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A Review of Retention Strategies in Public and Private Sector Banks

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Abstract - One of a company's greatest assets is its workforce, and that asset appreciates in value over time rather than depreciating. When a nation and its people can triumph in the face of overwhelming odds, it's clear that the health and prosperity of a business or financial institution is a direct reflection of the competence, skill, and effort of its employees. In this paper, the authors analyse the current state of bank employee retention schemes and policies and discuss the need to enhance these programs.

Keywords - Employee Retention, Policies, Private Bank, Strategies.

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1. INTRODUCTION

The function of banks in contemporary economies is vital. Banking is a significant business in the contemporary world as it not only allows the flow of money but also helps anticipate how the economy will evolve in the future. Because of this, commercial banks are vital to the running of the contemporary economy. Economic and social infrastructure cannot exist without a financial system that is well-planned, organised, efficient, and sustainable. The aggregate money supply, which comprises currency, demand deposits, and time deposits, has a considerable influence on the critical production and consumption processes in any economy. A nation's saving rate may be enhanced with the support of banks, which may also help to forecast the growth of capital and stimulate entrepreneurial pursuits through more effective use of those resources.[1]

Financial services have increased in prominence throughout the past few decades in India. It has been crucial in improving the economy through greater entrepreneurship and the broad adoption of banking practises. In order to keep up with the needs of a fast rising population, Indian banks have extended their operations in both size and geographic reach. New tactics of need-based viability creation in finance and marketing have supplanted earlier ones. They are not authorised to seek private gain but must instead contribute in nation-building initiatives and the execution of structural and social changes. When it comes to a country's economy, banks are never at the forefront. All nations' economy depend substantially on the banking industry. Europe's 18th and 19th-century industrial revolution could not have transpired without the creation of a trustworthy banking system. Banking is the backbone of the existing economic system.

The history of the word "bank"

When asked where the term "bank" came from, economists tend to have several theories. — Some writers have speculated that the origin of the term "bank" may be traced back to the Latin word for bench, "bancus" or "banque." The first bankers were Jews in Lombardy who conducted their business on benches in the marketplace; when one of them failed, the community broke up his "Banco," thus the name "Bankrupt." But mcleod mocks this derivation, saying, "The Italian Money changers as such were never named Banchier in the mediaeval centuries." According to (Sheth, Neha. The term "bank" is often believed to have been created in Italy. Conflict exacerbated Italy's economic woes at the middle of the 12th century. The government at the time took out a loan from the people of the country at a rate of five percent each year in order to pay for the cost of the war. Loans of this kind went by a variety of names, including "Compare," "minto," etc. The name "Monte" was far and away the favourite. 'Monte' was spelled 'Bank' or 'Banke' in German. Some authors trace the origin of the term bank to this concept. It has also been suggested that "bank" comes from the Spanish word "banco," which means "bench." When Jews in Italy needed to borrow money, they would meet on park benches to do business.[2]

Definition Of Bank

A financial institution that accepts deposits from the public and lends those funds to individuals, businesses, and governmental entities is called a bank. Financial institutions dealing with currency are known as banks. In this sense, banks serve as money brokers; however, as a result of their own growth and diversification, modern banks do much more than just exchange currency; they also issue credit. They're doing more and different things now. As a result, settling on a single definition of "bank" that would be acceptable to everyone is incredibly challenging.

Banking History

It's likely that banks first appeared in the third millennium B.C., housed in ancient temples. It's likely that banks existed long before paper currency did. Grain was the first commodity to be stored, followed by cattle, then farm equipment, and finally precious metals like gold in the form of compact plates. Gold was best stored in temples and palaces due to their constant guarding and sturdy construction. Temples, being places of worship, had an added protection against theft. Documents from the 18th century B.C. show that priests and monks at the Temple of Commerce in Babylon extended loans to businesspeople. Banking had progressed sufficiently by the time of Hammurabi's Code to warrant the enactment of regulations governing the industry.

