

1 Factors Affecting the Loyalty of Public Bank Employees in 2 Bangladesh

3 Dr. Nazrul Islam¹ and Md Mostafa Asef Rafi²

4 ¹ BANGLADESH UNIVERSITY OF PROFESSIONALS

5 *Received: 9 December 2018 Accepted: 31 December 2018 Published: 15 January 2019*

6

7 **Abstract**

8 The Banking sector is the most stable sector compared to other industrial units of Bangladesh.
9 Presently, there are fifty-nine scheduled banks, including nine public banks in Bangladesh. A
10 large number of people as employees are being connected with these banks. Their loyalty
11 towards their jobs, along with other factors has an impact on the bank's overall performance
12 in this sector. Hence, this paper aims at evaluating the factors affecting the loyalty of public
13 bank employees in Bangladesh. The Literature review found that various intrinsic and
14 extrinsic factors impacts the fidelity of Public Bank employees in Bangladesh. Some innate
15 factors like level of satisfaction, verbal performance appraisal, organizational reputation plays
16 a major impact on the loyalty of the employees. Moreover, some extrinsic factors like
17 compensation, training, career development, working environment impacts directly on the
18 fealty of the employees. These factors are independent variables. Moreover, organizational
19 well-being, financial performance are dependent variables. This study has been based on a
20 survey of 200 employees of five leading public banks of Bangladesh. Both descriptive and
21 inferential statistics were used to analyze the data. Descriptive statistics were used to describe
22 the overall loyalty condition of the employees of the public banking sector in Bangladesh.
23 Inferential statistics like factor analysis, multiple regression analysis was used to identify the
24 relationships between the loyalty of the employees and the factors that affect the loyalty of the
25 employees of public banks in Bangladesh. Results show that factors like prompt service and
26 well dressed and politeness affect the homage of public bank employees in Bangladesh.

27

28 **Index terms**— loyalty, public bank, prompt service, work environment, level of satisfaction, well-dressed and
29 politeness.

30 **1 Introduction**

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

40 i. To describe the loyalty issue of public banks in Bangladesh; ii. To identify the factors related to the loyalty
41 of the public banks in Bangladesh; iii. To discern the significant factors concerned with the adherence of the
42 public banks in Bangladesh.

6 ANALYSIS 4

43 II.

44 2 Methodology

45 The reason for this examination was to recognize the factors concerning the loyalty of the public banks in
46 Bangladesh. Both primary and secondary information were utilized to conduct this study. Primary data has
47 been collected from the government bank employees, and the secondary data has been collected from the books,
48 magazines, and journals.

49 3 a) Details of the Respondents

50 Table 1 shows that 60% of the respondents were male, and 40% were female employees of the public banks in
51 Bangladesh. The majority of the respondents were at the age of 31-40 years followed by 41-50 years, 21-30
52 years, and above 50 years (Table 2). Majority of the respondents are married (86.50%), and few were unmarried
53 respondents (Table 3). Table 4 shows that most of the respondent employee's experience was at the of 5-10 years,
54 followed by 10-15 years, more than 15 years and less than 5 years.

55 4 b) Sample Design and Determination of Sample Size

56 There are nine public banks in Bangladesh. Among these banks, three are specialized banks that are currently
57 operating their services besides of six public commercial banks. The banks owned by the government are: (i)
58 Uttara Bank Limited (ii) Sonali Bank Limited (iii) Rupali Bank Limited (iv) Rajshahi Krishi Unnayan Bank
59 (v) Pubali Bank Limited (vi) Janata Bank Limited (vii) Bangladesh Krishi Bank (viii) Bangladesh Development
60 Bank Limited and (ix) Agrani Bank Limited. It has been identified from the literature that there are about 77024
61 employees in nine government banks of Bangladesh (Table 5). The sample size of this study has been determined
62 by using the following formula suggested by Yamane (1967).
$$\frac{n}{N} = \frac{e^2}{1 + e^2}$$

