



## **A STUDY ON THE IMPACT OF MOTIVATIONAL FACTORS ON EMPLOYEE RETENTION PRACTICES IN THE BANKING SECTOR IN CHENNAI**

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### **Abstract**

**Aim:** The paper aims to measure the impact of motivational factors on employee retention in the banking sector. **Data Sources:** Primary and Secondary data employed for the study. The Primary data was sourced from the employees working in the public sector. The employees are contacted in electronic mode and obtained responses from the employees. **Sample size & Method:** Overall, 400 questionnaires were distributed, out of which 11 samples were rejected due to adequate information provided by the respondents. Finally, 389 valid responses were used for the final study. The employees were contacted through electronic mode and generated responses. **Findings:** The study originated that the employees are satisfied with the motivational factors, namely Compensation and Rewards, Pleasant Work Environment, Leadership styles, Training and Development, and Fringe benefits, offered by the banking sector in the study region. The study also initiates a significant impact of motivational factors on employee retention. The study also stated that most employees opined that the employee retention practices are medium level. The study confirmed significant relationship between gender, age and marital status, and the level of motivational factors offered by the banking sectors in the study region

**Keywords:** Employee Retention, Compensation, Leadership and supervision, Engagement, Work Environment.

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## 1. Introduction

The motivation process is sustained by setting sensible organization objectives and engaging employees. A motivational agenda focuses on optimizing the available workforce to convene company goals and, concurrently, on knowing and increasing the employee's behavior. A successful motivational program envelops the vicinity with low performance in a given phase or those which seem important for work movement due to another reason. The program's ambition is to form conditions that persuade the motivation of all employees in the endeavor. Motivational programs influence employees psychologically and cost-effectively, whereby the significance of both ways is equivalent.

A motivational plan is used primarily as ingredient of adaptation programs. It is a manuscript covering the set of information's affecting and motivating employees following the assignment relating to the enterprise's manufacturing, trade, and economic intentions. Banking plays a substantial role in the economic development of our nation (Nawaz, Gajenderan, & Vasuki, 2020). Employee retention is the capability of the organization to conserve its employees. A simple statistic can symbolize employee retention. Nevertheless, many consider employee retention is connecting to the attempts by which employers effort to retain employees in their employees (Vijayakumar & Shanthini, 2020). Employee retention is the capability of the firm to preserve its employees. An easy statistic can indicate employee retention. Nevertheless, many believe employee retention connects to employers' efforts to keep employees (Kumar & Kaushik, 2013). The employee's competence is honestly attached to the result and performance of character business units. The management gives outstanding weightage to the employee input, which brings an outstanding organizational level (Vijayakumar & Tharanya, 2020). In the era of globalization, the engaging business has become an extremely spirited game. It is accurate not only for the product as well service sectors (Vijayakumar G, 2020). Employee Retention is a continuing effort. One of the management's significant responsibilities is to make possible the employees to improve their skill levels, understand their diversified consideration processes, and stimulate them (Vijayakumar, 2016). Therefore the current study focuses on measuring the impact of motivational factors on employee retention practices.

## LITERATURE REVIEW

The employee retention purpose is not guaranteed motionless when distinguished employee satisfaction is executed (Paulsen & Kaddoura, 2020). (Hee & Rhung, 2019) demonstrate the intrinsic and extrinsic motivational determinants that inspire employees and the systems to sustain organizational capabilities. (Abdulai Sawaneh, 2019) Every organization prioritize necessary actions to close employee vacancies and build up enthusiastic employee retention policies to prevent additional employees from leaving (De Sousa Sabbagha, 2018). (Fahim, 2018) grounds that the best HRM rehearses' work is a surprising essential. (Subhash C. Kundu, 2017) A steady workplace presumes a necessary job in anticipating worker maintenance. (Valaei & Rezaei, 2016) Doctors have apparent inclinations concerning work environment inspiration. (Imna & Hassan, 2015) Discovered three human asset practices. (Nagabhaskar, 2014) pressing in affecting worker maintenance are monetary prizes, work qualities of the executives, and work-life balance. (Vijayakumar, 2016) originated that there is a positive and noteworthy relationship between's Motivational variables and Employee Retention.

## FACTORS OF EMPLOYEE MOTIVATION

### Compensation and Reward

The reward is the most significant motivational attribute contributing to employee retention (Michael, S. 2008). (Kahn, 1990) sees that a worker's degree of job is an component of their notion of the advantages. When representatives are inspired, the option is to satisfy the client's needs and accomplish the organization's objectives (Bowen, 2000).

