

A STUDY ON APPROACHES OF TALENT MANAGEMENT TO ATTRACT, MOTIVATE AND RETAIN EMPLOYEES IN PRIVATE BANKS

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Abstract

The nation's economic growth is influenced greatly by the banking sector and the favourable performance of banks. The industry is affected by various environmental factors, including the complex global economy, the impact of economic sanctions on the country's economy, and the rise of credit and financial institutions. A significant concern affecting the banking industry is the competition from Fintech and the resulting shift in talent priorities. The banking industry has seen a remarkable growth in the use of digital technologies. As a result, banks must attract, motivate and retain workforce to maintain their growth and survival and also to gain a competitive edge. Therefore, the needs of this industry are the development of a system that enables banks to attract, develop, and keep talented personnel. Therefore, the present study aims to study current status of employee turnover in chosen private banks and strategies for talent management and programmes framed by banks to attract, motivate and retain employees and further recommend key areas where banks must start reworking and redesigning its strategies to facilitate career progression options to attract, motivate and retain the talented and skilled employees.

Keywords: Attracting, strategies, retaining, talent management

Introduction

Human being is the most valuable and crucial asset for any organization. They contribute significantly in the growth and profitability of the company. Employees bring innovation and paves way for organizations sustainable development. The company's success or failure is frequently linked with its expertise to attract, retain, and adequately reward talented and capable employees. It is widely accepted that organization with best employees succeeds in the longer run. Demographic trends have changed significantly in the recent years. The needs of this generation of young people are different and are fast to switch if the organizations are not meeting their expectations. Therefore, in this dynamic working environment of the 21st century, strategies of talent management have become vital to increase the performance of any organization.

Banks in India have been facing innumerable challenges which include manpower challenges, operational risk, regulatory risks, technological upgrade and intense competition. The turnover percentages in the concerned sector are also growing. India's top private banks are continuously under pressure due to increased attrition, which ranges from 34 to 46 percent. In FY 23, attrition at country's largest private bank i.e. HDFC Bank, was 34.15 percent, while at Kotak, it was 46 percent, up from 29 percent in FY 21.

Hence, in current competitive environment organizations have realized that there's an impending need to attract, develop, retain and reward employees, and efforts are being focused in that direction. Banks, in particular, need to reassess their human resource

practices to adapt to the evolving needs of the workforce employed. Digital transformation, changing customer behaviours, and the advent of fintech have added new dimensions to the banking sector's landscape. Employees now require not only traditional banking skills but also expertise in digital tools, data analytics, and customer relationship management. Hence, continuous learning and up skilling becomes the order of the day. Moreover, the new-age working employee expects more from their employer than just monetary compensation. They value a conducive working environment, opportunity for professional growth and work-life balance. Banks that can provide this holistic experience are more likely to retain top talent and reduce attrition rates. Furthermore, banks must also emphasize building a culture that promotes innovation, inclusivity, and collaboration. Cultivating such a working environment will not only motivate the employees but also lead to improved problem-solving, customer satisfaction, and overall business growth.

Review of Literature

Hitu, M. (2015). The paper aims to study the talent management scenario of public and private banking industry. Key findings indicate that Talent Acquisition, talent management initiatives (which include rewards, career development opportunities, and talent retention), are well developed in private banks in comparison to public sector banks. It concludes that Public sector banks provide lifetime employment and post-employment pensions as compensation for job security.

Wadhwa, S., & Tripathi, R. (2018). The study explores the connection between employee performance and talent management strategies used by commercial banks of India. The results indicate a strong relation between the bank's talent management strategies and employee performance. The findings from the study concludes that the explanatory variables that strongly affect employee performance are pay management, performance management, and training and development.

Kurdi, B., & Alshurideh, M. (2020). The results of this study highlights that psychological factors are given the highest rating by employees of the bank, followed by economic factors and affiliation. However, self-actualization was rated to have the least impact on employee retention. The result supports the notion that psychological well-being was the primary prerequisite for workers, particularly in organisations that prioritized teamwork.

Dayeh, K., & Farmanesh, P. (2021). The objectives of this research were to examine the mediating effect of Person-Organization Fit (P-O Fit) in the relation between Talent Management (TM) and Turnover Intentions (TI) and Organizational Commitment. The finding indicates that TM has linkage with TI and Organizational Commitment. The moderating influence of organizational culture was also discovered, with a mediating role of P-O fit with both of the aforementioned variables.

Guerra, J. M. M., Danvila-del-Valle, I., & Méndez-Suárez, M. (2023). The research paper contribute to a better knowledge on effect of digital transformation on talent management, attraction, and retention. The study shows the positive relation between independent variable (digital transformation) and the dependent variables i.e., (talent management, attraction and engagement), which is transforming the way how organizations select and retain new employees. Talent management emerged as a strategic asset that fosters financial performance, consumer value, and innovation.

Objectives of the study

- I. To study the current talent management scenario in selected private banks.
- II. To study existing status of employee turnover in selected private banks.
- III. To explore different talent management programmes and strategies framed by selected banks to attract motivate and retain employees.

