

A COMPARATIVE STUDY ON EMPLOYEE RETENTION STRATEGIES IN BANKING AND INSURANCE SECTORS

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Abstract:

The purpose of the paper is to study comparatively the Employee Retention Strategies of Banking and Insurance Sectors. Employee Retention is a way to retain its talented and skilled Employee's by the Employer in their Organization to minimize the Employee turnover cost. Employee's Satisfaction is one of the factors which play an important role in any Organization to retain their best Employee's.

The purpose of applying HR analytics is to improve efficiency and produce improved return on capital investment for companies through the decision-making process based on collection of information, predictive models and HR metrics. This article explains the concept of HR analytics and three characteristics of HR analytics like requirement, method and application and impact to comprehend the development of HR.

Introduction :

Employee Retention is a way to retain its talented and skilled Employee's by the Employer in their Organization to minimize the Employee turnover cost. Employee's Satisfaction is one of the factors which play an important role in any Organization to retain their best Employee's. With reference to Banking Sector motivation, career development, rewards and recognition, working environment all factors together can make employee feel satisfied with the job and can remain loyal to the Organization.

Whereas in Insurance Sector factors like job security, training and development, motivation, working environment, employees participation in management decision making, rewards and recognitions retain the employee's in an Organization. This Study was done in the banking and insurance companies of Hyderabad City where the employees have given their views on the reasons and factors of Employee retention strategies. Customary HR analytics centers around the current, that is, things, for example, income and cost per enlist. Be that as it may, most associations came up short on a predictable and general perspective on the workforce and along these lines required HR analytics to accomplish labor force improvement and consequently it got

significant for HR to create IT and fund scientific aptitudes and capacities to deliver improved ROI (Return on Investment)[1].

THE OBJECTIVES OF THE STUDY:

- 1) To know the employee retention strategies followed in the banking and insurance sectors
- 2) To find out the employee satisfaction levels with reference to retention strategies.
- 3) To find out the differences in the perception of employees on employee retention strategies across job levels.

SCOPE OF THE STUDY :

The Scope of the study is limited to use about one(1) Private insurance company and one (1) Public insurance company within & one (1) Public Bank and one (1) Private Bank in GHMC (Greater Hyderabad Municipal Corporation) Area for the study of employee retention strategies. Additional progression of innovations when joined with Predictive investigation at an exponential upgraded HR function in a decade ago. HR analytics produces bits of knowledge that can't be accomplished through customary measurement standards as HR investigation is receptive and a proof-based choice framework while HR analytics is active and reality-based choice framework[2]

REVIEW OF LITERATURE:

Definition: Employee retention is the primary focus of our employee surveys, exit interviews and consulting services. It's no wonder workplaces everywhere are obsessed with employee engagement. Engaged workers are more productive, perform better, motivate others and, perhaps most importantly – stay. So it is also no surprise that in a labour market such as India attrition rates of 20-30% are normal². A recent Mercer survey highlights that no fewer than 54% of Indian workers are seriously considering leaving their jobs, and that figure spikes to 66% in the 24 to 28 year age bracket. And they're not kidding – other independent studies confirm the correlation between intentions to leave and actual turnover. In another survey conducted³ among 250 employees job satisfaction emerged as the primary retention factor (51% of all respondents indicated this reason) and was followed by extrinsic rewards (41%), and constituent attachments (34%). In terms of the actual responses that were given regarding job satisfaction, employees mentioned enjoying the actual work involved serving customers and having fun while on the job. For extrinsic rewards, employees cited aspects of the company's compensation such as competitive wages, health benefits, retirement contributions, and incentive plans as primary reason for staying. MacLean⁴, says firstly we have to consider the idea that best people, who we wished working for us, are working somewhere else. Secondly we need to rethink 'qualified' as 'Quality'. We can train for skill but not for talent or for attitude. Perhaps our Practices must shift to hiring people who have talents, values and qualities that meet our organizational needs. Retention begins long before an employee's first day at job, it starts when we take a decision to fill a position and start finding someone to fill it⁵. What happens in the first few days, will affect the new recruits with the remainder of their career with the organization⁶. Good employees want to develop new knowledge and skills in order to improve their value in the marketplace and enhance their own self-esteem. Therefore it is wise to plan the first initial days of his work and train him for the work he is going to perform in the office, rather than leaving him on his own.