There's further proof of financial activity in ancient Greece. Loans, deposits, money exchange, and coin validation were all services provided by Greek temples in addition to private and public institutions. There is also evidence of credit, in which a moneylender in one Greek port would issue a credit note to a customer in exchange for payment; the customer could then "cash" the note in another city, avoiding the need to carry about valuable coins. The earliest individual banker for whom historical evidence exists is Pythius, who worked as a merchant banker in Asia Minor around the turn of the 5th century B.C. Early Greek city-state banking was dominated by "metics," or foreigners. The use of banking based on credit expanded in the Mediterranean region around the fourth century B.C. Grain, in addition to precious metals, was used as Money in ancient Egypt, and governmental granaries served as banks. Ptolemy, a Greek dynasty that ruled Egypt from 332 to 30 B.C., consolidated the country's dispersed government granaries into a single grain bank at Alexandria, where the country's financial records were consolidated. Payments were made by moving them from one account to another inside the banking network without actual currency changing hands, making it a trade credit system.[3]

The deserted island of Delos in the Aegean Sea, already famed for its splendid port and illustrious Temple of Apollo, rose to prominence as a financial hub around the end of the third century B.C. Similar to ancient Egypt, genuine credit receipts were used instead of currency, and payments were made after receiving just brief instructions. When the Romans took down its primary competitors, Carthage and Corinth, Delos grew in stature. Therefore, it was only logical for the banks of Rome to closely mimic the Delos bank. The administrative side of banking was refined in ancient Rome, and the city also witnessed increased control of financial firms and activities. Both the practise of charging interest on loans and the practise of paying interest on deposits advanced and became more competitive. However, the Romans' predilection for cash transactions stymied the growth of Roman banks. When Roman banks refused to accept copper flakes from the mints run by Emperor Gallienus (260-268 AD), the financial system almost collapsed. As Christianity spread, interest was widely seen as sinful, and as a result, new regulations were placed on the banking industry. After Rome's destruction, banking in Western Europe ceased to exist until the mediaeval era.

Banking Structure In India

Before India gained independence, the country's banking system was allowed to develop without any overarching goals or directives in mind. The Bank Charter Act of 1876 governed the three dominant banks, and the Indian Companies Act of 1913 established minimal protections against bank failures, but neither law represented a comprehensive framework for the banking industry.

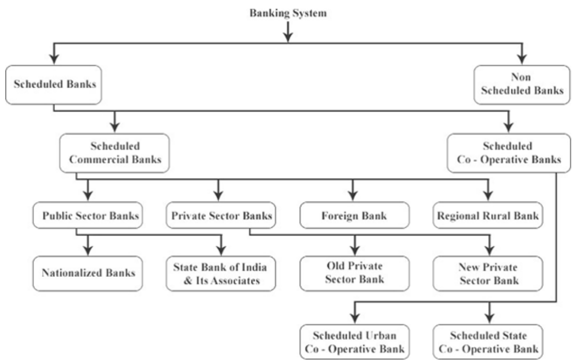

Figure 1: India's Banking Structure

The Imperial Bank of India was taken over by the government in 1935, and the new State Bank of India was established to provide financial services to underserved communities, particularly those in rural and semi-urban areas, as well as for other public uses. India's public sector banks initially consisted of only six institutions in 1980, but by 1999 there were twenty-four. There are two types of commercial banks in India: Scheduled Banks and Non Scheduled Banks. Nationalized banks, SBI and its subsidiaries, private sector banks, and foreign banks are all included in the definition of "scheduled banks." Banks not included in Schedule 2 of the RBI Act of 1934 are referred to as "Non Scheduled Banks."[4]

Perspective Of Retention

Employee retention is crucial to a company's growth and success. High employee turnover is a concern, but maintaining high-performing workers for an extended length of time is even more of a struggle for today's businesses. The employer should use all of his resources to reduce employee turnover. Many difficulties and obstacles arise when new industries expand and flourish, even as they provide opportunity for management and workers. Many companies in the emerging sector suffer from a persistent talent gap. In spite of the difficulties this position presents for management, it may open up several doors of opportunity for workers (job seekers). Relationships between employers and employees are symbiotic, meaning that they benefit both parties. Having a steady working relationship is crucial for any business. Nonetheless, such permanence in mutual interactions cannot be guaranteed for either the employer or the workers, for a variety of reasons that may include both parties. When the economy and the job market are steady, so too are the connections between them. Loyalty and dedication to one's employer and one's work are also fostered. However, circumstances alter in a politically unstable region or in an area undergoing rapid industrialisation.[5]