Compensation is an essential characteristic of employee engagement that stimulates employees to attain more work and individual development. It engages both financial and non-financial rewards. Petcharak (2002) stated that the populace is motivated by extending wealth because of several diverse reasons; the need to offer the necessities of life encourages most people. Michael S. (2008), competitive pay package is the most significant motivational variable contributing to employee retention.

### Training & development

(Nguyen & Duong, 2020) explains the empirical evidence by demonstrating that training and development, job satisfaction, and job performance directly affect young employee retention in Vietnam organizations. The study also indicates that job satisfaction, job satisfaction, and job performance in Vietnam organizations help to convey the effect of young employee retention.

Management should create an environment where critical information is generously communicated. Therefore, this will retain the employees and positively impact organizational productivity(Singh, 2008). The training process plays an essential role in the process of motivation. It prevents employees from deteriorating due to a need for updated knowledge and mapping the skill level.

### Working environment

The working environment is low-graded due to the need for all the basic facilities (Singh, 2008). Besides, a lousy supervisor creates a hostile working ecosystem, prompting highly qualified and talented employees to leave. There is no use in planning motivation for high performance (Bowey, 2005). Managers should also clutch a healthy working environment. (Pessaran & Tavakoli, 2012)

### OBJECTIVES OF THE STUDY

To assess the impact of motivational factors on employee retention practices in public sector banks in the study area

### STATEMENT OF HYPOTHESIS

1. There is no satisfaction of employee motivational factors offered by the banking sector in the study area

2. There is no correlation between Employee Retention and Motivational Factors practices in banking sector

3. There is no association between the level of mutational factors and the personal profile of employees working in banking sector.

### 2. Methodology

The current study's core objective is to assess the impact of motivational factors on employee retention practices in banking sector in Chennai city. The study used both secondary and primary data—the research conducted in Chennai city. The primary data is gathered from the employees working in public sector banks. Overall 400 questionnaires were distributed, out of which 11 samples were rejected due in adequate information provided by the respondents. Finally, 389 valid responses used for the final study. The employees were contacted through the electronic mode and generate responses. The instrument first tested by conducting a pilot study. The value of Cronbach's alpha is 0.862; thus, the same questionnaire was utilized for the final research, keeping in view the instrument's high score of reliability and validity. The primary sources from target respondents were analyzed using descriptive, One-sample t-test, Pearson correlation, chi-square test, and analysis of variance. The data were scrutinized using SPSS 21.0 version.

### 3. Results and Discussion

Table 1: Demographic Profile of Respondents (n=389)

Demographic Profile	Frequency	Percent
<b>Gender</b>		
Male	246	63.2
Female	143	36.8
<b>Age (Years)</b>		
Up to 30	132	33.9
31 – 40	109	28.0
41 – 50	88	22.6
>50	60	15.4
<b>Educational Qualification</b>		
UG	134	34.4
PG	146	37.5
Professional	109	28.0
<b>Martial Status</b>		
Single	134	34.4
Married	255	65.6
<b>Experience (in years)</b>		
< 3	103	26.5
3.1 – 6.0	138	35.5
6.1 – 9.0	105	27.0
> 9	43	11.1

Source: Primary data

Table 1 reveals the personal profile of employees working in service sectors in Chennai city. Out of 389 employees' majorities, 63.2% of the employees are male category, and 36.8% of the employees are female groups. In the connection age group of employees, the majority, 33.93s, are up to 30 years old. It is followed by 28% of the employees in the age group of 31-40 years, 22.6% of the employees in the age group of 41-50 years, and 15.4% of the employees in the age group above 50 years. Regarding Educational qualification, the majority,

37.5 % of the employee's educational background is post-graduate, 34.4% of the employee's educational qualification background is under-graduates, and 28% of the employee's educational experience is professional courses. The study results also indicate that 65.6% of the employees are married, and 34.4% are single. Regarding work experience, the majority, 35.5%, has 3.1- 6.0 years. The study also exhibits that the majority, 27% of the employees, has 6.1 - 9.0 years of experience, 26.5% have>3 experience, and 11.1% have>9 years of experience.

**Null Hypothesis-1**

**The Employees are not satisfied with the motivational factors offered by the service sectors in Chennai city**

Table -2: Results of one sample t-test for employee satisfaction of motivational factors in the banking sector

Motivational factors	Compensation	Work Environment	Leadership	Training & Development	Fringe Benefits
N	389	389	389	389	389
Mean	3.34	3.69	3.84	3.86	3.88
SD	0.647	0.772	0.78	0.802	0.794
t	10.516	17.659	21.393	21.202	21.864
p	<0.001**.	<0.001**.	<0.001**.	<0.001**.	<0.001**.

