

A Comparative Study on Factors Influencing Employee Retention in Public and Private Banks

BN Rajesh ¹

¹ Research Scholar, Department of Commerce, Mansarovar Global University, Sehore, M.P., India.

Dr. Nidhi Patidar ²

² Supervisor, Department of Commerce, Mansarovar Global University, Sehore, M.P., India.

Abstract

Employee retention refers to the practice of keeping employees around for as long as possible, or at least until a project is finished. Workers of yesteryear are very different from those of now. There are wonderful chances available to them as well. They jump ship to a new employment the moment they're unhappy in their current position. Effective human resource management in the banking industry might be the key to retaining employees for the long haul, both psychologically and physically. Factors impacting staff retention in public and private banks are the focus of this research. The study used an analytical research methodology and surveyed 150 bank employees (75 from public and 75 from private banks) utilising a five-point Likert scale questionnaire as its main data collection tool. Compensation, work-life balance, professional advancement chances, and leadership styles are among areas where public and private banks differ significantly, according to the results. The leadership and management support of public bank employees is more highly valued than monetary compensation and career progress by private bank employees. But in all fields, employees had comparable impressions of company culture and training possibilities.

Keywords: Public Bank, Private Bank, Career Growth, Human Resource, Organizational Culture.

I. INTRODUCTION

Employee retention is crucial since it entails organisational issues such training time and money, knowledge loss, insecure employees, and a high cost of candidate recruitment. For that reason, it may be rather expensive for a business to lose a crucial employee. Some estimates put the cost of replacing a middle manager at five times his salary for most companies. Smart businesses know how important it is to hold on to their best employees. Even if things have changed in recent years, talent retention is more important than ever in the Indian setting. In India's main cities, you may find adequate opportunities for the greatest, second best, and third best in the company. Key employee retention and reducing employee turnover have never been more important to companies.

Employee turnover may cost a business money in terms of recruiting and administrative costs, but it can also cost money in terms of quality control from leaving personnel and decreased productivity until new employees are brought on board due to delays and poor quality. It's likely that these costs will never turn a profit. A corporation must now choose how to retain its valuable employees productive and loyal after investing much in their recruitment and training. Maintaining client relationships and keeping costs down for hiring and training employees are both made possible by employee retention. When a firm loses an experienced worker, it usually ends up costing a pretty penny. Employee satisfaction and loyalty are directly correlated to good leadership and efficient management practices. Achieving success with these methods

should result in satisfied customers and employees, which in turn should boost business and individual fortunes. In the viewpoint of the employer, employees are an investment. Finding out if an applicant is highly motivated, driven, and has a great work ethic are the main goals of an interview. Employees are more than just a financial asset, despite popular belief. In order to move business plans and organisational goals forward, a high level of emotional investment is necessary.

In order to be competitive in an ever-changing market, companies need to understand what their employees need and find ways to keep them around for longer. Therefore, this study was carried out to uncover the necessity of staff retention in the Banking Industry of India. Employee retention was found to be more strongly impacted by a variety of factors, such as job satisfaction, incentives, training, and career progression opportunities.

II. REVIEW OF LITERATURE

Bwana, Yahaya et al., (2022) This research looked at the effects of monetary incentives, work atmosphere, and advancement prospects on employee retention. The study's methodology was descriptive cross-sectional research, and the researcher used a quantitative approach. The results were derived from 93 participants. We used both descriptive (using percentages and frequencies) and inferential statistics (regression analysis) to examine the data we gathered from the structured questionnaire. The study concluded that there is a favourable and statistically significant correlation between the availability of promotion chances and the retention of employees. Moreover, the study shows that banks pay bonuses and other advantages to their employees, yet most employees are unhappy with the salary they are offered. Financial incentives were also discovered to have a favourable and significant association with employee retention. In addition, the study discovered a strong correlation between a favourable work atmosphere and employee retention rates.

Khalid, Zaid et al., (2020) the objective of this research is to determine what variables influence staff retention in Pakistan's banking industry. The critical factors are diagnosed using an Interpretive Structural Modelling (ISM) approach. The structure of a hierarchical model displays the mutual interactions among the identified factors. After reviewing the literature and reaching a consensus amongst experts in the banking industry and academics, seven variables have been identified as significant obstacles to staff retention. Their drive and dependency powers are also used to categorise these identified elements.

