CHAPTER 1: INTRODUCTION

1.1 Introduction

Every country of the world has its recognition due to its specific religious attachment, socio-cultural features or economic attributes. It is also well known fact that economic prosperity and sound economy is the symbol of success for every country. Economic soundness is the outcome of positive interaction of macroeconomic variables to attain specific objectives by beautiful blending of various resources i.e. physical resources, human resources, financial resources and informational resources. Indian Banking industry plays a very important role in the contribution of Economic soundness of the country.

Banking industry is the back bone for the growth of any economy. Banking industry is an important component of financial sector for proper management of financial resources across the globe (Ahmad Ashfaq et al 2010). It is reckoned as a hub and barometer of the financial system in a country. Banking sector plays pivotal role in the economic development of the country and is among the oldest sectors of the country.

India is an emerging economic power with a very large pool of human and natural resources, and a growing large pool of skilled professionals. Indian Banking Sector is most developed, organized and diversified sector. This sector is an important tool for facilitating the development of Indian economy. In major cities all major banks from private sector have multiple branches that help in combining every inch of the country. Private sector banks started their operations under RBI’s liberalization policies.

Bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. Bank connects customers with capital deficits to customers with capital surpluses. Big players in the Banking Industry like ICICI, HDFC, and AXIS etc. are focusing more on Retail Banking, in which
individual customers use local branches of large commercial banks. In this banking institutions execute transactions directly with consumers, offering them services like saving and transactional accounts, mortgages, personal loans, debit cards, credit cards etc. Modern banks are very effective for the utilization of country’s resources and economic development. It creates a very challenging environment for the industrialists, as globalization has led to setting up of new benchmarks for everyone. These benchmarks and challenges have been given due recognition by Private Banks in India. The industry has identified management of human resources as the key to future success.

There is a new alertness to the profound impact of human nature in the workplace. For this they are undertaking exclusive HRM Practices for their most valuable human assets. These HRM practices pivot not only in inculcating empowerment amongst the employees but also help in shaping a healthy organizational culture, which leads to higher performance.

It is quite common for organizations to profess that employees are their greatest asset and treat them as an organizational overhead. The root cause of failure of strategic plans or process could be attributed to the way they managed their human resources. Organizations today constantly wrestle with revolutionary trends: accelerating product and technological changes, global competition, deregulation, demographic changes, and at the same time, they must strive to implement trends towards a service and information age society (Kane 2000). Due to this business environment, one of the challenges facing many business organizations is the retention of employees.

Banks have increasingly recognized the potential of their employees. They have realized that, a firm’s employees can be a unique pool of talent. So the new paradigm recognize that an important element in business management practices is the need to successfully motivate and retain high talent employees who survive organizational restructuring, downsizing, consolidation, reorganizing or re-engineering initiatives (Clark 2001).
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HRM practices can affect such efforts of the employees by influencing their skills and motivating them. It is felt that even proper designing of organizational structures can empower employees to control how well they perform their roles. This mindset of bankers has prompted the researcher to look for a relationship between firm’s Human Resource Management Practices and their impact on dependent variables like Job Satisfaction, Work-life balance, Overall well-being etc.

1.2 HRM Challenges

There is an old saying that goes…….The organization of the future will be so technologically advanced that it will be run by just one person and a dog. The person will be there to feed the dog, and the dog will be there to make sure that the person doesn’t touch anything.

In the past, observers feared that machines might one day eliminate the need for people at work. In reality, just the opposite has been occurring. Competitive advantage belongs to companies that know how to attract, select, deploy, and develop talent.

With rapid globalization and with more businesses going international, we need for managers to deal with employees from varying backgrounds and cultures are also increasing. Managers are required to understand that employees from various cultures and backgrounds are bound to have similarities and differences. So, HR people are facing lot of challenges now a days. There are certain challenges which directly affect the human resource practices and the changes that era likely to occur furthermore will also affect employee retention. In this situation the role of human resource management has become more crucial. Specially, the following challenges in the environment can be considered as the key factors for rising interest in human resource management.
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1. Retaining and engaging a changing workforce

In this continuously changing economy, banks have to be able to anticipate policies and its impact on employee retention. Changes in the economic environment have affected both formal and informal contracts of employment. As the demographic composition of the workforce changes, these in turn have affected employee motivation, employee expectations, employee commitment and employee retention. In today’s business environment, employees appear to be less committed to their respective organizations. Since an employer cannot guarantee the stability or longevity of their employees’ corporate career paths, or the security of their jobs, the old contract of employee loyalty in exchange for job security and fair work has broken down (Overman, 1998). The trend these days seems geared toward having a ‘career portfolio’ (Handy, 1995). Because of these changes, loyalty of employee’s professional growth has replaced organizational loyalty.

Due to the unstable market that has emerged, there has been a decrease in the stability of jobs; and long-term employment is rapidly becoming less common. This has led to greater job insecurity and a decrease in the overall commitment levels of many employees.

2. Hiring and retaining talent while lowering labor costs

Due to change in economy and global financial crisis, pressure across banks to hire and retain talent by lowering labor costs has become a challenge for HR people. Retention of talent is a challenge, as employees feel that good performances are not being rewarded appropriately. While their employers continue to have higher work expectations, employees’ efforts are not necessarily translating into compensation they deem to be satisfactory. This is creating a challenge for HR as turnover rates increase. Finding and hiring talent proves a difficult task, as firms continue to decrease their labor investment. On a day-to-day basis, employee may not be as motivated and engaged. HR will have to continue to explore retention strategies and
benefits models that focus on factors beyond financial compensation. It is very difficult for HR to reward high-performing part-time and flexible workers, and will have to explore methods to offer benefits or incentives to retain them in the pipeline for future work.

3. **Winning the war for talent**

People migration, both cross-border and within countries, adds another layer of complexity to the labor market. However, as organizations continue to expand globally and face skills shortages locally, many require a more mobile workforce. HR may have a limited talent pool from which to hire, often making it challenging to hire the right people. In countries with looser policies, HR will have to define hiring strategies and outreach programs to be able to tap into the larger workforce pool. As well as integrating different cultures and nationalities into their workforce, HR will have to grasp the intricacies of migration legislation to ensure that its employees are allowed to participate legally in the workforce.