Strategies For Procurement

Employees play a major role in any organization. For this, the procurement of employees becomes the relevant factor. Procurement and recruitment here are used interchangeably which mean hiring of employees. Here the scope of study is Public and Private sector banks and the banks mostly use the following mentioned methods to procure the employees in these banks. The effort is made to study the different methods of procurement of employees used by the different banks. Also, the prominent role played by HR department in different banks is studied. The satisfaction level of employees from the present recruitment process and the provision of dependent employment are also studied. There are various methods of recruitment followed by public and private banks.[6]

Through employment agency: A few Public and private sector banks recruit through employment agencies. The employment agencies have the data of the potential candidates. The banks just collect the data from employment agencies and call the candidates for the interviews. This is the very easy and economical method of recruitment.
Campus Placement: Colleges and universities can be excellent sources of new candidates, usually at entry-level positions. These can be great sources of people with specialized training in a specific area. Universities can provide people that may lack actual experience but have formal training in a specific field. Many organizations use their campus recruiting programs to develop new talent, who will eventually develop into managers. For this type of program to work, it requires the establishment of relationships with campus communities, such as campus career services departments. It can also require time to attend campus events, such as job fairs.
Personal Application: Many times the desired candidates directly give their application to the banks. These applications became the data base of the banks and whenever any position is vacant. The banks can fill that position from those applications by calling the candidate. This type of method of recruitment has a limitation that the banks have to appoint a candidate whose skills and efficiencies are not priory known to anyone in the organization.
Nomination by present employees: Some managers believe that the best method to find top performers is to hire individuals referred by existing employees. Current employees can play an important role in recruiting new employees, and some organizations an incentive to employees for successful referrals. Employees who are conscientious about their job duties and responsibilities generally know other people who demonstrate the same work ethic. Using this type of recruitment method minimizes the expense of online advertising and recruiters time expended sourcing qualified applicants.[7]

2. RESULTS OF RETAINING EMPLOYEES

Organizations may get the following benefits from focusing on staff retention:

The cost of replacing departing workers might easily go into the hundreds of thousands of dollars or rupees. The true cost of staff turnover is difficult to ascertain, but experts in the field believe that it is anywhere between 25 and 50 percent of the typical employee wage.

When an employee quits, the firm loses a wealth of information about the departing worker's tenure there, as well as his familiarity with the business's clients, active projects, and historical records (sometimes to competitors). Investing in an employee takes time and money, but it usually pays off in the long run. There is a loss of return on the employee's investment when he or she quits.

Customers and customers choose to work with a firm in part because of the quality of service they get from its employees. When you build rapport with your sponsors, they're more likely to keep supporting your company. After an employee departs a firm, the ties he or she fostered with clients and other contacts no longer exist, which may result in a loss of business.

When employees leave their positions, it has a domino effect on the rest of the business. When one person is absent or unable to work, others must step in. Negativity builds up for the remaining staff members in silence.[8]

When turnover is minimal, a company's good name continues to be respected. Potential new hires are encouraged to join the company by its low retention rate.

The time and money spent on recruiting, employing, and training a replacement worker when an employee quits is a direct and indirect cost to the business that is often overlooked. And even then, we won't know whether the incoming hire would be as productive as the outgoing one.

3. MODELS FOR RETAINING EMPLOYEES

A philosophical and recently popularised idea, the Employee Retention Model seeks to determine the best ways to keep valuable employees on staff. Employee retention may be improved by learning their likes and dislikes, according to the article. A good employer listens to their workers' complaints and works to improve areas of dissatisfaction. To begin with, he has to focus on the broad vision and make sure he can do it. Once the system is in place, he will have more opportunities to cater to the specific requirements of each staff member. While it's true that no employer can ever make everyone happy, fostering an environment where everyone contributes and everyone feels good about their job goes a long way toward retaining those people. There have been hundreds of publications published on the topic of employee turnover, and as a result, different models of the phenomenon have been established. March & Simon proposed the original model in 1958, and it has received the greatest attention from researchers. This paradigm has prompted a number of subsequent attempts to develop the idea further.[9]

4. TOOLS FOR RETAINING EMPLOYEES

Communication: The importance of good communication skills in the business has been hammered home to the point that it has become a cliche. When it comes to keeping staff, though, effective communication is crucial. Make sure everyone on the team understands the company's policies, what they're expected to do, and how they may contribute. Make sure that everyone is on the same page by sharing any new corporate rules or projects with the staff. One of the worst feelings that can be evoked in a human being is the feeling of being out of the loop.