Many large organizations cringe at the costs of serious training. But it should be remembered that it is to contribute to fill an educational gap. Leading employers see this not as a cost but an opportunity to both harness worker potential as well as a talent attraction and retention lever⁷. Compensating employees fairly is the next step in retaining them. A serious issue of compensation has arisen in Pharmaceutical sector. If the compensation is inadequate, the person may accept the job because of his constraints but will leave as soon as he finds a job with better compensation. Company must be aware of the prevailing compensation norms in the industry. Company should keep the compensation system at par. Though majority of the employees do not have job hopping because of monetary gain but certain percentage do follow the same⁸. In the old days, companies essentially paid people for their time. Today, more and more companies pay for performance – in every position. To retain employees, your compensation plan needs to incorporate this trend. When people exceed expectations, give them a bonus.

Three important alterations that have truly made a strive after Predictive investigation in HR and those are: [3]

- i. Main support in processing force and its moderateness
- ii. Global ability war to secure and seek after ability streams.
- iii. HR enormous information carefully open by means of distributed storage for handling

Predictive analytics is not normal for elucidating investigation which deems outside benchmarking information and includes tables, reports, proportions, measurements, complex maths or dashboards; it is about information determined bits of knowledge that drive better choices. It incorporates factual procedures, AI techniques, and information extracting models that break down and remove present and verifiable realities to make forecasts. It empowers associations to investigate the past and anticipate spot patterns in key elements identified with deliberate end, unlucky deficiencies and different wellsprings of hazard. Predictive analytics have prompted regulatory investigation where HR gets choice alternatives to advance execution and reshape whole HRM dynamic. Predictive analytics includes models of hierarchical frameworks for expectation of future results and understand the implications of theoretical changes in associations. [4] Being an advancing wonder HR analytics has a lot of extension for HR functions in future. Predictive analytics may be unknown area for the HR, in this manner to completely understand its benefits; HR work force need to collaborate with different specialty units and client confronting capacities to see how they draw information and investigation to make esteem. HR analytics faces requirements of preparing and impervious to adjust from HR Employees for example a rating of a worker commitment study may mean various things to various lines of business, and areas across the globe, contingent upon business goals, financial realities and size of labor force. Collin says, HR analytics is a craftsmanship and a basic aptitude to draw out the entrepreneurial bits of knowledge of information investigation. There are open doors for HR analytics in HRM to extend because of vital lift gave to upgrade HR capacities, to improve commercial results and to enhance ROI. TimesJobs.Com COO Vivek Madhukar demonstrated to the way that the capacity to transfer

from gut-based decisions to information powered by the dynamic is making HR analytics the fate of HRM in India. More than 55 percent of associations think that HR analytic expectations provide assistance to make sure about quality recruits. [5]

It helps to lay the plan out ahead of time so that employees understand your expectations and know what they have to do to get the bonus⁹. Employees with high job satisfaction are highly motivated and have little desire to leave their jobs. Productivity of such employees can be linked to factors like competitive pay and benefits, good working conditions, advancement and growth opportunities, etc¹⁰. It can thus be attributed as a function of how well such workers are motivated. Such employees are less likely to look for another job. However, smaller companies are unable to attract and retain the best talent because they cannot offer the competitive compensation packages that bigger organizations offer¹¹. The cost of recruitments and labour turnover per individual become much greater when new staff leave after a short period of time. (CIPD2004) Some employees have less peer support to draw on. In today's workplace, there are many employees who find themselves in situations where they are either helpless or decide to move on because the management of their organizations had not been able to put in place an effective employee retention strategy¹². Retaining valued employees. Research has pointed out that most employees leave out of frustration and constant friction with their superiors or other team members. According to workplace experts, it is really difficult for organizations to retain the employees who decide to quit for a better opportunity.