4. **Globalization**

Globalization is the tendency of the organization to expand the business into new market abroad. It has facilitated trade without borders. Globalization of markets and manufacturing has vastly increased international competition. In global competition, some firms are doing well while others are failed. Those firms who have been successful have highly focused on their human resources activities in selection, training and compensation policy. Due to this fact many firms are paying their interest in human resource management. At a political and economic level, globalization is the process of denationalization of markets, politics and legal systems i.e. the use of the so-called global economy. Due to Globalization world trade and financial markets are becoming more integrated. Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics etc. HR managers have a challenge
to deal with more heterogeneous functions and more involvement in employee’s personal life.

5. **Technological changes**

Technology is changing rapidly. Organizations must keep up pace with technological changes and implement them in the workplace. Technology is only the mean to increase productivity. To utilize this mean needs the skilled man power, who can handle it easily and efficiently. Due to this fact, there is the need of human resource management. Besides, information technology has brought a change in organizational structure. The pyramid shaped organizations are now flattening. The hierarchy has fallen down to flattened. In the changing condition, to adjust with these changes, new job has to be written in a new way, new organization structure is needed to be designed, evaluation and selection method is needed to be changed. This all necessities have increased the interest in human resource management.

6. **Revolution in Information Technology**

Information technology has influenced HRM through human resources information systems (HRIS) that streamline the processing of data and make employee information more readily available to managers. More recently, there has been and in the future there will be impact of revolutionary computerized information system in the management it covers two primary areas Application of computer in the managerial decision making process Use of electronic computers managerial decision making process In future computerized information system will have increasing impact at the coordinate and strategic levels of an organization.

7. **Mobility of Professional Personnel**

One of the interesting facts is an increase in the mobility of various managerial and professional personnel between the organizations. As individual develop greater technical and professional expertise, their services will be in greater demand by organization in the environment.
8. **Increasing cut-throat competition**

Currently, organizations are facing increasing internal and external competitions. Due to this, product life cycles are getting shorter. If one starts to produce a new product, in no time, the same kind of product, produced by another company will be found in the market. Beside this, the size and complexity of organizations are increasing day by day. To face these growing challenges of competition, innovative human resource management and practices are needed.

9. **Change Management**

Since there is generally not a focal point for HR professional training and development, change management represents a particular challenge for personnel management. The WFPMA finds that "This may also be the reason why it is cited as the foremost issue as HR continues to attempt to help businesses move forward. An intensified focus on training may be needed to develop added competencies to deal with change management."

10. **Leadership Development**

The biggest challenge for human resource management is leadership development, it needs to be a critical strategic initiative. HR professionals are faced with being expected to provide the essential structures, processes, tools, and points of view to make the best selection and develop the future leaders of the organization. Across the globe, leadership development has been identified as a critical strategic initiative in ensuring that the right employees are retained, that the culture of the organization supports performance from within to gain market position, and that managers are equipped to take on leadership roles of the future so that the organization is viable in the long term.

11. **HR Effectiveness Measurement**

To measure the effectiveness of HR policies is also a challenge for HR people. Improvement is not possible without the right tools to measure HR effectiveness. As with many other areas of business, this profession also needs
to be able to measure results in terms of transaction management, as well as in terms of the positive influence on business. Utilizing metrics to determine effectiveness is the beginning of a shift from perceiving HR's role as purely an administrative function to viewing the HR team as a true strategic partner within the organization. It requires a greater bank’s ability to evolve through its employees’ learning and through continuous development. Securing and retaining skilled employees plays an important role in this process, because employees’ knowledge and skills are central to companies’ ability to be economically competitive. Given that employee retention is very important for the functioning and competitiveness of a Private Banks, this study focuses on the HRM practices that influence employee retention.

1.3 HRM and Banking Industry

Indian banking sector, especially commercial banks, have started realizing the need for a strong human resource orientation for their survival in the face of the rapid changing environment, global competition and other upcoming challenges. With attrition becoming a stark reality in the Indian banking sector, it is increasingly being understood that employee loyalty has to be created by organizational interventions and not something that can develop on its own. It is in this backdrop, it is an important topic to consider shaping your HR policies and practices around the workforce. To run organizations smoothly, effectively and efficiently, the most valuable and indispensable factor that organizations need is human resource. In this modern era, where world has become a global village, firms are considered to be competitive on the basis of competence of their human resources only (Fatima et al, 2011). Well-qualified and capable personnel are important in context of achieving goals and objectives of an organization.

Earlier with the concept of personnel management, human beings were treated as a tool, the behavior of which could be manipulated for the benefit of the organization and replaced when it was worn out. Also the policies of the organization were less flexible and organizations were centralized. But after the
emergence of concept of HRM, which is more compatible with the organic system and has cross cultural and cross hierarchical system. Organizations are more flexible and decentralized. HRM takes the entire organization as a focal point for analysis (Shahnawaz M.G. et al., 2006).

Human resources management plays a very crucial role in achieving the organization’s goals and maintains the competitive advantage. HRM practices refer to organizational activities directed at managing the pool of human resource and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson 1987). Human resource management practices are the management of people within the internal environment of organizations, comprises the activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization’s objectives.

Organizations are competing through implementing the unique HRM practices and due to the globalization organizations are trying to adopt the most up-to-date HRM practices in order to accomplish the organizational goals. Best HRM practices are advantageous for both employee and employer; it plays an important role in constructive growth of the organization.

HRM takes care of employees and acts as a link between individuals, jobs, organization and environment. The solution of human resource problems stresses to achieve both organizational and personal goals. It is a challenging function to handle the sentiments and emotions of people which are dynamic in nature. Through HRM, organization can achieve its objectives in future by fulfilling needs for competent and well-motivated employees.

Change is very important and constant feature in this dynamic world and banking is not an exception. Change, adjust and adapt should be the key mantra of survival for the organizations. The changes staring in the face of bankers relates to the fundamental way of banking- which is going through rapid transformation in today’s world. Thus, unlike the traditional peripheral function
of many personnel managers attempts to: ‘relate personnel practices to beliefs, to link each and every process of the recruitment, induction, training, appraisal rewarding of individuals to an overall set of articulated beliefs of organization’ (Hunt, 1984).

The banking sector in India is an integral part of country’s financial services industry. The strong banking structure has been able to fuel continued growth, which has prospered long-term economic growth. Indian banking sector is making efforts to adopt international best standards in HRM with the local customs and sensibilities. HRM function in a bank is being increasingly recognized as a strategic business partner with responsibility of managing key corporate resources.