Zafar, Sania & Siddiqui, Danish (2019) The purpose of this research was to examine the relationship between two dependent variables—work performance and employee retention—and the factors that contribute to job satisfaction, such as pay raises, bonuses, support from supervisors, possibilities for professional growth, and working conditions. A comparison analysis is carried out in the banking and education sectors of Karachi for this objective. We used Structural Equation Modelling and Confirmatory Factor Analysis to examine data from a sample of 100 employees in each sector. The results show that when it comes to HR policies, the banking and education industries are very different. Additionally, it has been discovered that the outcomes for the two industries are different when considering alternative theories. Key variables of work happiness for performance are advancement opportunities, pay, and career development, yet these factors are negligible. At the same time, factors such as working conditions, remuneration, and coworkers do not significantly impact job satisfaction and retention. The results have diverse implications for managers at banks and educational institutions depending on the significance of the coefficients. However, human resource policies differ in different types of businesses. Job satisfaction is a key factor in retaining human talent since it increases the likelihood of good performance from employees and decreases the intention to move jobs.

Anitha, Mrs & Velayutham Pillai, V.Nagajothi. (2017) In order to gain a competitive edge, a company relies on its human resources, which are among its most precious assets. Since HRM necessitates an efficient method of managing resources, it is thought of being more difficult than other functional areas of management. Evidence suggests that retaining key personnel is critical to an organization's ability to grow and achieve its objectives. A fantastic paradigm for retaining employees for extended periods of time exists in the primary factors that determine employee retention, which include training, motivation, and development. Human resource management (HRM) strategies and their effects on staff retention in both public and private sector banks are the focus of this article.

Salman, Atif et al., (2014) in an effort to better understand the elements that contribute to staff retention and how it affects bank performance in Karachi, Pakistan, this study sets out to do just that. The banking business in Karachi is grappling with the crucial problem of staff retention in light of the overall economic development, the scarcity of trained workers, and the high turnover rate in the industry. The banking industry is vital to Karachi's economy, but the city's financial institutions are struggling to implement effective policies for employee incentive, training, and advancement. Consequently, today's realisation of the field's future-related problems necessitates long-term planning. The main data used in this study comes from closed-ended questions measured using a five-point Likert scale. For this study, the researchers polled bankers using a purposive sample method. We used SPSS, or the Statistical Package for the Social Sciences, to look over and assess the data we gathered. We arrived at the research conclusion after carefully analysing the data from every possible perspective. Among bank employees, this study found that motivation significantly correlates with retention rates, whereas training and development had little correlation with retention rates. To help the banking sector retain personnel for longer periods of time, it is recommended that banks adjust their policies surrounding staff training and development.

III. RESEARCH METHODOLOGY

Research Design

The present study adopted an analytical research design.

Sampling Technique

The convenience sampling technique was employed to select participants,

Sample Size

Employees from both public and private banking institutions made up the study's population. With 75 participants from state banks and 75 representing commercial banks, a total of 150 employees were chosen for the sample.

Sources of Data Collection

The study utilized both primary and secondary data sources.

Primary data were collected using a structured questionnaire consisting of 20 items. The items were rated on a five-point Likert scale, where 1 indicated “Strongly Disagree” and 5 indicated “Strongly Agree.” Secondary data were collected from relevant journals, published reports, and HR records of banks to support the analysis and provide additional insights into sector-specific retention practices.

Variables

The study focused on six key variables that are widely recognized as influencing employee retention in the banking sector: Compensation & Benefits, Work-Life Balance, Career Growth Opportunities, Leadership & Management Style, Organizational Culture, and Training & Development.

Statistical Tools

Descriptive statistics such as frequency, percentage, mean, and standard deviation were used to summarize data, while independent sample t-tests were applied to compare differences between public and private bank employees.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Gender of the Respondents

Gender	Public Banks		Private Banks	
	Frequency	Percentage	Frequency	Percentage
Male	45	60.0	42	56.0
Female	30	40.0	33	44.0
Total	75	100.0	75	100.0