Involve E in Decision-Making: When a team decision will have an impact on an individual's department or work team, it's crucial to get everyone's input. This may encourage participation from workers and lead to fresh ideas and points of view that the upper echelons of management may have missed.

The retention rate of knowledge increases dramatically when it is shared with others, therefore encourage your team members to do so. Sharing what you've learned at a recent conference or training course with your team will not only help everyone recall more of the material presented, but it will also show that you value each person's contributions. An employee mentorship programme that helps facilitate knowledge exchange may be useful not just for the mentor but also for the individual being mentored.

Rather of waiting until the yearly performance review is due, shorten the feedback loop by providing regular updates on an employee's progress. The majority of team members thrive when they regularly get feedback on their performance. Maintaining a high level of performance and rewarding appropriate actions may be facilitated by reducing the length of the feedback loop. Visits to team members' desks to express appreciation for their efforts on an ongoing project may do wonders for morale and retention, proving that feedback does not have to be preplanned or highly organised to be effective.[10]

Strive for work-life harmony; family is a priority for everyone on the team. No amount of pay is going to keep a person around if their job is causing serious financial hardships at home. Emphasize the importance of striking a balance between work and personal life. Employees are more loyal and stay with a company longer when they are given little perks like being able to take an extra long lunch once a week to watch a baseball game involving their children.

Offer chances for team members to learn and develop, so that they can contribute more effectively in the future. You should offer to train a dissatisfied worker in a different department if you see that he or she is becoming restless or disinterested in their present role. No one likes to feel like they have nowhere to go or nothing to offer professionally.

One of the most important ways to keep employees around is to show them how much you value their efforts by letting them know how much you appreciate their work. Regardless of one's position within a company, everyone craves affirmation that their efforts are seen and valued. The level of complexity or opulence here is entirely up to the discretion of the supervisor. A brief email of appreciation or a visit to a coworker's desk may do wonders for morale. There is no shortage of ideas, such as a shout-out in the corporate newsletter for exceptional performance or gift cards to a local restaurant or movie theatre.

Specify the Roles and Responsibilities of Each Team Member: To an employee, nothing is more depressing than not knowing what is expected of him on the job. Fear and anxiety among workers might result from a lack of clarity on job tasks and expectations in a performance-driven workplace. When a team member gets a poor performance review based on requirements and responsibilities that the individual lacked clarity on, the result might be outright fury.

The calibre of management and guidance provided: it's been stated so often it's become a cliche: people quit their bosses, not their jobs. Managers are the ones who have the most impact on an employee's growth and career advancement. It's a fact that workers appreciate managers who treat them with dignity and respect. Team members would prefer managers who do more than just talk the talk; they want leaders who actually walk the walk and create an environment where employees can thrive. Without it, employees may search elsewhere for work.

All Employees Will Be Treated Exactly the Same: Allowing favouritism and preferential treatment of individual team members is a surefire way to foster animosity and resentment in the workplace. The so-called "good old boys club" solidifies a poisonous organisational culture and cultivates hostility among team members. The loss of talented employees due to this toxic work environment would be terrible.[11]

When it comes to employee retention, the best incentive programmes split monetary bonuses in half and hand out the first half with the first month's pay and the second half after six months.

As part of the company's "Career Development Program," employees may be offered financial support for furthering their education, but only if they achieve a certain grade point average. Performance-based bonuses: rewarding outstanding workers with extra compensation for their efforts is an effective way to keep them around. There is no net increase in cost to the business. It's doable if raises are scaled down somewhat.