It is expected that HR Function must help the organization to be more agile by adopting practices that allows it not only to adapt to changes in the external environment but also to benefit from the same. Ensure efficiency in the use of HR resources in the organization in an integrated manner with all other corporate resources. The success of any business depends as much on appropriate, effective, well-communicated, HR and business practices as it depends on meeting the requirements of mandated laws and regulations. In fact, good planning and the development of effective practices make regulatory compliance much easier.

Over the last three decades, there has been a remarkable increase in the size and scope of activities of banks in India. The business profile of banks has transformed dramatically from traditional to non-traditional activities like merchant banking, mutual funds, new financial services and products and the human resource development. Within retail operations, bank rate product development and differentiation; innovation and customization; cost reduction; cross selling and technological upgradation as important factor for the growth of their retail operations. As a result, banks have started realizing the importance of Human Resources to deal with customers.

In a world, that is increasingly characterized by globalization of banks in product and service markets, the importance of human capital as a resource that
can potentially provide competitive advantage has become more important, because firm’s people are integral to its success. HRM practices are viewed as investments in human capital management (Snell & Dean, 1992) that ultimately becomes a valuable resource for any organization. All efficient organizations usually look for three things: (a) they want their employees to carry out the assigned role requirements (b) they want to retain efficient employees within their system and also (c) they want their employees to exhibit innovative and spontaneous activities that are beyond the role requirements of employees. For this, every organization wants less attrition rate of their existing employees.

In order to attract and retain skilled human resources, banks have started realizing the importance of HRM Practices. Many researchers have suggested that HRM Practices increases the performance of organization (Qureshi et al., 2007). So, in order to retain skilled and talented employees, banks have started looking towards retained employees and through many researches it has been proved by the researchers that HRM Practices increases the retention level of employees. Banks have increasingly recognized the potential of their existing employees. They have realized that, a firm’s employees can be a unique pool of talent and can take the organization to greater heights. HRM practices affect such efforts of the employees by influencing their skills and motivating them. It is well known that even proper designing of organizational structures can empower employees to control how well they perform their roles. This changed mindset of banking sector has prompted the researcher to look for a relationship between firms HRM Practices and its impact on the dependent variables like Employee Retention.

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. For this, Private Banks are undertaking exclusive HRM Practices for their most valuable human assets. These HRM practices pivot not only in inculcating empowerment amongst the employees but also help in shaping a healthy organizational culture, which leads to higher growth and performance of banks.
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The proposed study is an empirical study of Private Sector Banks of Haryana. Private Banks were licensed under the policy of liberalization. So, different banks have different management imperatives and may follow different HRM Practices. Effective HRM Practices help in attracting, retaining talent, train people, train people for challenging roles, develop their skills and competencies, increase productivity and profits and enhance standard of living. The study is a humble attempt to find the truth behind it by analyzing the impact of appropriateness of HRM Practices on employee’s retention.

1.4 Conceptual Framework of HRM Practices and Employee Retention Linkage

Researcher is intended towards finding the impact of HRM practices on Employee Retention in selected Private Sector Banks in Haryana. As it has been taken into consideration that different Banks have different management imperatives, so each bank follows different HRM Practice. The study tried to analyze the impact of appropriateness of perceived HRM Practices and their level of employee retention thereof.

Figure 1.1

Selected HR Practices
(Independent Variables)

Measures of Employee Retention
(Dependent Variables)

- Human Resource Planning
- Recruitment & Selection
- Induction
- Training & Development
- Performance Appraisal
- Career Planning
- Fringe Benefits
- Reward and Recognition
- Welfare Activities
- Suggestion Schemes
- Promotions and Transfers
- Exit Policy

- Organizational Climate
- Job Satisfaction
- Employer of Choice
- Propensity to Stay/Leave
- Organizational Commitment
- Employee Well-Being

Employee Retention
1.5 HRM Practices

HR practices help in increasing the qualitative productivity, and to gain the competitive advantage of a workforce strategically aligned with the organization’s goals and objectives. Organizations are becoming increasingly aware about the impact of generation gaps in the interaction between the various parts of its workforce. With increasing globalization, the diversity (both geographical as well ethnic) is on the rise in the organizations operating on a global scale. At the same time, the composition of the workforce itself is changing and different generation groups, with differing viewpoints on the same subject, are required to work together. This requires adjustments to be made by all categories. Organization must facilitate such adjustments by creating enabling environments so that the needs of all generation groups are satisfied, simultaneously with the achievement of the organizational goals. At minimum, the organizations must be aware about the diversity of generation groups within its ranks and tailor their personnel practices accordingly.

The following different HRM practices have been identified that affect the employee retention in an organization. These are as follows:

1. **Human Resource Planning** - The Human Resource Management ideally has to begin with planning of human resources. This can be done always with some time reference in the sense that the current human resources and the future requirements both have to be considered. The major challenges in respect of planning function can be described as follows:-

i. Planning HR in a dynamic set up – It implies that in a constantly changing business world, the features of the human resources used by any corporate firm also go on changing. Keeping this in mind the present resources have to be oriented for the essential skill formation. Along with this it is also necessary to keep a futuristic plan ready so that the requisite human resource can be employed at the right time.

ii. Managing the change – The attitude in a change needs to be brought among the existing employees obviously because outright retrenchment
is not possible. This is the crooks of change management & it is the 
most difficult job to be performed by any Human Resource manager.

iii. The process that links the human resource needs of an organization to its 
strategic plan to ensure that staffing is sufficient, qualified, and 
competent enough to achieve the organization's objectives. HR planning 
is becoming a vital organizational element for maintaining a competitive 
advantage and reducing employee turnover. This includes analysis of the 
current workforce and how it aligns with future employment needs. By 
planning for the future, human resources create action plans aimed to 
satisfy organizational goals.

2. Recruitment and Selection-It is the process of searching for prospective 
employees and stimulating and encouraging them to apply for jobs in an 
organization (Edwin B. Flippo, 1980). Some organizations like private 
sector adopt centralized recruitment whereas other organizations resort to 
decentralized system. There can be different sources of recruitment namely 
internal sources like vacancies, transfers, promotions, retired and retrenched 
employees, dependants and relatives of deceased and disabled employees or 
it can be external sources like education and training institutions, search 
engines, employment exchanges etc. Recruitment technically precedes 
selection. Selection is the process of choosing the most suitable persons out 
of all applicants. It is the process of matching the qualifications of 
applicants with job requirements. According to Dale Yodder (1972) 
Selection involves Test, Interview and Medical examination of the 
candidates. Organizations usually conduct employment interviews, to 
obtain information about the background, education, training etc., also to 
give information about the company, job profile to the candidates. 
Candidates who crossed the above stages are sent for physical examination 
either to company’s physician or medical officer approved for the purpose. 
References mentioned by the candidates in their application forms are then
checked. Finally employment is offered to the candidate in the form of an Appointment letter.