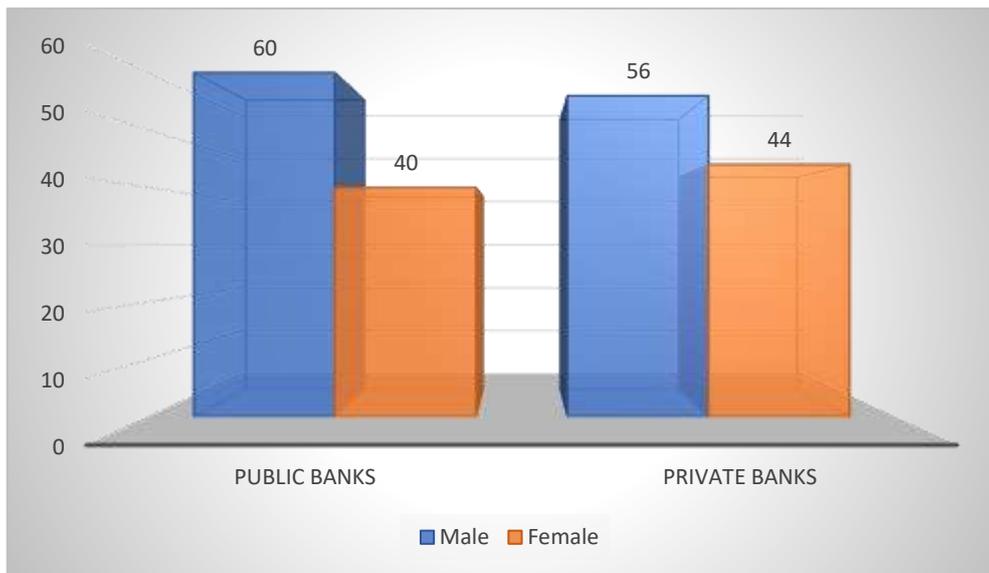


Figure 1: Gender of the Respondents

The gender breakdown of the public and private bank respondents is shown in Table 1. Out of 75 employees questioned at public banks, males made up 60% (45 employees) and females 40% (30 employees). Similarly, out of a total of 66 employees at private banks, 42 were men and 33 were women.

Table 2: Experience of the Respondents

Experience (years)	Public Banks		Private Banks	
	Frequency	Percentage	Frequency	Percentage
<5	17	22.7	25	33.3
5–10	35	46.7	30	40.0
>10	23	30.6	20	26.7
Total	75	100.0	75	100.0

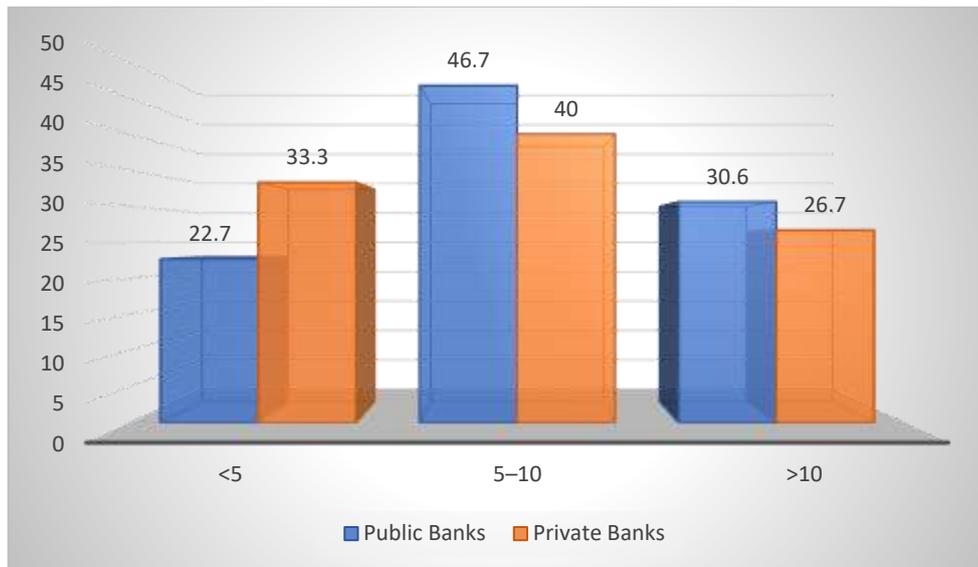


Figure 2: Experience of The Respondents

Table 2 shows the breakdown of respondents by their tenure in public and private financial institutions. The bulk of public bank employees (46.7% to be exact) have 5-10 years of experience, while 30.6% have above 10 years and 22.7% have less than 5 years. Of those who have worked for private banks, 40% have between five and ten years of experience, while 33.3% have three to five years of experience and 26.7% have ten years or more.

Table 3: Independent Sample t-test for Retention Factors

Retention Factor	Public Banks Mean ± SD	Private Banks Mean ± SD	t-value	p-value
Compensation & Benefits	4.12 ± 0.72	4.45 ± 0.65	-2.84	0.005
Work-Life Balance	3.85 ± 0.68	4.20 ± 0.60	-3.10	0.003
Career Growth Opportunities	3.90 ± 0.70	4.35 ± 0.63	-3.25	0.002
Leadership & Management	4.05 ± 0.75	3.80 ± 0.70	2.05	0.043
Organizational Culture	4.15 ± 0.68	3.95 ± 0.72	1.95	0.054
Training & Development	3.95 ± 0.66	4.10 ± 0.64	-1.30	0.196

Table 3 displays the mean values and results of an independent sample t-test that compared public and private banks with respect to staff retention characteristics. In the area of Compensation and Benefits, there is a notable disparity between private bank employees (4.45 ± 0.65) and public bank employees (4.12 ± 0.72), as indicated by a t-value of -2.84 and a p-value of 0.005. Likewise, with a t-value of -3.10 and a p-value of 0.003, the mean score for Work-Life Balance was higher among private bank employees (4.20 ± 0.60) compared to public bank employees (3.85 ± 0.68). Additionally, there was a significant disparity in career growth opportunities between public and private banks, with the former reporting a higher mean (4.35 ± 0.63) and the latter (3.90 ± 0.70), as evidenced by a t-value of -3.25 and a p-value of 0.002.