Research Methodology

The study is descriptive and is based primarily on secondary data. The data was gathered from a variety of sources, including books, articles published in newspapers, research articles published in journals, websites and annual report of selected banks. Two private banks, i.e. HDFC Bank and ICICI Bank, have been selected for study.

Research Gap

The above literature review gives an overview about talent management and the impact it has on banks employees and its overall performance. However, this study aims to study about different approaches of talent management to attract, motivate and retain employees that could lead to better management of banks and their employees.

Data Analysis

The table below discusses the different approaches of talent management adopted by selected banks to attract, motivate and retain employees.

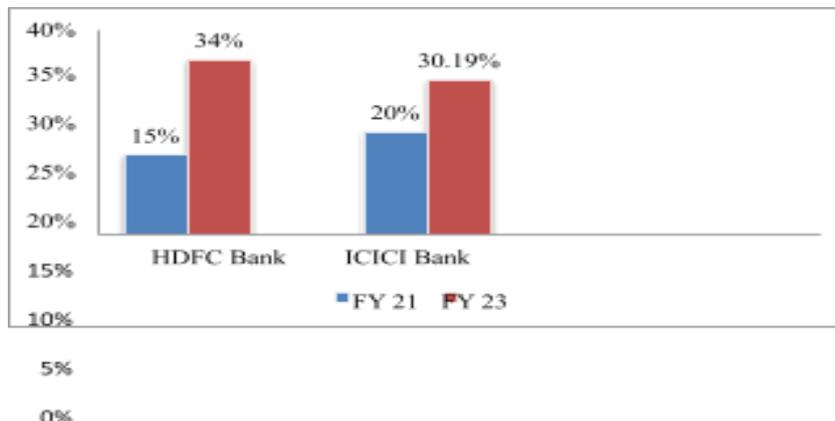
Table 1. Approaches of Talent Management

Focus on Sales Officers	To support the career development of sales officers, the bank has a tailored program to improve the functional skills and language. This initiative aims to equip sales officers with required knowledge and skill set to advance their careers and contribute to their professional growth.
Leadership & Professional Development (LPD)	The aim of LPD is to develop future leaders by enhancing their leadership effectiveness and professional skills. It aims at developing key leadership capabilities at every level, empowering individuals to lead themselves, their teams, their functions, and the organisation as a whole.
Performance Management System (PMS)	It is a bi-annual Performance Management System. Under this system every employee is conducts a self-assessment of their performance on basis of their designated key result areas. Following that, the appraiser and the appraisee have a combined performance discussion on the basis of self-evaluation.
Succession Planning	This proactive approach aims to mitigate critical people risks, such as vacancy fulfillment and transition challenges. It involves providing employees with relevant role exposures, specific coaching or mentoring, and addressing their identified learning needs. By doing this, the Bank ensures that the employees working are prepared to take up more responsibilities when the need arises.
Learning and Experience Management Platform	Bank introduced MPower, a new Learning Management System and Learning Experience Platform, hosting rich content, in partnership with global players like Upside, EdCast by Cornerstone, Harvard ManageMentor, Skillsoft and Udemy.
Gender diversity	Gender diversity is an important priority of organisation that is smoothly integrated with the talent acquisition strategy. The bank undertakes targeted hiring campaigns for women. 'Bank Again' is a program that partners with all women's colleges for hiring women returning after a career break.
'HDFC Bank Cares'	This initiative provides resources and a platform that supports the physical, financial, mental and emotional wellness of employees.
Employee Connect Initiatives	Following initiatives are run by the bank: Hunar, Josh Unlimited, Wellness Sessions, Syahi, Xpressions, Summer Camp, Energize Yourself, Corporate Photography Contest, Digital Voice Hunt, Auction Premier League, Zaika, Funtakshari, Session on Photography, AnalytIQ and Wanderers.

ICICI Career	To attract the top talent the Bank created a digital career platform to give applicants a user-friendly experience from the application to onboarding stage. Candidates can apply easily for jobs and track the status of their application in real time at the click of a button. Candidates can get help at any point by using this comprehensive service platform that combines chat, phone calls, and emails to provide prospective ICICIans with a hassle free and smooth application process.
Learning Matrix	It is a digital learning platform based on artificial intelligence that offers vast online library along with features like social learning, leader boards, and access to well-organized open content. This AI-driven technology assists in content curation based feedback of users on the site and suggests tailored learning programs.
Leadership Development	The Bank often hosts Leadership development and Engagement Sessions. An initiative called " Ignite " keeps staff members updated about innovations in data science, behavioural economics, leadership, and digital transformation. Teams have the opportunity to interact with thought leaders and domain experts in various fields throughout the sessions.
Job Rotation	The 'customer-oriented' approach called Customer 360°, motivates the employees to not limit themselves to certain areas and take up new roles. For employee's skill and career development bank provides opportunities to work and explore varying roles and functions. It gives employees the opportunity to explore and develop expertise and learning in various domains.
Succession Planning	The succession planning initiative helps to identify and groom capable leaders for next level and crucial jobs. The strong succession planning procedure followed by the bank closely monitors depth of leadership bench at senior management positions using the Leadership Cover Index (LCI).
Leadership Engagement Sessions	Senior management of the Bank often interacts both in person and virtually with staff members to highlight the bank's cultural pillars, which include compliance, adherence to rules, and ethical behavior.
Probationary Officers Programme	It's a 12-month program aimed at creating a team of first level managers with the necessary skill sets and knowledge of banking.
Young Leaders Programme (YLP)	YLP gives employees the opportunity to pursue higher education. After successfully completing this programme employees rejoins the bank.
Post Graduate Programme in Relationship Management	It's a 21-days course intended to develop group of banking professional experts in sales and relationship management.
ICICI Business Leadership Programme – PG Certificate in Securities Market	It's a 12-month programme to develop professionals for securities markets.