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

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

70 5 c) Questionnaire Design

71 The structured questionnaire was used in this research to collect information from public bank employees.
72 Responses to all the statements in the questionnaire were measured on a five-point scale ranging from 1 to
73 5 with 1 indicating strongly disagree and 5 indicating strongly agree. One of the relative advantages of using this
74 scale is its suitability for the applications of multifarious statistical tools used in marketing and social research
75 study (Malhotra, 1999). The collected data were statistically processed subsequently to get useful information.
76 The reliability statistics show that the internal consistency of the questionnaire is under the acceptable limit
77 (Nunnally, 1978). The reliability statistics are at the acceptable level (Table 6). Data were collected from both
78 primary and secondary sources. Primary data were used for the purpose of identifying the factors concerned
79 with the loyalty of the public banks of Bangladesh. The survey was conducted among the 200 employees of nine
80 public banks of Bangladesh. The survey was conducted in 2019. The interviewers were properly trained on the
81 items included in the questionnaire for data collection before commencing the interview. Along with descriptive
82 statistics 1, inferential statistical 2 techniques such as, Factor Analysis and Multiple Regression Analysis were
83 used to analyze the data. A Principal Component Analysis (PCA) with an Orthogonal Rotation (Varimax) 3 1
84 Descriptive statistics includes statistical procedures that we use to describe the population we are studying. The
85 data could be collected from either a sample or a population, but the results help us organize and describe data.
86 Descriptive statistics can only be used to describe the group that is being studying. That is, the results cannot
87 be generalized to any larger group. 2 Inferential statistics is concerned with making predictions or inferences
88 about a population from observations and analyses of a sample. That is, we can take the results of an analysis
89 using a sample and can generalize it to the larger population that the sample represents.

90 using the SPSS (Statistical Package for Social Sciences) was performed on the survey data. Multiple Regression
91 3 Varimax rotation is an orthogonal rotation of the factor axes to maximize the variance of the squared loadings of
92 a factor (column) on all the variables (rows) in a factor matrix, which has the effect of differentiating the original
93 variables by extracted factor. Each factor will tend to have either large or small loadings of any particular
94 variable. A varimax solution yields results which make it as easy as possible to identify each variable with a
95 single factor. This is the most common rotation option.

96 6 Analysis 4

97 III.

98 7 Literature Review

99 Such Multiple Regression was conducted by using SPSS to identify the relationships between the dependent and
100 independent variables and the significant factors. 7). 4

101 8 In statistics, regression analysis is a statistical process for 102 estimating the relationships among variables. It includes 103 many techniques for modeling and analyzing several variables, 104 when the focus is on the relationship between a dependent 105 variable and one or more independent variables. More 106 specifically, regression analysis helps one understand how the 107 typical value of the dependent variable (or 'Criterion

108 Variable') changes when any one of the independent variables is varied, while the other independent variables
109 are held fixed.

110 9 Analysis and Interpretations

111 In the analysis part of this paper, multivariate analysis like factor analysis and multiple regression analysis have
112 been performed.

113 10 a) Results of Exploratory Factor Analysis (EFA)

114 The results of factor analysis show that the communalities of all variables concerning the loyalty of the public
115 bank employees in Bangladesh are significantly high indicating the variables are fundamental in this study (Table
116 8). Table 9 shows the factors related to the loyalty of the public bank employees in Bangladesh. It shows that
117 prompt service, well dressed and politeness of the bank employees are concerned with the loyalty of the public
118 bank employees in Bangladesh. The variance of factor named prompt service is the highest (46.83%) followed by
119 well dress and politeness (10.01%). The total variance of the data set is 56.86% indicates that a major portion of
120 the data set has been included in the analysis. Table 10 shows the factor loadings of the variables constituted the
121 factors are very high. It shows that the factor loadings of all the variables are high, indicating that the variables
122 constituted the factor(s) have a higher level of relationships with them.

123 11 b) Results of Multiple Regression Analysis

124 Model summary also shows that the adjusted R square is 0.598, that indicates a higher level of relationships of
125 the factors with the overall loyalty of the public bank employees in Bangladesh (Table 11). a. Rotation converged
126 in 3 iterations.