Public banks had a higher rating for Leadership and Management (4.05 ± 0.75) compared to private banks (3.80 ± 0.70), and this disparity was statistically significant (t-value = 2.05, p-value = 0.043). Statistical significance was not found in the differences detected in Organisational Culture (Public: 4.15 ± 0.68, Private: 3.95 ± 0.72, p = 0.054) and Training and Development (Public: 3.95 ± 0.66, Private: 4.10 ± 0.64, p = 0.196).

V. CONCLUSION

The results show that there are significant variations between the two banking industries when it comes to staff retention, which is a complex problem influenced by elements at both the organizational and individual levels. The competitive salary, improved work-life balance, and greater career progression prospects are the main considerations that private banks use to retain employees. This reflects the dynamic and performance-driven nature of the private sector. Public bank employees, on the other hand, are more satisfied with their leadership and management practices, which highlights the significance of stability, organized governance, and supporting oversight in public sector organizations. Employees' shared perceptions of training and development opportunities and organizational culture indicate that these factors have a universal impact on employees' attitudes and loyalty, according to the study. These results show that in order to solve the problem of employee turnover, financial institutions need to implement human resource strategies that are both sector-specific and focused on the needs of their employees.

REFERENCES

1. Akbar Khan, W., Atif, M., Idrees, M., Ramay, B., & Roman, M. (2020). Causes which affect employee retention in the banking sector: An empirical study in the context of Pakistan. *International Journal of Management*, (2), 2780–2794.
2. Alzghoul, A., & Khaddam, A. (2024). Enhancing employee retention in banks: Analyzing the role of talent management, career development, and bank culture. *Banks and Bank Systems*, 19(2), 96–111.
3. Anis, A., Rehman, I., Nasir, A., & Safwan, N. (2011). Employee retention relationship to training and development: A compensation perspective. *African Journal of Business Management*, 5(7), 2679–2685.
4. Anitha, N., & Velayutham Pillai, V. N. (2017). Factors affecting employees' retention in the banking sector with special reference to Thanjavur district. *International Journal of Business Quantitative Economics and Applied Management Research*, 4(1), 2–15.
5. Bwana, Y., Kisawike, B., & Golyama, B. (2022). Factors contributing to employee retention in banks: A case of Iringa Municipality, Tanzania. *Asian Research Journal of Arts & Social Sciences*, 1(2), 102–112.
6. Dikshit, A., & Jain, T. (2017). Employee retention, training and development in the banking sector: A review paper. *SSRN Electronic Journal*, 2(3), 2–15.
7. Kandel, M. (2024). Impact of organizational factors on employee retention in Nepalese banks. *NCC Journal*, 9(2), 87–94.
8. Khalid, Z., Chaudhry, N. I., & Aslam, M. (2020). Factors affecting employee retention in the banking sector of Pakistan. *Journal of Business and Management Research*, 2(2), 2–15.
9. Periyathamby, E., Antony, S., & Pratheepan, J. (2023). Factors influencing employee retention in service organizations: A study on financial institutions in the Northern Province. *International Journal of Research Publication and Reviews*, 4(1), 4540–4547.
10. Rajendran, S., & Jeyalakshmi, S. (2023). Study on impact of job-related factors on retention of employees in the banking sector. *European Chemical Bulletin*, 12(2), 732–744.
11. Salman, A., Ahmad, N., & Matin, F. (2014). Factors affecting employees' retention in the banking sector: An investigation from Karachi. *Journal of Management Sciences*, 6(2), 169–178.

12. Seng, W., Long, C., & Koh, H. (2025). Factors affecting employee retention: A literature review. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 15(2), 200–210.
13. Shabir, M., Hussain, S., & Jabeen, M. (2025). Factors affecting employee retention in the call centers of banking sectors. *Physical Education, Health and Social Sciences*, 3(2), 305–317.
14. Shabnaz, S., & Kowshik, S. T. H. (2017). Organizational factors affecting employee retention: A study on private commercial banks of Bangladesh. *International Journal of Business and Management Study*, 4(2), 19–24.
15. Subedi, I., Kafle, S. C., Kushwaha, S., & Khanal, B. (2024). Employee satisfaction and retention in the banking sector of Bharatpur Metropolis, Nepal: A confirmatory factor analysis. *OCEM Journal of Management, Technology & Social Sciences*, 3(2), 146–155.
16. Subedi, R. (2024). Factors affecting employee retention: An empirical study in Nepalese commercial banks. *Banks and Bank Systems*, 19(1), 164–173.
17. Zafar, S., & Siddiqui, D. (2019). Factors affecting employees' performance and retention: A comparative analysis of banking and educational sectors of Karachi. *Business Management and Strategy*, 10(2), 93–98.