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# Retention Stratagems of the Employees in the Banking Institutions: An Analysis of Public and Private Sector Banks

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## Abstract

*In this competitive world, banking assistance and monetary help have become a significant issue for any organization. No matter your organization type, you must take relevant support from the bank, domestic or international business. The study's objective is to ascertain the expertise retention need for the banking sector in Bangladesh. To investigate the numerous workforce retention rules prevailing in select public and private sector banks. To compare the employee retention policies between the public and private sector banks. To discover the numerous advantages of well-defined workforce retention mechanisms for government banks and to portray a model of workforce retention tactics as a remedy for talent shortage and other HR difficulties and concerns. For this study, a structured and semi-structured questionnaire has been made. It was a random sampling method for data collection. HR managers, senior officers, and officers were interviewed. The study revealed that public sector banks retain employees by providing job security, flexible work hours, balancing work-life and loan facilities, on-time promotion, and increments. On the other hand, private sector banks have tried to retain talented employees, providing lucrative salaries and a pleasant working environment. However, employees in private sector banks have a considerable workload compared to public sector banks, which is why there is an employee turnover.*

## KEYWORDS

Employee Retention, Public Sector, Private Sector, Banks, Workforce, Development.

## 1. INTRODUCTION

Bangladesh is the quickest developing economy by GDP growth globally, with the significant support of the service sector. The service sector performs a crucial function in improving any country; as the world economies run further towards the service sector, Bangladesh's economy is no exclusion. For the economic growth of a nation, the contribution of both the public and private sectors is necessary. Many manufacturing and service-oriented enterprises in the public and private industries have contributed to economic development. One can only develop in any area with proper financial backing. These financial supports are being provided both by public and

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private institutions. It is also observed that the performances of private financial institutions have overwhelmingly been increasing. One of the critical factors behind these outstanding performances is human resources.

## **2. HUMAN RESOURCE MANAGEMENT AND EMPLOYEE RETENTION**

Human resource management is a system, policy, and practice that inspires workforces to work in an enterprise or organization. Human resource management is the organizational function that deals with employing, coaching and improvement, quality evaluation, payment, company advancement, retention, safety, protection, interests, motivation, interaction, industrial relationships, administration, and pension administration. HRM is also a robust and all-inclusive approach to handling workforces and the workplace culture and environment. Competent human resource administration laws allow operators to participate efficiently and productively in the overall business direction and achieve the organization's goals and objectives. Now, most importantly, what is employee retention? Employee retention influences competent employees to continue working in the present organization by providing attractive monetary benefits and a good working environment. As profit largely depends on experienced and knowledgeable workforces, every organization tries to emphasize that issue. Organizations are taking measures such as training and development programs, financial benefits, quick promotions, fringe benefits, and developing working conditions to retain experienced employees.

## **3. BANKING INDUSTRY AND BANGLADESH**

The Bangladesh banking industry is mainly divided into two types: specialized banks and commercial banks. Specialized banks are a kind of banks that trade with specific activities or industries of economics. For instance, Bangladesh Krishi Bank solely runs the agricultural sector. Bangladesh Development Bank works for industrial development. The Trust Bank works for the defense person's welfare. The Rajshahi Krishi Unnayan bank works for growth in the northern region of Bangladesh. Moreover, the Bangladesh Employment Bank works for employment generation in the country. There are dual sorts of commercial banks in Bangladesh: public-sector banks and private-sector banks. However, all the banking activities are controlled by the Central Bank of Bangladesh as a regulatory body.

## **4. LITERATURE REVIEW**

The study was carried out to determine employee retention practices in India's public and private sector banks. The findings of this study show that respondents in private sector banks believe that controllable and uncontrollable factors are accountable for the turnover of workforces. Both sector banks vary in their outcomes in reasons responsible for employee turnover. In contrast to the public-private sector banks, in public sector banks, the critical significant influence of training is to keep the knowledge updated and to get effective results. In contrast, in personal sector banks,

