FACTORS AFFECTING THE LOYALTY OF PUBLIC BANK EMPLOYEES IN BANGLADESH

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Abstract- Banking sector is the most stable sector compared to other industrial sectors of Bangladesh. Presently, there are 59 scheduled banks including 9 public banks in Bangladesh. A large number of people are connected with these banks as employees. Their loyalty towards their jobs along with other factors has an impact on the bank's overall performance in this sector. Hence, this paper aims at evaluating the factors affecting the loyalty of public bank employees in Bangladesh. Literature review found that various intrinsic and extrinsic factors affect the loyalty of Public Bank employees in Bangladesh. Some intrinsic factors like level of satisfaction, verbal performance appraisal, organizational reputation plays a great impact on the loyalty of the employees. Moreover, some extrinsic factors like compensation, training, career development, working environment impacts directly on the loyalty of the employees. These factors are basically independent variables. On the other hand, organizational well being, financial performance are dependent variables. This study is based on a survey of 200 employees of five leading public banks of Bangladesh. Both descriptive and inferential statistics were used to analyze the data. Descriptive statistics were used to describe the overall loyalty condition of the employees of public banking sector in Bangladesh. Inferential statistics like factor analysis, multiple regression analysis was used to identify the relationships between loyalty of the employees and the factors that affect the loyalty of the employees of public banks in Bangladesh. Results shows that factors like prompt service and well dressed and politeness affect the loyalty of public bank employees in Bangladesh.

Keywords- Loyalty, Public Bank, Prompt Service, Work Environment, Level of Satisfaction, Well Dressed and Politeness.

I. INTRODUCTION

Public bank is one of the largest government sector banks in Bangladesh. More employees are employed in the public banks compared to private banks of Bangladesh. People feel comfortable to work with these public banks as they do not have much pressure and threat from their employer banks. Hence, the performances of public sector banks are often very poor in Bangladesh. A serious concern has already been developed regarding the loyalty of the public banks of Bangladesh which are instrumental for the poor performance. The reason could be attributed by the reluctance in control and the permanent job arrangement. Therefore, loyalty of the public bank employees is a serious question among the policy makers in this sector of Bangladesh. The broad objective of this study is to identify the factors that are concerned with the loyalty of the public bank employees in Bangladesh. The specific objectives are as follows.

i. To describe the loyalty issue of public banks in Bangladesh;
ii. To identify the factors related to the loyalty of the public banks in Bangladesh;
iii. To identify the significant factors related to the loyalty of the public banks in Bangladesh.

II. METHODOLOGY

This purpose of this study was to identify the factors concerning the loyalty of the public banks in Bangladesh. Both primary and secondary data were used to conduct this study. Primary data were collected from the government bank employees and the secondary data were collected from the books, magazines, and journals.

2.1 Details of the Respondents

Table 1 shows that the 60% of the respondents were male and 40% were female employees of the public banks in Bangladesh.

Table 1 Gender Distribution of the Respondent Bank Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	120	60.0	60.0	60.0
	Female	80	40.0	40.0	100.0
	Total	200	100.0	100.0	

Most of the respondents were at the age of 31-40 years followed by 41-50 years, 21-30 years and above 50 years (Table 2).

Table 2 Age Distribution of the Respondent Bank Employees

	Years	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	42	21.0	21.0	21.0
	31-40	67	33.5	33.5	54.5
	41-50	58	29.0	29.0	83.5
	Above 50	33	16.5	16.5	100.0
	Total	200	100.0	100.0	

Majority of the respondents are married (86.50%) and few were unmarried respondents (Table 3).

Table 3 Marital Status of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	173	86.5	86.5	86.5
	Unmarried	27	13.5	13.5	100.0
	Total	200	100.0	100.0	

Table 4 shows that most of the respondent employee's experience was at the of 5-10 years followed by 10-15 years, more than 15 years and less than 5 years.

