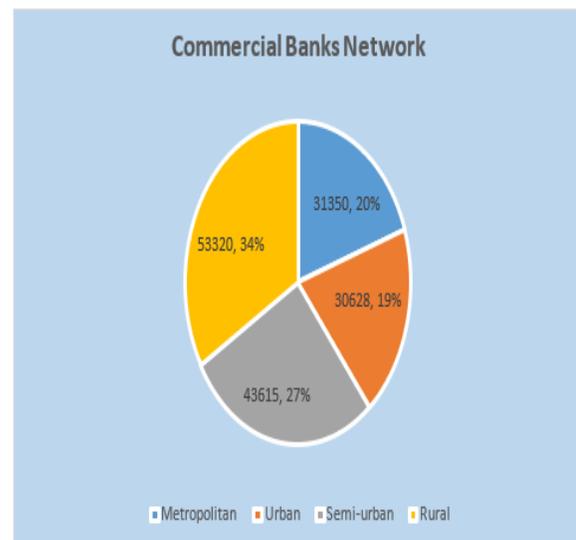


Figure 1: Commercial Banks Setup in India (2022)  
Source: Reserve Bank of India (www.rbi.org.in)

There are a total of 90170 offices of commercial public sector banks with 770800 employees and 38774 offices of private banks with 572586 employees, operative in India. The Indian banking sector provides a huge amount of employment in the country. The status of employees, deployed at different levels of officer, clerical and subordinate grades in Indian SCBs has been illustrated in the following graph.

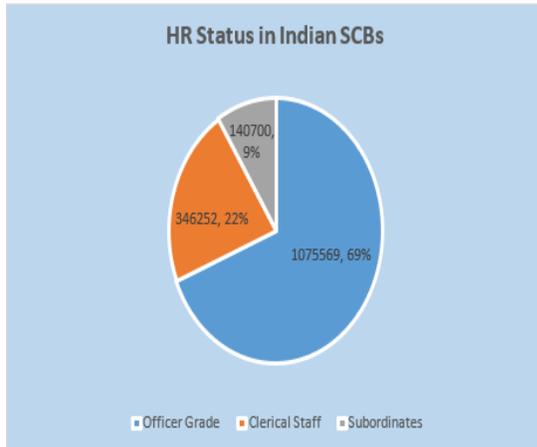


Figure 2: HR Status in Indian Banks (2021) Source: Reserve Bank of India (www.rbi.org.in)

As per the AON India’s 26th Survey report 2021-22, the overall annualised attrition rate in 2021 was recorded at 20%, which is highest since 2011 and, the voluntary attrition rate at 15.4% is at its highest in last few years. The macro-economic consequences of the pandemic affected business growth cycles that are usually associated with the rate of attrition level. The banking industry is among the top 5 sectors by attrition, carrying an attrition rate of 19.4%. Due to the recent huge mergers in the banking and financial industry, the scope of skills and expertise in the digital space has gone up. This shift has probably resulted in high attrition in the IT and digital banking fields.

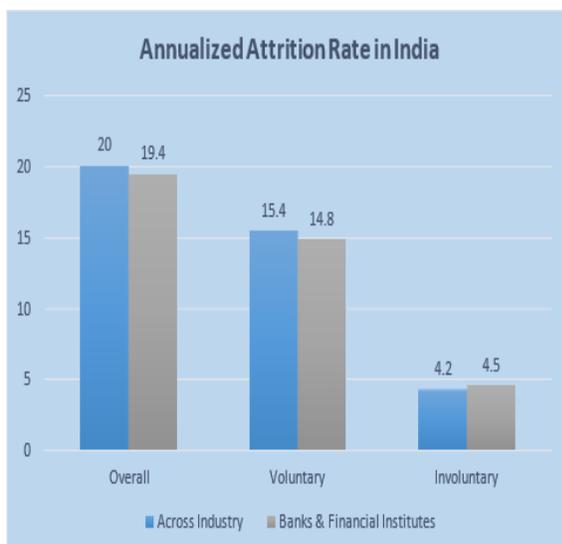


Figure 3: Annualised Attrition Rate in India Source: AON India’s 26th Survey report 2021-22

By applying multiple strategized engagement and retention practices, banks are putting their best efforts to control the attrition rate and hold the talented and performing employees for a longer period.