3. **Induction**- It covers the activities involved in introducing a new employee to the organization and his work unit. Edwin B. Flippo, 1980 has defined induction or orientation as the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organization. After a candidate has been selected, HR department introduces the new employee to the organization, its policies, procedures and rules. ‘Induction is the first step in building a two-way relationship between the organization and the employee. It refers to the process of welcoming and socializing the individual with the organization. It is a process wherein an individual is made to feel comfortable and making him aware about the organization’s policy and introducing the new employee with other existing employees of the organization. Executing the induction programme is the responsibility of the HR department or HR manager (Venkatesh, 2006).

4. **Training and Development**- Training is a key retention factor for employees at any age. Statistical evidence indicates job training is a critical factor for personal (behavioral) and professional (technical) development (United States Department of Labor, 2009). Training is not simply a means of arming employees with the skills they need to perform their jobs: it is also often deemed to be representative of an employer’s commitment to their workforce (Storey & Sisson, 1993). The availability for all employees having access to training and development programs is critical in facilitating organizational growth, particularly with performance and technological improvements (Boomer A., 2009). Training is the process of increasing the knowledge and skills for doing a particular job. Training is aimed at improving the behavior and performance of persons. There are different types of training programmes like Orientation training, Job
training, Safety training, Promotional training, Refresher training etc. to enhance the skills of employees. It may also be perceived to reflect an overall organizational strategy that involves adding increased value, as opposed to reducing costs. Many of the world’s most successful companies are aware that the provisions they make for training and development activities lie at the heart of their ability to attract and retain the best employees for their organization (Bassi & Buren, 1999). Appropriate training contributes positively to employee retention because it makes employees feel recognized for their strengths, and it creates possibilities to develop their qualities (Kyndt, et al., 2010).

For imparting training, HR Department should select and motivate the target group where training is required. The type and method to be used in imparting training will depend upon the type of persons to be trained. For all these purposes, trainer should be appointed and prepared and should be aware about both the job to be taught and how to teach it to the persons selected for training. Training can be provided on-the-job workplace or it can be provided at a place where actual work conditions can be duplicated.

Development includes the process by which managers and executives acquire not only skills and competency in their present job but also make them capable to handle complexities and challenges for future. However, the main objective of development is to improve the performance of managers at all levels in their present jobs and to maintain good performance throughout their careers. In order to impart development related skills to executives, first of all the development needs of organization has to be ascertained. Although, it is necessary to determine how many and what type of executives are required to determine present and future needs of the Organization and such persons should be imparted with all the skills required to perform the job for which they are capable. Once development process is completed, appraisal of the present
managerial talent is compared by the performance of employees with the set
benchmarks.

Thus, imparting fair training and development programmes to the desired
employees shall increase their retention level in an organization.

5. Performance Appraisal- It is the formal, structured system of measuring
and evaluating an employee’s job related behaviours and outcomes to
discover how and why the employee is presently performing on the job and
how the employee can perform more effectively in the future so that the
employee as well as the organization can mutually benefit (Andrew, 2009).
It is also a motivation technique for communicating performance
expectation assessments of the potential of employees and identifies the
need for improvement (Kusluvan, 2003). Moreover, according to Sudin
(2011), the performance appraisal is a managerial process that relates the
organizational objectives, performance standard, and evaluation to the
performance review that is applied. One important aspect of the
performance appraisal is that it is used to make a variety of decisions such
as promotions, transfers, layoffs and compensations which can enhance
organizational effectiveness (Kusluvan, 2010). The primary objective of a
formal performance appraisal is to provide feedback to the employees based
on their performance which is important to both the employees and the
organization (Jawahar, 2006). Appraisal mechanism can be used to evaluate
the development of the employee’s attitude and behaviour. The
performance appraisal can be the most influential and powerful control
system if it is used adequately and is unbiased.

6. Career Planning- It is the systematic process by which one selects career
goals and the path to these goals. It is a lifelong process a person goes
through to learn about himself develops a self-concept, learn about careers,
and work situations and then make a career choice based on information
gathered while developing coping and social skills. The major focus of
career planning is on assisting the employees achieve a better match between personal goals and the opportunities that are available in the organization.

7. Fringe Benefits- Fringe benefits include the value of any employer provided benefit received during the base tax year. An employer provided benefit is any right, privilege, service, in kind payment or facility that an employee receives or assigns to someone else from their employment. Employees may 'sacrifice' an amount of their cash salary and receive the value of the amount as a fringe benefit. In other cases, a fringe benefit may be a fixed part of the employee's salary package.

8. Reward and Recognition- Employees will stay if they are rewarded. Employee reward systems refer to programs set up by a company to reward performance and motivate employees on individual and/or group levels. They are normally considered separate from salary but may be monetary in nature or otherwise have a cost to the company. Although employee recognition programs are often combined with reward programs they retain a different purpose altogether. A sense of accomplishment is recognized as important and a strong motivator. Employees tend to remain with the organization when they feel their capabilities, efforts and performance contributions are recognized and appreciated (Davies 2001).

9. Welfare Activities-It means anything done for intellectual physical, moral and economic betterment of employees by employers, Govt. or other agencies. These welfare services may be classified into Intramural and Extramural. In Intramural services are provided within establishment and in Extramural services are provided outside the establishment. They help to increase employee’s productivity, morale, industrial relation, goodwill etc. Welfare helps in keeping the employees for longer duration. The welfare measures need not to be in monetary terms only but can be in any kind/forms. Employee welfare schemes may include monitoring of working
conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the employees and their families, maternity benefits, social insurance measures including gratuity, pension, provident fund and rehabilitation etc.

Welfare activities can be statutory and non-statutory. Statutory are those services whose implementation depends on the coercive power of the government. These are ensured by the enactment of certain rules. The main objective behind welfare schemes is to create efficient, healthy, loyal and satisfied workforce for the organization. Thus employees will remain in the same organization for long term period. Hence, it will contribute towards employee retention in the organization.

10. **She Policy** - She Policy is used by the organization for the safety of the women. This policy provides awareness towards the women safety by applying different means of safety measures. Some measures of safety are used by the banks such as awareness through Safety Posters, instituting of Safety Awards, implementation of Safety Policy, conduct of Safety Inspection etc. It helps in providing safety to the female employees which helps in increasing retention of female employees.