training is essential to improve employee skills (Bansal, 2015). The researcher examined employee retention practices between the public and private sector banks in a study. Both sector banks have been compared to each other with the prevailing workforce retention mechanisms. The study revealed that public sector banks are working negatively with talent keeping and need a clear workforce retention strategy. In contrast, government-run banks provide great significance to retaining talents and their HR strategies and apply predominantly to retaining competent employees (Shukla, 2014). The study focuses on the retention strategies of employees in private banks in the more significant state of Hyderabad, Telangana. It identifies retention factors and strategies that influence the decision of employees to remain with the banks, analyses likenesses in the retention policies of the selected private banks, and groups the banks based on similitudes. It interprets the demographic-to-satisfaction relationship to existing bank retention initiatives. The study showed remuneration, training and development, bonuses, and employee relationships ((Srivani & Reddy, 2020). The objectives of this study were to resolve some issues regarding the retention of employees. The study revealed a correlation between workforce retention and demographic features like life, marital situation, skill, assignment, and job rank. However, there were no associations between workforce retention and demographic traits like gender, mother utterance, and learning. Likewise, there was a strong correlation between workforce retention and every seven retention determinants: workforce advantages, recruitment and adoption, work allotment possibilities, performance assessments, training and improvement, job conditions, and guidance assistance. The research further showed that all those retention determinants could foretell workforce retention without recruitment and adoption. Nepal's banking business workforce was happy with the current retention exercises. This study provides experimental proof regarding the workforce retention systems for essential forces in the banking business (Khadka, 2013). The research concentrated on the administrative aspects that influence the managerial levels differently. The study focused on numerous parts that influence the retention of workforces in the private investment banks in Bangladesh. The research discovered that the factors' influences vary based on the workforce's management level in their company. For utmost determinants like a nonfinancial advantage, several gratuities, yearly increase, increment, professional growth, succession plan, the method adopted to arrange advancement, and job protection are significant determinants of top-level workforce retention. In contrast, those determinants are less potent for intermediate and entry-level staffers. On the contrary, operating circumstances, overall safety, coworker help, organizational fame, and brand image are vital for retaining workforce levels (Shabnaz & Kowshik, 2017). The researchers have investigated the principal factors influencing workforce retention and how workforce retention influences a company's achievement in the investment banking division. The workforce retention hacks explained in this research involve financial safety, mental defense, association, and self-actualization determinants. The verdicts show that financial, psychical, attachment, and self-actualization determinants influenced workforce retention (Kurdi et al., 2020). The study intended to assess the degree of six employee

retention measures and apparent HRM rehearses in private banks. According to the findings, there are considerable differences in the levels of staff retention components. Employee retention is higher among AXIS and HDFC bank workers than ICICI bank employees. Employee perceptions of overall HR processes differ significantly, according to the survey. The HDFC bank has the highest average score, followed by AXIS and ICICI (Ahuja, 2015). The study intends to inspect the determinants that affect workforce turnover in the private banking sector. This investigation shows that physical and immaterial compensation, bodily pressure out of organizational assistance, inequality of guidance and trade rank, underprovided health determinants, absence of appropriate coaching and advancement, and shift of work are the greatest significant determinants that may affect workforce turnover. In this research, the private banks can take a fair stretch of the determinants that may affect workforce turnover of their particular company to overcome turnover (Tanchi, 2015). A study revealed the banking exercise, which flourishes on the power of personal authority. The prosperity of an institution relies on numerous determinants, but the fundamental factor that influences the company's achievement is its workforce. Human resources are essential in delivering innovative and high-quality goods or services and fulfilling the Spirit and purpose of that company. The research was an effort to study and examine the effect of HRM works on the work comfort of bank officers. Moreover, because banks appear as the most critical job-creating company, the banking area also suffers a workforce retention problem as retention is directly related to work happiness, which the HR division controls. This research revealed that HRM exercises like employee planning, recruitment, improvement, relocations, teaching and improvement, performance assessment, teamwork, and pay significantly affect work gratification (Setia & Singh, 2014). The aim of this research is to examine and compare the retention strategies implemented by selected banks. These banks have introduced various measures to promote career growth, offering competitive compensation, retirement benefits, performance appraisal, and more. To better understand retention strategies, the study has categorized the factors influencing retention into two categories: organizational and personal. The findings reveal that public and private sector employees have different perceptions about retention. It can be concluded that the retention strategies work differently for public and private sector banks (Mendiratta & Sharma, 2019).