127 Analysis of variance (ANOVA) shows that the two factors concerning the loyalty of the public bank employees
128 in Bangladesh are significantly related to the overall loyalty of the employees of Bangladesh (Table 12). Table
129 13 shows that the factors such as prompt service and well dress and politeness are significantly related to the
130 overall loyalty of the public bank employees in Bangladesh. a. Dependent Variable: Considering above factors, I
131 am satisfied with the services of the bank to its stakeholders

132 12 V. Conclusions and Recommendations

133 The factor analysis results show that the variables used in the analysis have a higher level of relationship in
134 the data set. The factors related to the loyalty of the public bank employees in Bangladesh identified in this
135 study are prompt service, well dressed and politeness of the bank employees. The factor loadings of the variables
136 constituted the factors are very high. It shows that the factor loadings of all the variables are high, specifying
137 that the variables constituted the factor(s) have a higher level of relationships with them. The model summary
138 also shows that the adjusted R square is 0.598, that interprets a significant correlation of the factors with the
139 overall loyalty of the public bank employees in Bangladesh. Results also show that the factors such as prompt
140 service and well dress and politeness are significantly related to the overall loyalty of the public bank employees
141 in Bangladesh. This study recommends that the policymakers of the public banks of Bangladesh should focus
142 on the prompt service and well dress and politeness of the employees for increasing the loyalty of their employees
143 in the future. However, there is an ample scope to improve the results of this study by taking more samples into
144 consideration in the future.

12 V. CONCLUSIONS AND RECOMMENDATIONS

1

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

Figure 1: Table 1 :

2

Years	Frequency	Percent	Valid Percent	Cumulative Percent
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	

Figure 2: Table 2 :

3

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

Figure 3: Table 3 :

4

	Frequency	Percent	Valid Percent	Cumulative Percent
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	

Figure 4: Table 4 :

5

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.	Rajshahi Krishi Unnayan 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	

Figure 5: Table 5 :

6

Cronbach's Alpha	No. of Items
0.890	18
d) Data Collection & Analysis	

Figure 6: Table 6 :

7

Compensation & benefits	Work-life balance & reputation	Organization & representation	Superior subordination	Level of satisfaction	Teamwork & relationship	Work environment & development	Training & development	Work experience & ability	Skills & competency	Job satisfaction & motivation	Performance & career	Promotion & growth
(O. Adedeji, Abosede & C. Ugwumadu, Obianuju, 2018)	(Shabnaz,							?	?	?	?	?

Figure 7: Table 7 :

8

Variables	Extraction
1. The bank's corporal services are seeing attractive	0.731
2. Personnel are well dressed and appear neat in the bank	0.777
3. Personnel are polite in the bank	0.680
4. The personnel provide services timely	0.507
5. The personnel perform services accurately	0.554
6. The personnel provide prompt services to customer	0.550
7. Personnel have the required knowledge and skill to perform the services	0.403
8. The personnel's willingness to help customers is high	0.509
9. The personnel realize the exact desires of their clients	0.546
10. The Bank offers a complete range of services	0.610
11. The personnel are caring and provides individual attention to customer	0.502

Figure 8: Table 8 :

9

Factors	Total	Initial Eigenvalues	% 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.

Figure 9: Table 9 :

10

Figure 10: Table 10 :

11

Variables	Prompt Service	Factors Well Dressed and Po- lite
The personnel provide prompt services to customer	0.728	
The personnel realize the exact desires of their clients	0.698	
The personnel perform services accurately	0.696	
The personnel provide services timely	0.686	
The personnel's willingness to help customers is high	0.631	
Personnel have the required knowledge and skill to perform the services	0.604	
The personnel are caring and provides individual attention to customer	0.537	

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

Figure 11: Table 11 :

12

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	132.430	2	66.215	146.3600	a
Residual	89.125	197	0.452		
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

Figure 12: Table 12 :

13

Model	Unstandardized Coefficients			Standardized Coefficients	
	B	Std. Error	Beta	t	Sig.
(Constant)	4.165	0.048		87.572	.000
Prompt Service	0.496	0.048	0.470	10.402	.000
Well Dressed and Po- lite	0.648	0.048	0.614	13.584	.000

Figure 13: Table 13 :

145 [Roy and Das ()] , M K Roy , P K Das . 2017.

146 [Senevirathna ()] , G A B E Senevirathna . 2017. (Factors Affecting Employee Retention)

147 [Rahman and Iqbal] *Comprehensive Relationship between Job Satisfaction and Turnover Intention of Private Commercial Bank Employees*, M M Rahman , M F Iqbal . Bangladesh.