11. **Suggestion Schemes** - A suggestion scheme is a formal mechanism, which encourages employees to contribute constructive ideas for improving their organisation’. In its simplest form, a suggestion scheme will elicit suggestions from employees, classify them, and dispatch them to ‘experts’ for evaluation. After this, the suggestion might be adopted, in which case the suggested may well be rewarded. But even if a suggestion is rejected, the suggester may still be rewarded with a token gift.

12. **Promotions and Transfers** - Mobility and flexibility in work place are necessary to cope up with the changing needs and requirements of an organization. Employees move from one job to another in the same
organization through transfers, promotions and demotions. The movement of employees is done for successful implementation of the policies structured in the organization and also for the optimum utilization of knowledge, skills and potential of an employee.

Promotion refers to advancement of an employee to a higher post carrying greater responsibilities, higher status and better salary. Promotion can be made on different criteria like seniority, merit etc. They help to recognize an employee’s performance and commitment. It also helps to boost the morale and also help to develop a competitive spirit among employees for acquiring knowledge and skills.

Transfers refer to a horizontal or lateral movement of an employee from one job to another in the same organization without any significant change in status and pay. There are different purposes of transfers like to meet both organizational and employee needs, to make employee more versatile, to adjust workforce, to provide relief etc. Thus, Promotion and Transfer plays a significant role for employees as well as organization.

**13. Exit Policy**- A detailed, written policy statement on how to handle the Employees who are leaving the company (on voluntary or involuntary terms). Exit Interviews must be carefully planned, consistently administered and thoroughly analyzed.

Despite the substantial literature on HRM “best practices and high performance practices,” there is however, little consensus among researchers with regard to precisely which HRM practices should be included as the “ideal type” of HRM system that is universally effective to combat attrition. Given these different approaches to HRM, it is evident that a more consolidated field of investigation would be beneficial to the development of knowledge in this area. Essentially, it is the need to address this situation that has led to the purpose of this study.
1.6 Employee Retention

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. It is an effort by a business to maintain a working environment which supports current staff in remaining with the company. Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff. Employee retention is beneficial for the organization as well as the employee. Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. Employees today are different. They are not the ones who don’t have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don’t, they would be left with no good employees. A good employer should know how to attract and retain its employees. Retention involves five major things: Compensation, Support, Relationship, Environment, Growth etc.

According to Get Les McKeon (2011), employee retention is defined as "A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Retention is ‘a voluntary move by an organization to create an environment which engages employees for the long term’ (Chaminade, 2006). Other definition of the concept of retention is ‘to prevent the loss of competent employees from leaving productivity and profitability’ (Chiboiwa, Samuel, & Chipunza, 2010). Employee retention, according to Harvard Business Essentials, is the ‘converse of turnover—turnover being the sum of voluntary and involuntary separations between an employee and his or her company’ (Starosta, 2006).
The retention of talented employees is an advantage to an organization because employees’ knowledge and skills are central to a company’s ability to be economically competitive (Kyndt, et al., 2009). Employee retention becomes increasingly important to organisations because periodic labour shortages can reduce the availability of high performing employees (Jones & Skarlicki, 2003). Thus, workers are searching for better employment opportunities, and firms are seeking to improve the productivity of their workforce (Leeves, 2000). However, the retention of employees has been shown to be significant to the development and the accomplishment of the organization’s goals and objectives. Retention of employees can be a vital source of competitive advantage for any organization. This study attempted to explore the main factors that contribute to employee retention existing in the private sector banks.

HR Practices in the organization should meet the needs and the expectations of employees to increase their efforts and for long term stay of employees in the same organization. Research has found that highly retained employees may perform better than new employees.

1.6.1 Employee Turnover

In their research work Heneman and Judge (2006) highlight four distinct types of employee turnover that exist across two categories: involuntary turnover, instigated by the employer, and voluntary turnover, prompted by the employee.

Involuntary Turnover

Within Heneman and Judge’s categorization, involuntary turnover is either by discharge or downsizing. Discharge turnover concerns the removal of poorly-performing or dishonest employees from an organization, while downsizing turnover is a necessary activity to increase the effectiveness of an organization and its ability to meet shareholder targets (Donoghue & Castle, 2006).
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Voluntary Turnover

Voluntary turnover is separated into two further types: avoidable and unavoidable turnover. Avoidable turnover concerns the exit of an employee from an organization under circumstances that could have been avoided: if the employee had felt more valued, for example. Conversely, unavoidable turnover relates to employee exit that occurs independently of any action that the firm could have taken: such as an employee passing away unexpectedly, or compulsory relocation. According to Heneman and Judge’s categorisation there are some elements of employee turnover that are beyond the control of management. In recent years, however, one role of HRM has been to identify elements of turnover that were traditionally classified as unavoidable and find methods of counteracting them. Today however, pressure is placed on HRM to develop policies that no longer render this unavoidable, by putting provisions in place to allow the individual to continue to work while also meeting family commitments (Ongori, 2007).

1.6.2 Attitude of an employee as a challenge to Employee Retention

i. Monetary dissatisfaction is one of the major reasons for an employee to look for a change. Every organization has a salary budget for every employee who can be raised to some extent but not beyond a certain limit. Retention becomes a problem when an employee quotes an exceptionally high figure beyond the budget of the organization and is just not willing to compromise. The organization needs to take care of the interests of the other employees as well and can’t afford to make them angry. The salaries of the individuals working at the same level should be more or less similar to avoid major disputes amongst employees. A high potential employee is always the center of attention at every workplace but one should not take any undue advantage. One should understand the limitation of the management and quote something which matches the budget of the organization. An individual should not be adamant on a particular figure, otherwise it becomes difficult for the organization to retain him.
ii. **In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge.** Every organization tries its level best to hire employees from the competitors and thus provide lucrative opportunities to attract them. Employees become greedy for money and position and thus look forward to changing the present job and join the competitors. No amount of counseling helps in such cases and retaining employees becomes a nightmare.

iii. **Individuals speak all kind of lies during interviews to get a job.** They might not be proficient in branding but would simply say a yes to impress the recruiter and grab the job. It is only later do people realize that there has been a mismatch and thus look for a change. Problems arise whenever a right person is into a wrong profile. An individual loses interest in work whenever he does something out of compulsion. The human resource department should be very careful while recruiting new employees. It is really important to get the reference check done for better reliability and avoid confusions later.

iv. **Some individuals have a tendency to get bored in a short span of time.** They might find a job really interesting in the beginning but soon find it monotonous and look for a change. The management finds it difficult to convince the employees in such cases. Individuals must also understand that every organization has some or the other problem and adjustment is required everywhere, so why not in the present organization. It becomes really difficult for the HR Department to find out what exactly is going on in the minds of the individual. An individual should voice his opinions clearly to make things easier for the management.

v. **Unrealistic expectations from the job also lead to employees looking for a change.** There is actually no solution to unrealistic expectations. An individual must be mature enough to understand that one can’t get all the comforts at the workplace just like his home. Individuals from different backgrounds come together in an organization and minor mis
understandings might arise but one should not make an issue out of it. An individual must not look for a change due to small issues. One needs time to make his presence feel at the organization and must try his level best to stick to it for a good amount of time and ignore petty issues.