## **5. OBJECTIVES OF THE STUDY**

- (1) To finding out the expertise retention requisite for the banking sector in Bangladesh.
- (2) To investigate the several workforce retention mechanisms prevailing in public and private sector banks.
- (3) To contrast the workforce retention rule in public as well as private banks.
- (4) To find out the numerous advantages accompanying with a defined employee retention rule for public sector banks.

- (5) To portray a model of workforce retention policy as a remedy for talent shortage and other HR difficulties and concerns.

## **6. RESEARCH METHODOLOGY**

### **6.1 RESEARCH APPROACH**

This qualitative study used the investigative study design to probe the knowledge and information about the Bangladesh banking sector and to find the sectoral variance in skilled workforce retention strategy.

### **6.2 PROCESS AND TECHNIQUES OF SAMPLING**

To get the appropriate sample, the researcher followed purposive sampling and selected Sonali Bank, Agrani Bank, Janata Bank, Rupali Bank (Public sector banks) and Prime Bank, Dutch Bangla Bank, National Bank, Brac Bank (private sector banks); these banks have the maximum market share in Bangladesh's banking sector. HR managers, core banking senior officers, and officers were selected for data collection. The researcher selected different branches across the country.

### **6.3 COLLECTION OF DATA**

In this study, the triangulation method of data collection was used. This is because it allows for a more thorough understanding of human behavior by examining it from multiple perspectives, as Cohen and Manion (1986) explained.

### **6.4 PRIMARY SOURCE**

Face-to-face, interview and semi-structured questionnaires have been used for the primary data collection. The respondents were asked about workforce retention strategies, procedures, benefits, the advantages of retaining competent retired workforces, and recommendations for development. Here, the word staff retention means retaining the superannuated workforces and retaining the talent freshers.

### **6.5 SECONDARY SOURCE**

The researcher collected secondary data from the Bank's websites, published Journals, magazines, newspapers and the Bangladesh Bank (Central Bank of Bangladesh) website.

## **7. RESULTS AND DISCUSSION**

The three study purposes were considered, and subsequent data analysis was completed- Table 1.1 shows the statistics about state-owned and non-government banks' financial strength. The table shows the net profit and total assets of selected banks. The Sonali Bank is the oldest in Bangladesh. On the contrary, Dutch Bangla Bank has a countrywide online banking operation.

Table-1.1: Background Information of Bank's

Bank	Year of Established	No. of Branches	Total Assets (Million) (2019)	Net Profit (Million) (2019)
Sonali Bank Ltd	1972	1228	1,472,601	2,710
Agrani Bank Ltd	1972	960	853,931	9000
Janata Bank Ltd	1972	917	895,387.08	246.44
Rupali Bank Ltd.	1982	583	497,249.32	546.38
Prime Bank Ltd.	1995	146	322416.91	2003.80
Dutch Bangla Bank Ltd.	1995	201	390362.04	4341.38
National Bank Ltd.	1983	213	463711.92	4123.20
Brac Bank Ltd.	2001	187	369,404	5,646

Tabel-1.2: Revenue of Selected Public and Private Sector Banks in Bangladesh

S.L	Name of Bank	Revenue (2019) Cr.	S.L	Name of Bank	Revenue (2019) in Cr.
1	Sonali Bank Ltd	177033	5	Prime Bank Ltd.	31930
2	Agrani Bank Ltd.	41687	6	Dutch Bangla Bank Ltd.	23469
3	Janata Bank Ltd.	34589	7	National Bank Ltd.	20578
4	Rupali Bank Ltd.	33920	8	BRAC Bank Ltd.	16852

## 8. EMPLOYEES RETENTION POLICIES OF SELECTED BANKS

### 8.1 SONALI BANK LIMITED

Sonali Bank is the largest public sector bank in Bangladesh and is facing the issue of brain drain related to other banks. Suppose we discourse regarding the expertise retention policy. In that case, SBL has the following mechanisms: house loans, fewer working hours and less workload, stable work-life balance, sound performance evaluation systems, and flexible leave policy, which attract employees to stay in this bank. However, most employees feel comfortable working in this bank because of full-service life job security unless any misconduct or corruption happens. This bank has the maximum number of branches across the country and foreign branches, which inspire national and expatriate nationals to collect foreign remittances. Many expatriate employees and workers work in different countries and send foreign remittances through this bank. This bank provides banking services through the rural branches in the remote areas. So, Sonali Bank's connectivity with mass people is comparatively more through its vast branch network across the country.