### III. REVIEW OF LITERATURE:

Aleem, M., & Bowra, Z. A. (2020) worked upon the observation of HR practices such as recruitment, training, remuneration etc. in employee engagement and their relation with the organisational culture in premium Pakistani banks. The outcomes suggests that these HR practices are crucial in retaining their employees with the organisational assignment. The organisational culture was not found significant for the employee

engagement and retention. Chidinma V., M. et al. (2017), examined the association between employee retention and organizational culture in commercial banks and found a significant correlation between the two variables. Khadka, S. (2013) studied the employee satisfaction and HR practices in the Nepalese banks and revealed that a reasonable number of bank staff was found satisfied with the bank’s HR policies and the satisfactory index was positive in Nepalese banking sector. Khan, H., Asim, M. & Manzoor, S. (2021), studied on the effects of various factors that manage employee’s engagements in banks. The authors studied the association between the driving key factors such as compensation, growth opportunities, feasible working environment etc. and level of banking staff retention. Mathimaran, K. B. & Kumar, A.A (2017) discussed the challenges, arose out of appearance of technology-driven banking system and allied industries. The research suggests underlining components related to the employee’s recognition and job security under the lights of immense competition in the market due to the higher involvement of technology and advancement. Mishra, S. & Singh, S. (2021) tried to point out the major influencing factor of bank employee’s engagement and concluded that the nature of work assignments, level of management to the employees and the role of an effective communication strategy creates a distrust between the management and work staff. Rupavathi, B. & Sreeramulu, D. (2020), attempted a comparative study on the retention strategies in the banking and insurance sector. The outcome concludes that these strategies are important to save functional costs and

enhance the working quality and competence of banking and insurance employees. Salman, A., Ahmad, N. & Matin, F. (2014) emphasised demotivated and unengaged employees in Pakistani banks due to a shortage of skilled workers. Singh, R & Vaishya, R. (2020), arranged to classify the driving elements of employee's engagement and retention in Indian banks. The authors identified the critical elements

such as employee's financial benefits, job summary, working culture etc. Suwanti, S. (2019), discussed some important EE factors in light of inherent stimuli to share their knowledge, acquaintance and creativity. Zala, Y & Chinatan, R. (2021) identified and discussed on several employee retention approaches such as working suppleness, career reassurance and fiscal assistances.

#### IV. RESEARCH METHODOLOGY:

In order to investigate the selected employee's engagement practices and their impact on employee's retention level in banks. The survey method using a questionnaire, comprising various statements related to employee engagement practices, was distributed to the employees of selected banks to collect the primary data for analysis. A sample of 100 bank employees (net) of ICICI Bank and HDFC Bank in different branches of Jaipur were randomly taken for the study. In the first part of the questionnaire, an instrument, comprised of 21 different statements with Likert Type rating scale (scored 1 to 5), related to employee's prevailing engagement practices in banks were given to the employee's respondents. The following factors have been taken for the analysis and related statements have been presented in the instrument to find out their feedback regarding various engagement practices in their respective banks.

- **Effective Hiring:** The recruitment process is designed in such a way that it gives the first adequate impression to the fresher or new employee so that he starts his journey with a long-stay mind-set.
- **Communication Platform:** The banks follow an efficient communication model that provides each employee with an equal platform to put his

prospects

- on any issue in a rational and sensible manner. Interaction with their seniors and management gives everyone equal growth prospects.
- **Performance Based Appraisal:** The banks practice a performance-based transparent appraisal system that provides all employees an equal opportunity to grow. It does not support partiality, favouritism or nepotism in office. A justified and organised assessment system offers the best salary package and monetary incentives to the employees.
- **Productive Working Environment:** The banking working culture with excessive work pressure and a timeless perplexed working environment affects his productivity and willingness to work. The banks provide recreation and leave policy to spend quality time with family.
- **Recognition through rewards:** The banks offer recognition by their participation in operational decisions, performance rewards, words of applause and monetary incentives etc. to the performing employees to boost them up.
- **Safe and Secure Working Condition:** One of the main factors of employee attrition is the unsafe and insecure working conditions. The banks provide their staff with healthy and comfortable working conditions that includes cleanliness, hygiene and comfortable conditions at the workplace.
- **Growth Opportunity:** Banks are offering skill development and career advancement courses to employees so that they get the opportunity to grow personally and professionally. Regular career prospects in an inspirational and learning working environment encourage them to grow at their banks.

