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The Impact of Employee Empowerment on Employee Retention: A Comparative Study of Public and Private Sector Banks

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Abstract

The present study attempts to explore and compare the impact of employee empowerment on employee retention in selected public and private sector banks in India. Data were collected through multistage convenient sampling of respondents from public and private sector banks in Punjab, Haryana and Chandigarh, using a semi-structured questionnaire. The data were analysed using SPSS, Version 23. Different statistical tools like mean, correlation and regression were used to ascertain the relation between the two constructs. The findings of the study reveal that employee empowerment has an impact on employee retention in the banking sector. Further, though the levels of employee empowerment and retention were higher in private sector banks than public sector (exhibited by mean values) but the impact of empowerment on retention was greater in public sector banks (exhibited by correlation and regression). Previous research studies from various sectors have shown that empowering employees by providing greater autonomy in decision making and letting employees do 'their job their way', helps in retaining them as they perceive themselves to be valuable for the organisation. However, there are negligible studies of employee empowerment from the banking sector owing to its sensitive nature. The present study is original as it has undertaken research from banks and comparative study of public and private sector banks too add to its originality.

Key words: Employee empowerment, Employee retention, Public sector banks, Private sector banks, Banking sector