## **8.2 AGRANI BANK LIMITED**

Agrani Bank is the second largest public sector commercial bank in Bangladesh. As a government commercial bank, this bank also provides home and other loans for its employees. Besides, there is a stable and stress-less working environment. The flexible working hours and liberal leave policies inspire employees to stay in this bank. Employees only fear losing their jobs in this government bank if they are involved in fraud.

## **8.3 JANATA BANK LIMITED**

Janata Bank is the third-largest public-sector commercial bank in Bangladesh. As a public sector bank, employees in this bank enjoy all government facilities. There are flexible working hours and a stable work-life balance. Women significantly feel comfortable working in this bank. This bank also provides house and car loans, which makes them continue working in this bank.

## **8.4 RUPALI BANK LIMITED**

Rupali Bank is another old public sector bank in Bangladesh. Employees work in this bank only for good job security and as a government job. The bank provides easy house loans. Bank employees enjoy all kinds of government job facilities. Employee promotion is based on seniority and performance.

## **8.5 DUTCH BANGLA BANK LIMITED**

This is the only bank with the most extensive online-based banking and transaction capacities. This bank has an ATM booth on every corner where clients can quickly withdraw and deposit their money. This bank has an independent and structured employee retention policy that attracts employees to stay the whole service life in this bank. All kinds of loans are available in this bank. This bank provides transport facilities for the senior officers. This bank provides house loans, and this retention strategy is unique compared to the other Bangladesh banks. Apart from that, there is a tremendous work pressure.

## **8.6 PRIME BANK LIMITED**

In Bangladesh, the prime bank has innovative banking in the private sector. The bank has a structured retention policy for its competent employees. The bank has a good working environment, attractive salary, transport facilities, mobile bills, car loans, house loans and performance-based promotion. There is some employee turnover because of the heavy workload. Employees are only allowed to go home if the assigned work is finished.

## **8.7 BRAK BANK LIMITED**

This is the most profit-earning bank amongst the private sector banks in Bangladesh. This bank provides excellent employment opportunities to its employees. This bank has two divisions: general banking and SMEs, which provide loans to small and medium enterprises nationwide. Whenever an employee reaches a position, he or she can get a car as a transportation facility with

phone bills and house rent. Every year, employees get fifteen days to leave to make them refresh. They also enjoy all other leaves as usual.

## 8.8 NATIONAL BANK LIMITED

Another private bank of Bangladesh is the National Bank. They do not have a written retention policy, but employees in this bank feel comfortable working. The employees in this bank believe that this bank provides excellent facilities and good working conditions. The most important aspect is a stress-less working atmosphere. This strategy inspires the employees to spend their entire service life in this bank.

## 9. FINDINGS OF THE STUDY

Studying the workforce retention mechanism of several banks, a distinct assessment has been done between the two sectors of banks. Data analysis expressed that state-run banks have complete job security, which acts mainly as a retention tactic; private banks pay more attention to talent keeping. All non-government banks have more freedom than state-owned banks to update their HR manifesto. Non-government banks can quickly amend or modify their HR strategies per the competitive conditions and concurrent necessity. The following table depicts the distinct distinctions in various areas.