Table 4 Working Experience in the Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 Years	40	20.0	20.0	20.0
	5-10 Years	62	31.0	31.0	51.0
	10-15 Years	53	26.5	26.5	77.5
	More than 15 Years	45	22.5	22.5	100.0
	Total	200	100.0	100.0	

2.2 Sample Design and Determination of Sample Size

There are nine public banks in Bangladesh. Among these banks, three are specialized banks that are currently operating their services beside of six public commercial banks. The banks owned by the government are: (i) Uttara Bank Limited (ii) Sonali Bank Limited (iii) Rupali Bank Limited (iv) RajshahiKrishiUnnayan Bank (v) Pubali Bank Limited (vi) Janata Bank Limited (vii) Bangladesh Krishi Bank (viii) Bangladesh Development Bank Limited and (ix) Agrani Bank Limited. It was identified from the literature that there are about 77024 employees in nine government banks of Bangladesh (Table 5).

Table 5 Total Number of Branches and Employees in Public Banks of Bangladesh

Sl. No.	Name of the Bank	Number of Branches	Total Employees	Year of Established
1.	Janata Bank	912	12391	1971
2.	Uttara Bank	235	3569	1965
3.	Sonali Bank	1215	21839	1972
4.	Rupali Bank	665	5150	1972
5.	RajshahiKrishiUnnayan Bank	153	3,661	1987
6.	Pubali Bank Limited	465	7204	1959
7.	Bangladesh Krishi Bank	973	9166	1973
8.	Bangladesh Development Bank Limited	32	775	2010
9.	Agrani Bank Limited	953	13269	1972
Total Branches & Employees in Public Banks		5603	77024	

The sample size of this study was determined by using the following formula suggested by Yamane (1967).

$$n = \frac{N}{1 + N(e)^2}$$

Where, n is the sample size, N is the population size, and e is the level of precision. For this study, level of precision is presumed as 0.07 and the population size is 77024. Putting these values in the above equation, the required number of sample size becomes approximately 204. This study interviewed 200 bank employees of nine banks under study. This figure is well above the critical sample size of 200 for employing multivariate analysis (Hair et al., 1998).

Taking the accessibility and willingness of the employees to respond to this study into account, Convenience Sampling Method was used to draw the sampling units (Malhotra, 2007).

2.3 Questionnaire Design

The structured questionnaire was used in this research to collect information from the public bank employees. Responses to all the statements in the questionnaire were measured on a five-point scale ranging from 1 to 5 with 1 indicating strongly disagree and 5 indicating strongly agree. One of the relative advantages of using this scale is its suitability for the applications of multifarious statistical tools used in marketing and social research study (Malhotra, 1999). The collected data were statistically processed subsequently to get the useful information. The reliability statistics show that the internal consistency of the questionnaire is under the acceptable limit (Nunnally, 1978). The reliability statistics are at the acceptable level (Table 6)

Table 6 Reliability Statistics of the Data Set

Cronbach's Alpha	N of Items
0.890	18

2.4 Data Collection & Analysis

Data were collected from both primary and secondary sources. Primary data were used for the purpose of identifying the factors concerned with the loyalty of the public banks of Bangladesh. The survey was conducted among the 200 employees of nine public banks of Bangladesh. The survey was conducted in 2019. The interviewers were properly trained on the items included in the questionnaire for data collection before commencing the interview. Along with descriptive statistics[1], inferential statistical[2] techniques such as, Factor Analysis and Multiple Regression Analysis were used to analyze the data. A Principal Component Analysis (PCA) with an Orthogonal Rotation (Varimax)[3] using the SPSS (Statistical Package for Social Sciences) was performed on the survey data. Multiple Regression Analysis[4] such as, Multiple Regression was conducted by using SPSS to identify the relationships between the dependent and independent variables and the significant factors.

III. LITERATURE REVIEW

Literature review shows that the factors that influence the loyalty of the public bank employees in Bangladesh are related to Compensation & benefits, Work-life balance, Organization growth & reputation, Superior subordinate relationship, Level of satisfaction, Team work, Work Environment, Training & Development, Work flexibility, Skill recognition, Job Security, Performance appraisal, Promotion, Career Growth, Welfare measures, and Job autonomy (Table 7).