In the second part, 10 different statements related to their willingness to stay in the respective banks were given to record the retention level. The mean scores of all the

statements in both parts were calculated for analysis. To analyse the relationship between the employee's engagement practices and their level of retention, the following null hypothesis was conceptualized.

Ho1- There is no positive and significant correlation between the employee’s engagement practices in the banks and the level of retention of bank employees.

The hypothesis was tested with the help of Bivariate Pearson’s Correlation test.

V. ANALYSIS & DISCUSSION:

The mean, SD and variance of employee’s engagement practices and employee’s retention level in banks have been given in the following Descriptive Statistics table and graph.

Descriptive Statistics			
	Mean	Std. Deviation	Variance
Employee's Engagement Practices	3.8563	.87038	.758
Employee's Retention Level	3.8549	.87539	.766

Table 1: Descriptive Statistics (Engagement Practices & Retention Level) Source: Data Analysis

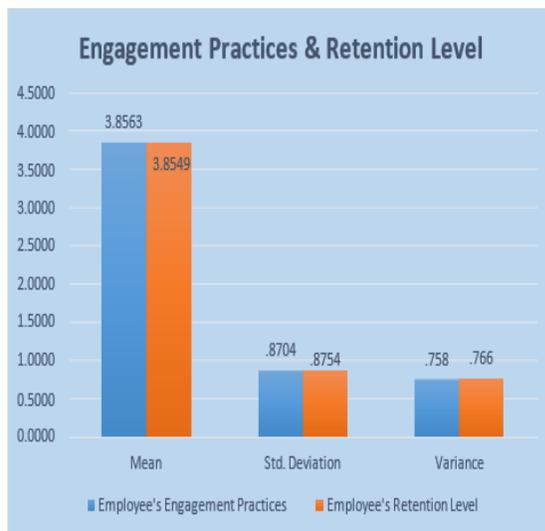


Figure 4: Engagement Practices & Retention Level Source: Data Analysis

As per the descriptive table, the employee’s engagement practices mean score is more than 3.8 with SD=0.8703 and employee’s retention level mean score is also more than 3.8 with SD=0.8753, which is high enough to advocate that the employee’s

engagement practices are employed significantly and the banks are successfully having the retention level at a fair position.

In order to check the correlation between employee’s engagement practices and employee’s retention level and study the impact of employee’s engagement practices on the retention level, Bivariate Pearson’s Correlation Analysis was applied, the result summary of correlation analysis has been tabulated as given below-

Correlation's b/w Employee's Engagement Practices and Employee's Retention Level	
Pearson Correlation	.887
Sig. (2-tailed)	.000
Significance	Yes
Hypothesis	Rejected
Relationship	Strong Positive
Correlation is significant at the 0.01 level (2-tailed)	

Table 2: Correlation b/w Employee’s Engagement Practices & Retention Level, Source: Data Analysis

As per the correlation analysis table, the p value (0.000) of the significance 2-tailed based on 100 non missing observations (N=100) is less than the standard value of  $p < 0.05$ . Pearson Correlation Coefficient  $r^*$  between Employee’s Engagement Practices and Employee’s Retention Level is 0.887, positive ( $0.50 < |r| \leq 1$ ), a positive relationship has been found between Employee’s Engagement Practices and Employee’s Retention Level, thus the hypothesis Ho1 has been rejected, it indicates that that there is significance correlation which is positive and the relationship is found to be strong. It may be Employee’s Engagement Practices followed in the banks are inclined towards the retention level and are effective to retain the employees with the bank and reduce the attrition rate.

VI. CONCLUSION:

High employee turnover has appeared as one of the most serious problems for most of the private banks and other financial institutes and needs cautious attention. In order to stand up among the competitors in the modern business scenario, banks and financial institutes have to retain their best talented and performing employees. Employee engagement and retention are closely associated and go arm in arm.

Both need a prolific and contented working atmosphere where employees can demonstrate their talent and give the best output for the bank. Considering the significance of this issue, banks have implemented some of the following engagement practices as per their requirements. Some of the significant employee engagement practices are related to providing the working staff with a productive working atmosphere, a sense of self-esteem, fair and equal prospects to grow within the bank, better facilities and the best salary packages in the market. These practices have been successful in keeping their employees engaged with the bank's objectives and also to retain them to a greater extent. There is a strong association found between the employee's engagement practices and the employee's retention level. The best performing employees can be retained by strategic engagement practices and problems of attrition can be minimised.