S.L	Public Sector Banks	Private Sector Banks
1	Public sector banks have structured employee retention policy, which is predominantly based on house loan facilities, flexible working hours as well as work life balance.	Each private sector banks have structured employee retention policy for the competent employees.
2	Human resource policies are based on traditional approach.	Human resource policies are changed due to the changing circumstances.
3	Some significant employee retention conditions are visible which attracts employees to stay in these banks.	Talent workforce keeping plans and strategies are implemented by banks to stop employee turnover.
4	As this is government job, there is no employee turnover because banks provide excellent job securities in many ways.	There is an employee turnover but banks are aware about retaining of skilled workforces.
5	Cost of per employee is normal in public sector banks.	Expenses of each workforce is increasing over the years in private sector banks
6	Banks loan facilities inspire the employees to stay in the banks .	Bank loan facilities inspire the employees to stay in these banks but it is challenging to continue working in this banks because huge workload.
7	Standard work life balance in public sector bank.	Imbalance work life in private sector banks.
8	Promotion is based on performance and seniority.	There is a performance -based promotion.
10	No mentality of switching job to another bank.	Common mentality of switching job to another bank because of lucrative offer.



The table shows that public sector banks resolutely follow the conventional management and retention approach. Because of the central control of appointment and dismissal, public sector banks have no power to retain any competent, even if the HR manager deems it fit. However, their loan products, lifetime job security, and work-life balance attract employees to continue working in public sector banks. However, in every private sector bank, there is a decentralized power of authority. HR managers have complete independence for altering the rules and policies of HR as per the changing circumstances. HR managers also have the power to make salary adjustments based on the employees' competencies. Moreover, the HR manager has the power to change the job location and job profile. They can retain the best employees according to their requirements for this autonomy. In some cases, they keep experienced employees on a contract basis after retirement.

## 10. ADVANTAGES ACCOMPANYING WITH WORKFORCE RETENTION STRATEGIES

The requirement of keeping retired workforces and fresh joiners was reviewed. It was also considered what method better talent retention and management can improve the condition. Keeping an experienced and competent workforce in the organization can improve the various HR challenges the banks face. The retired employees have vast experience, loyalty, and organizational commitment. Retaining an old and competent workforce can resolve the various HR challenges the banking industry faces. If they are reserved and channeled suitably, the talent scarcity can be united again.

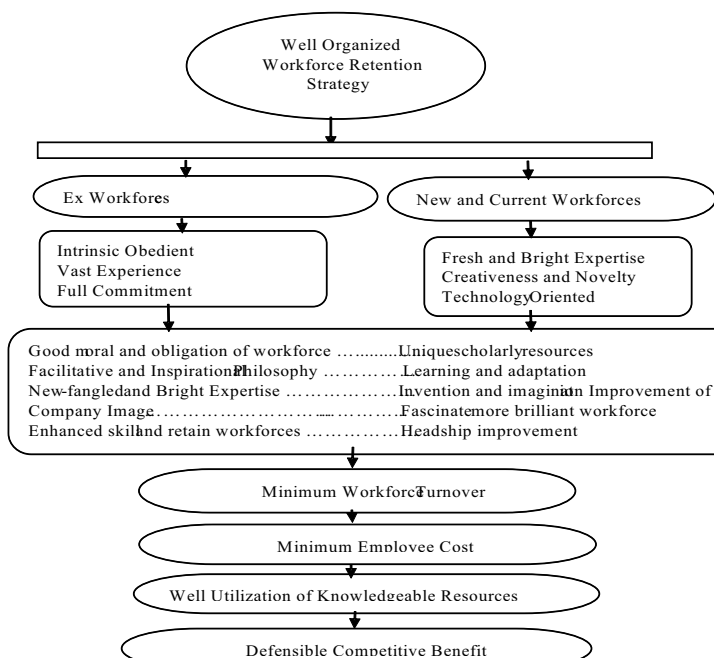


Figure 1.1 Workforce Retention Strategy: A Model

## 11. CONCLUSION

Bangladesh's banking sector is the pillar of Bangladesh's economic health. Their action and progress have a significant influence on the country's economy as well as economic consequences. The study revealed that public sector banks retain employees by providing job security, flexible work hours, work-life balance, loan facilities, on-time promotions, and increments. On the contrary, private sector banks have tried to retain their employees by providing lucrative salaries. However, banks are offering different loan products. Predominantly, the workforce chooses private banks only for lucrative salaries, and most employees feel this is a prestigious job in the private banks. Most respondents tended to do a job in private banks in their early life. However, employees in private sector banks have a considerable workload compared to public sector banks, which is why there is an employee turnover.

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