[1] *Descriptive statistics includes statistical procedures that we use to describe the population we are studying. The data could be collected from either a sample or a population, but the results help us organize and describe data. Descriptive statistics can only be used to describe the group that is being studying. That is, the results cannot be generalized to any larger group.*

[2] *Inferential statistics is concerned with making predictions or inferences about a population from observations and analyses of a sample. That is, we can take the results of an analysis using a sample and can generalize it to the larger population that the sample represents.*

[3] *Varimax rotation is an orthogonal rotation of the factor axes to maximize the variance of the squared loadings of a factor (column) on all the variables (rows) in a factor matrix, which has the effect of differentiating the original variables by extracted factor. Each factor will tend to have either large or small loadings of any particular variable. A varimax solution yields results which make it as easy as possible to identify each variable with a single factor. This is the most common rotation option.*

[4] *In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable (or 'Criterion Variable') changes when any one of the independent variables is varied, while the other independent variables are held fixed.*

Table 7 Literature Review

	Compensation & benefits	Work-life balance	Organization growth & reputation	Superior subordinate relationship	Level of satisfaction	Team work	Work Environment	Training & Development	Work flexibility	Skill recognition	Job Security	Performance appraisal	Promotion	Career Growth	Welfare measures	Job autonomy
(Senevirathna, G. A. B. E, 2017)	√	√		√			√									
(Khuong, M. N., & Tien, B. D. 2013)				√	√	√	√	√								
(Qamar, F., & Afzal, K. 2018).				√			√		√	√						
(Yousuf, S., &Siddqui, D. 2018)							√	√				√				√
(O. Adedeji, Abosede& C. Ugwumadu, Obianuju. 2018)								√			√		√			
(Shabnaz, S., &Kowshik, S. T. 2017).	√		√	√			√				√			√		
(Landsman, M. J. 2008).				√	√						√		√			√
(Rakhra, H. K. 2018)	√		√		√		√				√			√	√	
(Majumdar& Hossain, 2012)	√		√		√		√	√			√	√		√		
Nazrul	√				√								√			
Islam &Saha (2016)																
M.Rahman&F. Iqbal (2015)	√	√			√	√	√	√	√		√		√		√	
Rana, S. (2015).				√			√						√			√
Hossain, S. M., Roy, M. K., & Das, P. K. (2017)	√						√				√			√		
Arif, M. Z. U., Hasan, M., & Karim, (2017)	√			√			√								√	

Hossain, M. (2014)	√		√				√			√			√			√
Sattar, S., & Ali, N. (2014).	√				√					√	√			√		√
Shujat, S., Cheema, F., & Bhutto, F. (2011).		√			√		√		√		√		√			
Mahmud, K., &Idrish, S. (2011)	√	√		√			√	√						√	√	
Yadav, R. K., &Dabhade, N. (2014)				√		√	√			√					√	√
Kumari, L. (2012)	√	√			√				√		√		√			

IV. ANALYSIS AND INTERPRETATIONS

In the analysis part of this paper, multivariate analysis like factor analysis and multiple regression analysis were performed.

4.1 Results of Exploratory Factor Analysis (EFA)

The results of factor analysis show that the communalities of the all variables concerning the loyalty of the public bank employees in Bangladesh have high communalities indicating the variables are important in this study (Table 8).

Table 8 Communalities of the Variables

Variables	Extraction
1. The bank's corporal services are seeing attractive	.731
2. Personnel are well dressed and appear neat in the bank	.777
3. Personnel are polite in the bank	.680
4. The personnel provide services timely	.507
5. The personnel perform services accurately	.554
6. The personnel provide prompt services to customer	.550
7. Personnel have the required knowledge and skill to perform the services	.403
8. The personnel's willingness to help customers is high	.509
9. The personnel realize the exact desires of their clients	.546
10. The Bank offers a complete range of services	.610
11. The personnel are caring and provides individual attention to customer	.502
12. The personnel creates customers belief protected and sound in dealings	.453

Extraction Method: Principal Component Analysis.