Source: Primary data

Note: \*\*denotes significance at a 1% level

Table 2 describes the results of satisfaction of motivational factors offered by the banking sector in Chennai city. The study's outcome inferred that the p-value of compensation, training and development, work environment, leadership, and fringe benefits is <0.01. Therefore the proposed null hypothesis was rejected and

concluded that the employees are satisfied with the motivational factors offered by the banking sector in Chennai city.

**Null Hypothesis: 2**

**There is no correlation between Employee Retention and Motivational Factors in banking sectors in the study region**

**Table- 3**

Results of Karl Pearson Correlation test for Motivational Factors and Employee Retention (n=389)

Motivational factors		CR	PWE	LS	TD	FB	RS
CR	Pearson Correlation	1					
PWE	Pearson Correlation	.558**	1				
LS	Pearson Correlation	.501**	.572**	1			
TD	Pearson Correlation	.362**	.580**	.622**	1		
FB	Pearson Correlation	.384**	.549**	.584**	.661**	1	
RS	Pearson Correlation	.500**	.476**	.614**	.492**	.509**	1

CR= Compensation & Rewards; PWE= Pleasant Work Environment; LS= Leadership styles; TD= Training & Development; FB=Fringe Benefits; and SR=Employee Retention Strategies

Table 3 emphasizes Karl Pearson's test for the association between motivational factors and retention strategies among the employees in the banking sector in Chennai city. Since the p-value of fundamental factors is <0.01, it is statistically **Chennai city**

significant at a 1% level. Therefore the framed null hypothesis was rejected and confirmed a significant association between motivational factors of employees and retention strategies among the employees working in the banking sector in Chennai city.

**Level of Motivational Factors among the Employees working in Service sectors in**

Table-4  
Level of Motivational Factors among the Employees working in the banking sector

Level of Motivational Factors	Frequency	Percent
Low	103	26.5
Medium	193	49.6
High	93	23.9
<b>Total</b>	<b>389</b>	<b>100.0</b>

Table 4 describes the results of the Level of Motivational Factors among the Employees working in the banking sector in Chennai city. It is identified from the above table that; the majority, 49.6% of the employees, opined that the employee retention practices are medium level. It is followed by low (26.5%) and high (23.9%).

### Null Hypothesis-3

**There is no association between the level of motivational factors and the personal profile of employees working in the banking sector in Chennai city**

Table 5: Chi-square test for association between level of motivational factors and demographic profile of employees working in the banking sector

Level of Motivational factors and Demographic profile of employees	Chi-square value	df	p
Gender and Level of Motivational factors	10.349	2	<b>0.006**</b>
Age and Level of Motivational factors	14.917	6	0.021*
Educational Qualification and Level of Motivational factors	5.985	4	0.200
Marital status and Level of Motivational factors	8.576	2	0.014*
Experience and Level of Motivational factors	10.237	6	0.115

Table 5 reveals the Chi-square test results for the association between motivational factors and the demographic profile of employees working in the banking sector. It is identified from the above outcome of the results that the chi-square and p-value are 10.349 & 0.006. The p-value is <0.01. Therefore the study confirmed that there is a significant relationship between gender and the level of motivational factors.

Regarding the level of motivational factors and age category of employees, the chi-square & p-value is 14.917 & 0.021. The p-value is <0.05. Therefore, the study confirmed a significant association between the level of motivational factors and the age group of employees. In connection with the level of educational qualification and educational factors, the chi-square and p-value are 5.985 & 0.200. The p-value is >0.05. Therefore, the study confirmed that there is no association between educational qualification and the level of motivational factors. Regarding the marital status and level of motivational factors concern, the chi-square value & p-value is 8.576 & 0.014; based on the p-value, the study inferred a significant association between marital status and motivational factors. The study also inferred that there is no association between the experience of employees and the level of motivational factors.

### 4. Conclusion

The study proposed to evaluate the impact of motivational factors on employee retention practices in the banking sector in Chennai city. The

study originated that the employees are satisfied with the motivational factors, namely Compensation and Rewards, Pleasant Work Environment, Leadership styles, Training and Development, and Fringe benefits, offered by the banking sector in the study region. The study also initiates a significant impact of employee retention and motivational factors in banking sector. The study also stated that most employees opined that the employee retention practices are medium level. The study confirmed a significant relationship between gender, age and marital status, and the level of motivational factors offered by the banking sectors in the study region.

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