148 [Hossain et al. ()] 'Factors Affecting Employee's Turnover Intention in Banking Sector of Bangladesh: An Empirical Analysis'. S M Hossain , M K Roy , P K Das . *ASA University Review* 2017. 11 (2) .

151 [Khuong and Tien ()] *Factors influencing employee loyalty directly and indirectly through job satisfaction-A study of banking sector in*, M N Khuong , B D Tien . 2013.

153 [Qamar and Afzal ()] 'Factors Influencing Employee Retention in Public Organization: A Quantitative Study in Higher Educational Institutions of Quetta'. F Qamar , K Afzal . *Research Journal of Innovative Ideas and Thoughts* 2018. 5 (2) p. .

156 [Yousuf and Siddqui ()] 'Factors Influencing Employee Retention: A Karachi Based Comparative Study on IT and Banking Industry'. S Yousuf , D Siddqui . 10.5296/ijhrs.v9i1.14111. <http://dx.doi.org/10.5296/ijhrs.v9i1.14111> *International Journal of Human Resource Studies* 2018. 9 (1) p. .

159 [Arif et al. ()] 'Factors Influencing Job Satisfaction of Employees of Private Commercial Banks in Bangladesh'. M Z U Arif , M Hasan , Karim . *INTERNATIONAL JOURNAL OF TRADE & COMMERCE-IIARTC* 2017.

161 [Adedeji et al. ()] 'Factors Motivating Employee Loyalty and Employee Retention in Deposit Money Banks in Nigeria'. Abosede O Adedeji , Ugwumadu , C Obianuju . 10.5296/ijhrs.v8i3.13555. <http://dx.doi.org/10.5296/ijhrs.v8i3.13555> *International Journal of Human Resource Studies* 2018. 8 (3) p. .

164 [Majumder and Hossain ()] *Human resource management practices and employees' satisfaction towards private banking sector in Bangladesh*, M Majumder , T Hossain . 2012.

166 [Shujat et al. ()] 'Impact of work life balance on employee job satisfaction in private banking sector of Karachi'. S Shujat , F Cheema , F Bhutto . *Journal of Management and Social Sciences* 2011. 7 (2) p. .

168 [Rana ()] 'Job satisfaction effecting factors of employees in Bangladesh banking sector'. S Rana . *International journal of Economics, finance and Management Sciences* 2015. 3 (4) p. .

170 [Hossain (2014)] *Job satisfaction of bank employees in Bangladesh*, M Hossain . 2014. January 3. 2014. (Job Satisfaction of Bank Employees in Bangladesh)

172 [Islam and Saha ()] *Job Satisfaction of Bank Officers in Bangladesh*, N Islam , Saha . 2016. Dhaka. (Unpublished Dissertation)

174 [Sattar and Ali ()] *Level of job satisfaction among employees of banking industries at Bahawalpur. Developing Country Studies*, S Sattar , N Ali . 2014. 4 p. .

176 [Malhotra ()] *Marketing Research -An Applied Orientation*, N K Malhotra . 2007. Pearson Education, India.

177 [Malhotra ()] *Marketing Research: An Applied Orientation*, N K Malhotra . 1999. Englewood Cliffs, NJ: Prentice-Hall.

179 [Shabnaz and Kowshik ()] 'Organizational Factors Affecting Employees Retention: A Study on Private Commercial Banks of Bangladesh'. S Shabnaz , S T Kowshik . *International Journal of Business and Management Study* 2017. 4 (3) p. .

182 [Landsman ()] 'Pathways to organizational commitment'. M J Landsman . *Administration in Social work* 2008. 32 (2) p. .

184 [Nunnally ()] *Psychometric methods*, Jum Nunnally . 1978. p. .

185 [References Références Referencias] *References Références Referencias*,

186 [Rakhra ()] 'Study on factors influencing employee retention in companies'. H K Rakhra . *International Journal of Public Sector Performance Management* 2018. 4 (1) p. .

188 [Mahmud and idrish ()] 'The impact of human resource management practices on turnover of bank employees in Bangladesh'. K Mahmud , S & idrish . *World review of business research* 2011. 1 (2) p. .

190 [Yadav and Dabhade ()] 'Work life balance and job satisfaction among the working women of banking and education sector-A comparative study'. R K Yadav , N Dabhade . *International Letters of Social and Humanistic Sciences* 2014. 21 p. .