1.6.3 Models on Employee Retention

There are two important models on employee retention, one of them is Zinger Model and the other is ERC’s Retention Model. A brief explanation of these models is as follows:

1. **Zinger Model**: Employee retention is the art and science of engaging people in authentic and recognized connections to strategy, roles, performance, organization, community, relationship, customers, development, energy, and well-being as companies leverage, sustain, and transform their work connections into results. According to the Zinger Model (Sultana Nazia 2013), employee retention is directed towards achieving results of the organization that the department, team, or individual wants to achieve. To achieve results, companies need to craft a strategy to get there. A central key of employee retention is connection. In some cases connection is synonymous with engagement. Engagement is not a onetime survey measure or a steady state. To engage is to fully experience and contribute to the dynamic elements of work.

**Source**: scienceandnature.rg/.../IJEMS_V4 (3)2013

**Figure 1.2.** Zinger Model
Employee retention must be authentic and retention of competent employee requires powerful recognitions. A role is a set of behaviors, rights and obligations at work companies must guard against too many roles or role overload while also fully being in the roles that contribute to results, relationships, and engagement. The model emphasizes that employee retention can contribute to effective performance management and performance demonstrates company’s engagement while engagement and retention can help companies excel at performance. Good employee retention should foster star performers. The employee should also align with the organization so as to build up the esteem of the organization and there should not be a disconnection between employee and organization. Companies want employees to serve their customers and this is a very strong relationships between employee engagement and employee retention. Effective Employee retention helps to serve customers a lot. The model comments that employees should experience both personal and professional development through work ranging from courses and learning to develop their own strengths, value, visibility, and engagement. Powerful retention involves mastery of physical, mental, emotional, spiritual, and organizational energy. Work should contribute to employee well-being. Employees need to both engage in and experience healthy well being. An organization’s results are dependent upon the health and productivity of individual employees.

2. ERC's Retention Model

The Employee Retention Connection (ERC) transforms organization culture and enhances competitive edge is very essential for the competitive edges. The employer should delivers a plan for employee career paths and skill building: Designing career paths, not necessarily up the organizational chart ,Identifying core competencies for different career paths, Planning training and other opportunities to build competencies, Mentoring for employee direction. Trains supervisors and managers have to provide methods of motivational
leadership and shared vision and direction, developing the capabilities of others, Recognizing and appreciating employee contributions. Employee Retention Connection builds a tailored reward and recognition system to fit organization's culture, Identifying activities, attitudes and contributions to be recognized and rewarded which help to proper friendly culture in the organization.

Employee Retention Connection's model concentrates on applied organizational experience indicating three primary drivers of employee retention.

i. Work can be made stimulating by giving variety of assignments, autonomy to make decisions, resources and support provided to do good work, opportunity to learn, feedback on result and understanding the significance of one's personal contributions.

ii. Motivational Leadership also helps retain employees therefore leaders should champion change and must be open to new ideas. They should inspire a shared vision of organization direction, develop the capabilities of others and become a model for a behavior s that reflects organization values.

iii. Companies should recognize and reward a job that is done well and should reinforce desired behaviours and create an emphasis and focus on recognition. They should celebrate successes in order to build self esteem and enhance solidarity and team work.

**Integrated System for Retaining Employees**

The Employee Retention Connection transforms the organization culture and enhances the competitive edge through the following five-phased approach: ERC begins by analyzing the organization’s motivation and retention culture through surveys and focus groups that is the motivating and demotivating aspects of the culture. ERC concentrates on designing high-involvement job and work assignments and trains supervisors and managers in proven methods of motivational leadership.
1.6.4 Importance of Employee Retention

Employee Retention is very important for an organization in the following ways:

The cost of turnover: The cost of employee turnover adds hundreds of thousands of money to a company’s expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.

Loss of company’s knowledge: When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of future return. When the employee leaves, the investment is not realized.

Interruption of customer service: Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are served, which could lead to potential customer loss.

Turnover leads to more turnovers: When an employee terminates, the effect is felt throughout the organization. The unspoken negativity often intensifies for the remaining staff in an organization.
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**Goodwill of the company:** The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.

**Regaining efficiency:** If an employee resigns, the good amount of time is lost in hiring a new employee and then training an employee and this goes to the loss of the company directly which many a times goes unnoticed. And even after this companies cannot assure us of the same efficiency from the new employee.

1.6.5 Measures of Employee Retention

After reviewing the several articles relevant to the employee retention, researcher selected the following six measures of Employee Retention for the present study.

1. Organizational Climate
2. Job Satisfaction
3. Employer of Choice
4. Propensity to stay/leave
5. Employee Well-Being
6. Organizational Commitment

1. **Organizational Climate**- Organizational climate is defined as an enduring characteristic of an organization which embodies the employees’ collective perceptions about their organization with respect to dimensions such as trust, cohesiveness, support, recognition, innovation and fairness. It also reflects the prevalent norms, values and attitudes and the organization’s culture. Organizational climate is a concept of employees’ attitude and feelings towards their organization which has great impact towards their working ways and contributions; in consequence organizational climate causes organization performance because this relates directly to employees’ satisfaction and commitment towards organization.
Organizational climate forms part of the broader climate concept, which includes aspects of the social environment that are consciously perceived by the organizational members (Patterson et al., 2004). Litwin and Stringer (1968) conducted the first comprehensive study on organization climate that was based on theory developed by McClelland and focused on how climate affects human motives for achievement, power and affiliation.