5. BANKS USUALLY FOLLOW STRATEGIES FOR EMPLOYEE RETENTION

When it comes to keeping customers, public and private banks often use the following methods:

Flextime: One component of efficient workforce management is recognising and addressing problems in the workplace that have a negative impact on employee output and, ultimately, the company's bottom line. Alternative scheduling is a management method that has been shown to increase productivity, morale, and work satisfaction for everyone involved. However, businesses that provide flexible working arrangements need to establish rules and processes for keeping the process under control or else it may quickly spiral out of control.

Telecommuting: a growing number of today's employees see this option as more important. Many businesses have come to recognise this and have made telecommuting an integral part of their employee attractin and retention efforts.

The ability to work remotely has shown to be an effective method of attracting and retaining top talent:

- Draws top talent to positions that have been difficult to fill.
- Gives workers more leeway to adjust their schedules at busy times
- Contributes to keeping valuable personnel that may otherwise depart
- Reduces the time and money needed to find and educate new employees to take over duties
- The programme aids workers in striking a healthy work-life balance, cutting down on expenses and stress.
- Lowers employee turnover when personnel are relocated; a worker who must change places owing to a family member's employment change may still be available to work remotely.
- Permits certain workers to keep doing part of their duties while on maternity leave, reducing the amount of time spent retraining them upon their return to full time.
- Entices skilled retirees; many may be open to working part-time but may baulk if they have to deal with the city's notorious traffic.
- Draws in skilled people who may already have full-time jobs but are open to part-time employment, as well as those who reside in outlying regions and rural communities.
- Boosts efficiency in the workplace as a whole
- Employs people with medical conditions and makes reasonable accommodations for them

Wellness programmes: When companies value their workers' health, their staff is more invested in their jobs. The goal of health and wellness programmes is to help people of varying physical and mental health acquire techniques that will help them live long, healthy, and fruitful lives. Wellness initiatives aid in employee retention.

Mentoring: The mentoring connection is crucial. Building trust is essential for every relationship, whether it be personal or professional. To get the most out of the connection and to aid in employee retention, it's important for both sides to feel they may discuss anything they feel comfortable expressing.[12]

In order to keep employees happy and engaged, one retention method that works well is job rotation and new responsibilities. The goal is to put workers in positions where they can contribute most effectively. This may prove to be the most effective method for quickly replacing a valuable employee from inside the company, which is very important in today's business climate. It might be challenging to identify the best candidates and promote them to assume higher-level tasks. Human resources managers may learn who can be replaced and who would be a good match for an open position via job rotation. Organizational strength and employee retention are both enhanced by a job rotation approach that has been well thought out and implemented.[13]

Workplace conditions: The most effective methods for keeping employees include developing and sustaining a positive working atmosphere. This encompasses a wide range of concerns, such as defining the company's purpose, culture, and values; ensuring all employees have a secure and healthy work environment; and providing transparent, well-thought-out protocols for daily operations. The

principles and values upon which an organisation is built, the policies that interpret and translate those values into day-to-day activities, and the physical environment in which employees do their job are the three pillars around which environmental employee retention strategies are built.[14]
Providing personnel with the resources they need to do their duties is an example of an employee support strategy. Employees report far higher levels of work satisfaction when they believe they have all the resources they need to do their jobs well. There are three foundations around which all employee support initiatives are built:
People want to perform well, but they also require encouragement and guidance from their superiors and access to the tools they need to execute their jobs well.

When it comes to keeping customers, public and private banks often use the following methods:

The alternative work schedule is an example of the kind of problem-solving that falls within the purview of effective workforce management. Alternative scheduling is a management method that has been shown to increase productivity, morale, and work satisfaction for everyone involved. However, businesses that provide flexible working arrangements need to establish rules and processes for keeping the process under control or else it may quickly spiral out of control.[15]

6. CONCLUSION

A positive work environment fosters a rational approach to policymaking, meticulous recordkeeping, and the development of original thought. These factors have a direct bearing on the development of both employers and employees. Companies today recognise the importance of retaining a talented workforce and are taking steps to do so by providing incentives like employee stock option plans, bonuses, salary increases, reviews of employees' performance, opportunities for advancement, new responsibilities, monetary and non-monetary awards, gift certificates, transportation and other allowances, group insurance, and more. Policy decisions made by banks, whether they are owned by the government or the private sector, need to be regularly reviewed and updated as necessary.

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