RESEARCH METHODOLOGY

Source of data: the study makes use of both Primary and secondary data.

Primary data-Primary data will be collected through structured questionnaire.

Secondary data-The secondary data will be collected wherever needed from sources of bulletins, journals, magazine, newspaper, previous research records and e-sources also.

- ▣ Research Design: Descriptive and Analytical
- ▣ Sampling Method: Multi-stage Random sampling
- ▣ Respondents: Employee organization
- ▣ Research tool: Structured Questionnaire
- ▣ Sample Size: 100
- ▣ Data collection: Direct survey method

Sampling Design :

Sample Size: Total Sample size would be 100 from Respective respondents from twin cities of Telangana state, using convenient sampling method .

The organizations considered for study are

	PUBLIC	PRIVATE
INSURANCE:	LIC of INDIA	HDFC LIFE
BANKING	SBI	ICICI BANK

LIMITATIONS OF THE STUDY:

The study is limited to twin cities of Telangana and limited to one public insurance and banking company & one private insurance and banking company.

In project of this nature, one cannot claim 100% accurate and authenticity. However every possible effort has been made to make it genuine and authentic.

COMPANY PROFILE:

LIC OF INDIA:The Life insurance Corporation of India was established on 1 September 1956, when the Parliament of India passed the Life Insurance of India Act that nationalized the insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state-owned Life Insurance Corporation of India

As of 2019, Life Insurance Corporation of India had total life fund of ₹ 28.3 trillion. The total value of sold policies in the year 2018–19 is ₹ 21.4 million. Life Insurance Corporation of India settled 26 million claims in 2018–19. It has 290 million policy holders.

HDFC LIFE: HDFC Life are committed to offer innovative products and services that enable individuals live a 'Life of Pride'. For over two decades we have been providing life insurance solutions that cater to various needs of individuals - protection, pension, savings, investment, annuity and health – thus covering the three key risks of mortality, morbidity and longevity. Long-stated strategy of balanced product mix, diversified distribution, continuous product innovation and re-imagining insurance through effective use of technology has enabled us to continue our journey despite the ever-changing external environment.

SBI:It is an Indian multinational public sector bank and financial services statutory body headquartered in Mumbai, Maharashtra. SBI is the 43rd largest bank in the world and ranked 221st in the Fortune Global 500 list of the world's biggest corporations of 2020, being the only Indian bank on the list. It is a public sector bank and the largest bank in India with a 23% market share by assets and a 25% share of the total loan and deposits market. It is also the fifth largest employer in India with nearly 250,000 employees.

ICICI BANK: is an Indian multinational bank and financial services company with its corporate office in Mumbai, Maharashtra. It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized

subsidiaries in the areas of investment banking, life, non-life insurance, venture capital and asset management. The bank has a network of 5,275 branches and 15,589 ATMs across India and has a presence in 17 countries.

Factors of retention:

The factors that are taken for the study to know whether the employees wanted to stay in the organization are rewards and recognitions, motivation, career development opportunity, job security, training and development, working environment, workers participations in management decision making.

FINDINGS:

The study reveals that the employee retention is stable in public sector banking and insurance companies in some departments compared to private sector banking and insurance companies. In banking sector the rate of retention of employees is more when compared with insurance sector in terms of job security, working environment, rewards and recognitions. Other factors plays similar role in both the sectors to make retention of employees stable

CONCLUSION:

- The management may concentrate on the activities like job rotation and job enrichment of the employees. This helps the employees improve their knowledge and skills and helps them to perform better.
- Since most of the employees are not aware of the organization's vision and mission the management should make the employees to aware of this issue because it is useful for the future performance of the organization as a whole
- Most of the employees are not aware of their key performance areas. The management should take proper steps and provide necessary inputs so that the employees can know about their KPA's because these are quite essential for individual as well as organizational growth.
- However Organizations should improve their retention strategies in the area where they are lacking and pay attention to their employees needs and satisfaction in order to retain their employees.

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