2. **Job Satisfaction** - Job satisfaction is an attitude which is an outcome of harmonizing and summation of numerous precise likes and dislikes experiences with the job. Job satisfaction for an employee is the level of satisfaction according to job. Job satisfaction is a crucial indicator of how employees feel about their job and describes how much they are contented with his or her job. The satisfaction level of employees also associated with increase output of the organization. The happier personnel are within their job, the more satisfied they are said to be. Job satisfaction is a very important attribute which is frequently measured by organizations. The most common way of measurement is the use of rating scales where employees report their reactions to their jobs. Employees that are satisfied and happy in with their jobs are more dedicated to doing a good job and taking care of customers that sustain the operation. Job satisfaction is something that working people seek and a key element of employee retention. In an organization a high rate of employee contentedness is directly related to a lower turnover rate. Thus, keeping employees’ satisfaction in their jobs with their careers should be a foremost priority for every organization. Employees who are satisfied with their jobs are more productive, creative and be more likely to be retained by the company.

3. **Employer of Choice** – Employer of choice programs are designed to aid an organization in outperforming its’ competition in the recruitment and retention of top talent in order to secure an exceptional workforce. It is basically a self-proclaimed achievement.
4. **Propensity to Stay/Leave** – Intention to stay is the converse of the turnover intention. Turnover intention is defined as a conscious and deliberate willingness to leave the organization (Tett and Meyer 1993). It is employees’ willingness to stay with an organization. Intention includes special things or action with a special attitude or with means, purpose, or plan in the individual heart” (Chang and Chang, 2002). Mueller and Price (1990) stated that intention to stay is an estimated probability that an employee will continue to work in an organization. According to Fishbein and Ajzen (1975), “The best single predictor of an individual’s behavior will be a measure of his intention to perform that behavior.”

5. **Employee Well-Being** - The well-being of employees is the best interest of communities and organizations. The workplace is a significant part of an individual’s life that affects his or her life and the well-being of the community. The well-being of employees is also in the best interests of employers who spend substantial resources hiring employees and trying to generate work, profits, and maintain loyal customers.

6. **Organizational Commitment**- Organizational commitment is related to how an employee feels about the organization as a whole. It has been conceptualized as the emotional (Rhoades, Eisenberger & Armeli, 2001) and psychological (Ensher, Grant–Vallone, & Donaldson, 2001) bond between the employee and the organization. It is defined as a psychological state that is representative of an employee’s relationship with the organization, and influences the employee’s decision to remain employed at a particular organization. Organizational commitment is also the degree to which an employee identifies with the organization, and the desire to, or likelihood of, staying with the organization (Camp, 1994). Steers (1977) suggest that the more committed an employee is, the less of a desire they have to terminate from the organization. These “highly committed” employees were found to have a higher intent to remain with the company,
a stronger desire to attend work, and a more positive attitude about their employment. Steers (1977) concluded that “commitment was significantly and inversely related to employee turnover.” When an employee is committed to an organization, she personally identifies with the organization, and wants to see the organization succeed (Wright, Gardner & Moynihan, 2003). Additionally, organizational commitment’s influence on an employee’s likelihood of staying with the organization reduces turnover.

There are some major factors that have brought about the need for innovations in human resource (HR) practices. In contemplating the future prospects of HRM, it is worthwhile to examine the developments and directions of HR policies in terms of their relevance to the contemporary workforce especially in the area of attraction and retention of employees. Several studies also suggest that high-involvement work practices will enhance employee retention (Arthur 1994; Huselid 1995; Koch and McGrath 1996).

1.7 The Impact of HRM Practices on Employee Retention

The business world is changing at a very rapid speed, in the global economy, increasing regulatory scrutiny, the looming talent crisis, the recognition that mental illness is dramatically affecting the workplace. All of these are having a huge impact on the HR profession. Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development.

Over recent years, there has been a widespread assertion that HRM has become more strategic in its focus and operation (Beer 1997; Hays and
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Kearney 2001). There is a growing awareness of the importance and role of Human Resources in defining an organization’s cutting edge. Today’s competitive business climate presents the HRM function with a number of important challenges and opportunities. Dramatic advances in technology, new forms of employment, and focus on cost-cutting necessitates concomitant modifications in recruiting, selection, training, appraisals, rewards and other human resource practices.

Human resources management practices play a very crucial role in achieving the organization’s goals and maintain the competitive advantage. HRM practices refer to organizational activities directed at managing the pool of human resource and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson 1987). Human resource management is the management of people within the internal environment of organizations, comprises the activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization’s objectives (Appelbaum 2001). Organizations are competing through implementing the unique HRM practices and due to the globalization organizations adopt the most up-to-date HRM practices in order to accomplish the organizational goals. Best HRM practices are advantageous for both employee and employer; it plays an important role in constructive growth of the organization.

Several theoreticians have argued that the human resources of the company are potentially the only source of sustainable competitive edge for organizations (Becker and Gerhart 1996; Ferris, Buckley, Harrell-Cook and Fink 1999; Wright and McMahan 1992). Pfeffer (1998) advocates that a human resource system helps in creating a workforce whose contributions are valuable, unique, and difficult for competitors to imitate. A plethora of academic research conducted at the organizational level also suggests that
human resource practices affect organizational outcomes by shaping employee behaviours and attitudes (Arthur 1994 and Huselid 1995). Employees interpret organizational actions such as human resource practices (Delery 1998), and the trustworthiness of management (Eisenberger, Huntington, Hutchison and Sowa 1986; Settoon et al. 1996) as indicative of the personified organization’s commitment to them.

Numerous studies suggest that high-involvement work practices will enhance employee retention (Arthur 1994; Huselid 1995; Koch and McGrath 1996). Most efforts on retention are considered from the employer’s point of view. As a result new and refined programs are continuously introduced which are expected to have a positive impact. A number of studies (Lee, 2006; Griffeth, Fink and Cohen, 1997) have linked employee turnover with recruitment sources.

### 1.8 Employee Retention Management

Researchers on retention have defined retention management as a strategic, coherent process that starts with an examination of the reasons that employees join an organization (Davies 2001; Fitz-enz 1990). Studies indicated that it is driven by several factors, which should be managed congruently: organizational culture and structure, recruitment strategy, pay and benefits philosophy, employee support programs, promotion schemes and career development systems (Fitz-enz 1990). Careful career development and planning, as well as the more typical rewards and incentives, can be powerful retention tools. These should be effectively addressed as a corporate-wide initiative. Studies of progressive HRM practices in training, compensation and reward sharing have revealed that these may lead to reduced turnover and absenteeism, better quality work, and better financial performance (Arthur 1994, Snell and Dean 1992).