Table 9 shows the factors related to the loyalty of the public bank employees in Bangladesh. It shows that prompt service, well dressed and politeness of the bank employees are concerned with the loyalty of the public bank employees in Bangladesh. The variance of factor named prompt service is the highest (46.83%) followed by well dress and politeness (10.01%). The total variance of the data set is 56.86% indicates that major portion of the data set is included in the analysis.

Table 9 Total Variance Explained

	Initial Eigenvalues		
Factors	Total	% of Variance	Cumulative %
1. Prompt Service	5.619	46.827	46.827
2. Well Dress and Politeness	1.202	10.018	56.845

Extraction Method: Principal Component Analysis.

Table 10 shows the factor loadings of the variables constituted the factors are very high. It shows that the factor loadings of all the variables are high indicating that the variables constituted the factor(s) have higher level of relationships with them.

Table 10 Rotated Component Matrix[a]

Table 10 Rotated Component Matrix[a]

Variables	Factors	
	Prompt Service	Well Dressed and Polite
The personnel provide prompt services to customer	.728	
The personnel realize the exact desires of their clients	.698	
The personnel perform services accurately	.696	
The personnel provide services timely	.686	
The personnel's willingness to help customers is high	.631	
Personnel have the required knowledge and skill to perform the services	.604	
The personnel are caring and provides individual attention to customer	.537	
Personnel are well dressed and appear neat in the bank		.852
Personnel are polite in the bank		.818
The bank's corporal services are seeing attractive		.765
The Bank offers a complete range of services		.698
The personnel creates customers belief protected and sound in dealings		.495

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

4.2 Results of Multiple Regression Analysis

Model summary also shows that the adjusted R square is 0.773 that indicates higher level of relationships of the factors with the overall loyalty of the public bank employees in Bangladesh (Table 11).

Table 11 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773[a]	.598	.594	.67262

a. Predictors: (Constant), REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1

Analysis of variance (ANOVA) shows that the two factors concerning the loyalty of the public bank employees in Bangladesh are significantly related to the overall loyalty of the employees of Bangladesh (Table 12).

Table 12 ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	132.430	2	66.215	146.360	.000[a]
	Residual	89.125	197	.452		
	Total	221.555	199			

a. Predictors: (Constant), REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1

b. Dependent Variable: Considering above factors, I am satisfied with the services of the bank to its stakeholders

Table 13 shows that the factors such as, prompt service and well dress and politeness are significantly related to the overall loyalty of the public bank employees in Bangladesh.

Table 13 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.165	.048		87.572	.000
	Prompt Service	.496	.048	.470	10.402	.000
	Well Dressed and Polite	.648	.048	.614	13.584	.000

a. Dependent Variable: Considering above factors, I am satisfied with the services of the bank to its stakeholders

CONCLUSIONS AND RECOMMENDATIONS

The factor analysis results show that the variables used in the analysis have higher level of relationship in the data set. The factors related to the loyalty of the public bank employees in Bangladesh identified in this study are: prompt service, well dressed and politeness of the bank employees. The factor loadings of the variables constituted the factors are very high. It shows that the factor loadings of all the variables are high indicating that the variables constituted the factor(s) have higher level of relationships with them. Model summary also shows that the adjusted R square is 0.773 that indicates higher level of relationships of the factors with the overall loyalty of the public bank employees in Bangladesh. Results also show that the factors such as, prompt service and well dress and politeness are significantly related to the overall loyalty of the public bank employees in Bangladesh. This study recommends that the policymakers of the public banks of Bangladesh should focus on the prompt service and well dress and politeness of the employees for increasing the loyalty of their employees in future. However, there is an ample scope to improve the results of this study by taking more samples in consideration in future.

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