REFERENCE:

- [1] Aleem, M., & Bowra, Z. A. (2020). HR Practices and Employee Retention in the Banking Sector of Pakistan. *Journal of Accounting and Finance in Emerging Economies*, 6(3), 787-798.
- [2] Chidinma Vivian Madueke, Ikechukwu Chimezie Emerole (2017). Organizational Culture and Employee Retention of Selected Commercial Banks in Anambra State. *Saudi Journal of Business and Management Studies*, 2(3B), 244-252.
- [3] Gallup. (2006). Gallup study: engaged employees inspire company innovation: national survey finds that passionate workers are most likely to drive organisations forward. *The Gallup Management Journal*, accessed at <http://gmj.gallup.com/content/24880/Gallup-Study-Engaged-EmployeesInspire-Company.aspx>.
- [4] Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of management journal*, 33(4), 692-724.
- [5] Khadka, S. (2013). Satisfaction with Human Resource Practices: Evidence from Banking Industry of Nepal. *Tribhuvan University Journal*. 28, pp. 301-310. 10.3126/tuj.v28i1-2.26259.
- [6] Khan, H, Asim, M & Manzoor, S. (2021). Factors Affecting Employer Branding and its Impact on Retention and Attraction of Employees - A Case of Pakistani Banking Sector. *International Journal of Management (IJM)*, 12(2), 780-790
- [7] Mathimaran, K. B. & Kumar, A.A (2017). Employee Retention Strategies – An Empirical Research. *Global Journal of Management and Business Research: E Marketing*, 17(1).
- [8] Mishra, S. & Singh, S. (2021). Determinants of Employee Engagement in the Banking Industry: A study in Bhubaneswar, Odisha. *Turkish Online Journal of Qualitative Inquiry (TOJQI)*, 12(8), 74-82.
- [9] Padron (2004). Outsourcing and its impact on operational objectives and performance: a study of hotels in the Canary Islands. *International Journal of Hospitality Management*, 23 (3), 287-306.
- [10] Rothbard, N.P. (2001). Enriching or depleting? The dynamics of engagement in work and family roles. *Administrative Science Quarterly*, 46, 655–684
- [11] Rupavathi, B. & Sreeramulu, D. (2020). A Comparative Study on Employee Retention Strategies in Banking and Insurance Sectors. *Journal of Critical Reviews*, 7(4), pp. 4434-4440.
- [12] Salman, A., Ahmad, N. & Matin, F. (2014). Factors Affecting on Employees Retention in Banking Sector: An Investigation from Karachi. *European Journal of Business and Management*, 6(37), Available at SSRN: <https://ssrn.com/abstract=2545848>
- [13] Singh, R & Vaishya, R. (2020). An Analysis of the employee engagement practices in State Bank of India, Raipur Region, Chhattisgarh. *Advances and Applications in Mathematical Sciences*, 20, (1), 67-99.
- [14] Suwanti, S (2019). Intrinsic Motivation, Knowledge Sharing, and Employee Creativity: A Self-Determination Perspective. *International Journal of Scientific & Technology Research*, 8(07), 623-628
- [15] Zala, Y & Chinatan, R. (2021). A Study on retention practices in banking industry,

- Elementary Education Online, 20(5), 2990-2999.
- [17] Adhikari, A. (2009). Factors affecting employee attrition: a multiple regression approach. *IUP Journal of Management Research*, 8(5), 38.
- [18] Aon Hewitt (2013). Trends in global employee engagement. Retrieved from <http://www.aon.com/attachments/human-capital>
- [19] Bakker, A.B. & Demerouti, E (2006). The Job Demand Resource Model. State of the Art. *Journal of Managerial Psychology*, 22, 309-328
- [20] Bennett, N., Blum, T. C., Long, R. G., & Roman, P. M. (1993). A firm-level analysis of employee attrition. *Group & Organization Management*, 18(4), 482-499.
- [21] Cook, S. (2008). *The essential guide to employee engagement: better business performance through staff satisfaction*. Kogan Page Publishers
- [22] Reserve Bank of India/ [www.rbi.org.in](http://www.rbi.org.in)
- [23] AON India's 26th Survey report 2021-22