An employee’s decision to resign from a company is rarely due to a single event, such as being passed over for a promotion, a plum assignment or
for monetary reasons. One such event may however serve as a catalyst, but most employees leave because of multiple factors— the turnover drivers such as diminished job satisfaction, a tense work environment and better advancement opportunities elsewhere (Davies 2001 and Walker 2001).

As turnover is a symptom of a larger systemic problem such as ineffective retention management, companies’ ought to understand what causes people to commit themselves to being productive and loyal. Then they must design jobs, systems and organizations that support rather than inhibit it. Fostering commitment means an understanding that people need to have a stake in their work, and that employees respond when employers pay attention to their needs and involve them.

Therefore to achieve quality retention programs, organizations ought to determine the retention factors relevant to each of their employee groups and then focus strategies on these factors. For each employee group, information can be gathered from current and former employees on their perceptions of why people stay or leave. The more focused the analysis, the more focused the prescriptive actions may be taken. Employee surveys are designed to focus on commitment and retention factors. Exit interviews and follow-up surveys with former employees are being adapted to yield more accurate, useful information. Interviews, focus groups, and surveys among current employees provide perceptions of the relevant factors and their importance. Finally, it is advocated that there may be a distinctive edge in simply doing all of the key things well. By providing a reasonably high level of attention to the factors important to employees, a strong organizational culture is built and maintained.

Thus researcher is intended towards finding the relationship and impact of HRM Practices on Retention level of employees in the selected private sector banks of Haryana. As it has been taken into consideration that every private sector bank has different management imperatives, so every bank may follow different set of HRM Practices. The study is a humble attempt to
analyze the appropriateness of HRM Practices as perceived by employees of private sector banks and their impact on retention of employees.

1.9 Rationality of the Problem

Banking sector of India plays a very important role in the growth of Indian Economy. It is one of the six core industries in India. It is financially stable sector as it can easily cop-up to the shocks of economic crises. Entry of Private Banks along with Public Banks revitalized the Banking sector of India. In the present research work HDFC, AXIS, ICICI bank from private sector banks are taken, as these are the leading and big players of this sector. These banks are networking their branches in India as well as overseas and deal in various business segments. Banking sector is a Service Sector where the services to the customers are delivered by human beings. So, Human Resources are not merely an asset but the real capital of banks, because it is very difficult for the banks to survive without effective manpower. So, it is inevitable to focus on their retention.

Retention of best talent and most effective employees is a key challenge to Private Sector Banks. HRM department takes a deep concern in their employee turnover rate because it incurs direct and indirect expenses. Costs of employee turnover seriously impact on performance and growth of banks. Employee retention is one of the biggest challenges to the Private Sector Banks. In order to attain corporate goals organizations have to retain their key employees. To overcome the challenges faced by the selected private sector banks in Haryana, the study was undertaken to know the impact of HRM practices on employee retention. Thus various HRM practices are undertaken to know the impact of these practices on employee retention followed by various private sector banks. This study is also undertaken to analyze the problem of employee turnover in banking industry and to know the motivational efforts practicing by banks to retain the employees. Employees’ level of Job satisfaction also influenced employee retention, so to know the level of satisfaction provided by private banks through HRM practices, this study was proposed.
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A considerable amount of interest has since gained ground on understanding the impact of HRM Practices on employee retention (Appiah A. F. 2013; Huselid A. Mark 1995; Narang, Uma 2013; Bawa, A. M. and Jantan, M. 2013). However, very few of the studies considered the main HRM Practices which impact employee retention. None of the previous studies tried to understand the important measures of employee retention which is influenced by HRM Practices. These issues have been taken up in this study. More such research studies will make the picture clearer and lay down the philosophical groundwork for sound searches. To fill the gap, present study was undertaken to explore the relationship and impact of HRM practices on employee retention in selected private sector banks in Haryana.

In general, at present, not only in Private Banks, but every organization has been facing retention as a big challenge. With this objective this study has proposed to analyze the impact of HRM practices on employee retention in selected private banks.

1.10 Objectives of the Study

The proposed study is aimed:

1. To study the level of employee retention in selected Private Sector Banks in Haryana.

2. To study the employees’ perception regarding HRM practices in selected Private Sector Banks in Haryana.

3. To examine the correlation between perceived HRM practices and employee Retention in selected various Private Sector Banks in Haryana.

4. To measure the impact of perceived HRM practices on employee retention in selected various Private Sector Banks in Haryana.

5. To give workable suggestions for enhancing employee retention through applying fair HRM practices in selected various private sector banks in Haryana.
1.11 **Hypotheses for the Study**

It is a tentative assumption made in order to draw and test its logical consequences. Hypotheses act as a proposition to be verified.

In the present study, a set of hypotheses have been generated to study and evaluate the impact of HRM Practices on Employee Retention. These hypotheses are tested by application of appropriate statistical tools so that meaningful and relevant recommendations may be generated. Following Alternate hypotheses are framed in the study:

(H₁₁)1. There is significant difference in the level of employee retention in selected various Private Sector Banks in Haryana.

(H₁₂)2. There is significant difference in the level of perceived HRM practices in selected various Private Sector Banks in Haryana.

(H₁₃)3. Perceived HRM practices are significantly related to employee retention in selected various Private Sector Banks in Haryana.

(H₁₄)4. Employees Perception regarding HRM Practices directly impact on employee retention in selected various Private Sector Banks in Haryana.

1.12 **Delimitations of the Study**

The present study was conducted by an individual scholar and consequently, it would be completed under certain constraints in terms of availability of time, financial resources, universe and sample of proposed study. It is important to highlight the limitations of a work especially in case of research. Research studies always have some constraints and impediments and this study also suffered from limitations as follow:

1. One is that the research focuses on selected private sector banks in Haryana. Access to these banks, the findings of the study may therefore have some limitations for public or foreign sector banks.

2. The study was confined to three selected private sector banks only and this might not portray the accurate representation of complete Private Banks.
3. Present study is restricted to the study of employees of Private Banks in Haryana only. As such, the findings may be changed if the study had to be applied to a different area, demographic landscape or economy.

4. Study focused only on few HRM Practices which impact Employee Retention. There may be other practices which may influence employee retention.

5. The extent to which the objectives of the study could be reached was affected by time limitations.

6. All findings are based on the information provided by the respondents through questionnaire method, and are subject to the potential bias and prejudice of the people involved.

7. The study is purely based on perception of employees regarding HRM Practices and Employee Retention.