Source: Annual Reports HDFC and ICICI Bank (2022-23)

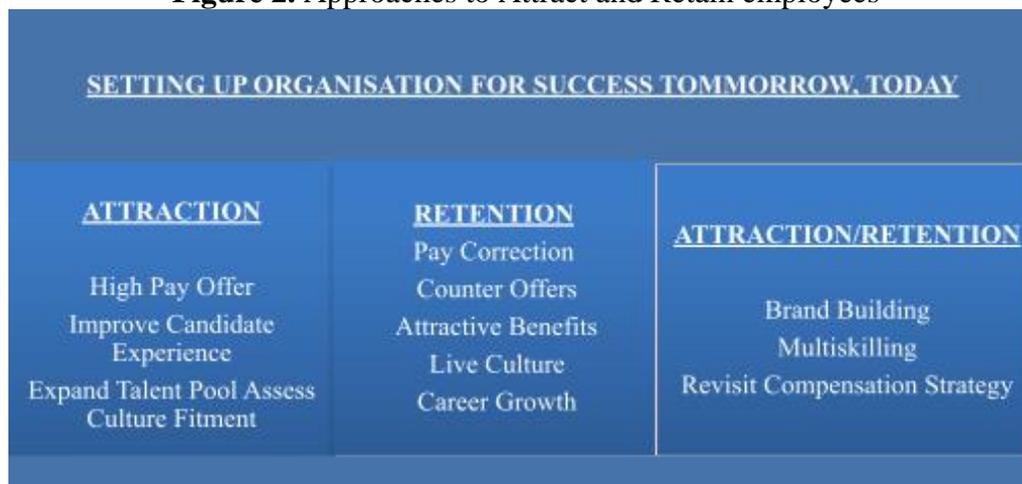
Figure1. Employee Turnover at Selected Banks



Source: Annual Reports HDFC and ICICI Bank (2021-2023)

As per the data HDFC Bank’s attrition for FY 23 stood at 34.15 per cent compared to 15.48 per cent in FY 21 whereas at ICICI Bank overall attrition for FY 23 stood at 30.19 per cent compared to 20 per cent in FY 21. The above figure clearly shows increasing trend in employee turnover from FY 21 to FY 23 at selected banks.

Figure 2. Approaches to Attract and Retain employees



Source: Aon India’s Talent Entropy Study 2022

The Retention measures like attractive benefits, counter-offers and pay corrections help stabilize the organisations for short term. However, the management systems that invest in brand building, multiskilling and invest in building a robust culture enjoy gains in the longer run. Long-term growth is achieved by providing workforce with clear, decent career routes with room for advancement, and by fostering and facilitating horizontal expansion.

Suggestions

For banks to attract, motivate and retain their employees would have to start reworking in these below mentioned key areas as these are considered most important and valuable in current scenario:

- To counter high attrition at all levels, the banks must start planning to introduce more training programmes.

- Enhancing the on boarding experience for new hires and adopting measures to support female employees coming back from maternity leave.
- Introducing more growth, learning and skilling opportunities at workplace.
- Banks must focus on building an 'Inclusive Workplace'.
- Provide channels for staff members to express their worries and experiences. This will facilitate an emotional bond between the employer and the employee.
- Work on employee recognition and evaluation framework. A one-size-fits-all strategy is not sustainable as roles are getting more specialised, it is imperative to reconsider and explore different ways for recognizing employee's contributions to organisations.
- Must run focused drives and policy level changes to facilitate retention in banks.

Conclusion

In the era of intense competition, banks are more concerned towards luring and keeping talented new hires in addition to existing staff members by providing them with attractive career advancement opportunities. To keep employees skills up to date, banks are designing variety of leadership and training programs and modules using latest technologies at varying managerial levels. The business model of banking industry's has considerably changed over time. Consequently, there's a growing need for trained manpower. Attracting and retaining the appropriate kind of talent is essential in a competitive environment. Keeping skilled and knowledgeable employees those who have adapted to the company's culture aids in increasing organizational efficiency. To manage talent, banks are rephrasing their strategy. Consequently, Talent Management department at a bank assumes a crucial role. In conclusion, as banking sector in India navigates these turbulent times, the key to sustained success lies in its ability to reorganize and invest in its most valuable asset: its people. Only by understanding and addressing their needs, aspirations, and concerns can banks hope to thrive in this competitive environment.

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