



Original Article

# Workplace Challenges and Employee Attrition: A Study of Urban Cooperative Banks

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Manuscript ID:  
IBMIIRJ -2025-020208

Submitted: 08 Jan. 2025

Revised: 01 Feb. 2025

Accepted: 23 Feb. 2025

Published: 28 Feb. 2025

ISSN: 3065-7857

Volume-2

Issue-2

Pp. 34-39

February 2025

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Quick Response Code:



Web. <https://ibrj.us>



DOI:  
10.5281/zenodo.15074229

DOI Link:  
<https://doi.org/10.5281/zenodo.15074229>



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## Abstract

Employee attrition is an important factor that can impact the overall productivity and performance of urban cooperative banks. It can affect the organisational stability, quality of customer service and overall productivity at urban cooperative banks. Employee attrition can further lead to increase in recruitment and training cost. This additional cost can be saved by reducing employee attrition rate. This research paper aims to explore the various workplace challenges faced by the employees of urban cooperative banks and its impact on employee attrition in urban cooperative banks. The key areas of this study include lack of work life balance, limited career growth opportunities, inadequate remuneration, job insecurity and scope for promotions. The findings of this study indicate that a lack of clear career progression pathways, high workload to due to staff shortage which ultimately affect the work balance and less remuneration considering the workload are primary factors causing employee dissatisfaction which further lead to employee attrition. This research paper highlights the importance of addressing the workplace challenges faced by the employees of urban cooperative banks to mitigate the employee attrition rate. This study underlines the importance of implementing employee friendly policies, fostering work environment that supports employees' personal growth. This paper also aims to suggest bank management some strategies to enhance employee satisfaction and to reduce employee attrition rates.

**Key Words:** Career growth opportunities, Employee retention, Employee attrition, Urban Cooperative Banks, Workplace challenges, Work life balance.

## Introduction

The banking sector assumes a vital position in the overall economic growth of any country. Urban Cooperative Banks (UCBs) are an important element of Indian banking system. Urban cooperative banks were established to bridge the gap between rural and urban financial requirements. These banking institutions mainly serve the middle income as well as the lower income groups. Unlike commercial banks, UCBs focus more on social objectives and serve communities. Therefore, these banks are an irreplaceable part of the financial ecosystem. Though the UCBs play an essential role in the economy, these banks face several issues in handling human resources efficiently. Employee attrition is a big concern faced by these banking institutions.

In various types organisations of different industries employee attrition is evolving as a critical issue that affects the productivity, operational efficiency and sustainability of the whole process. 'Attrition refers to the gradual reduction in the workforce through resignation, retirement, or death (Sridhar, G. V., Venugopal, S., & Vetrivel, S., 2018). Employee attrition is the gradual reduction in an organisation's workforce caused by resignations, retirements and terminations. High attrition rates can affect the continuity and working of the organisation. Employee attrition can have impact like operational disruptions, increased recruitment and training costs, loss of institutional knowledge, decline in employee morale and can also impact customer relationships. Urban cooperative banks are no exception to this problem. The banks operate under cooperative banking model. Therefore, the operational and human resource related challenges faced by these banking institutions are different from those of other type of banking institutions. The urban cooperative banks face numerous workplace challenges that have a great impact on their capacity to retain skilled workers. This study aims to explore the workplace challenges faced by these banks and their relationship with employee attrition. Workplace challenges refer to the various difficulties and problems faced by the employees at their work environment.

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## How to cite this article:

Chavan, M., & Bhosale, K. S. (2025). Workplace Challenges and Employee Attrition: A Study of Urban Cooperative Banks. *Insight Bulletin: A Multidisciplinary Interlink International Research Journal*, 2(2), 34–39. <https://doi.org/10.5281/zenodo.15074229>

The challenges may arise from various aspects like organisational policies, interpersonal relationships or external factors that affect the overall work experience. With reference to urban cooperative banks typical challenges include- inadequate remuneration and benefits, limited career growth opportunities, high workload and stress, limited resources, lack of training and development programs etc. This study highlights the need to address workplace challenges and employee attrition in urban cooperative banks. The study aims to contribute to the creation of sustainable solutions that increase workforce engagement and reduce attrition.

### **Literature Review**

Goswami and Jha (2012) present a detailed discussion on employee attrition as one of the various challenges the modern organisations face. The researchers have defined attrition as something that refers to the gradual reduction of personnel through voluntary and involuntary means, such as resignations, retirements, and terminations. The study also discusses the impact of high attrition rates on the organization's productivity, hiring costs, and stability. Researchers have also highlighted the factors that influence attrition in the organisations and have suggested few employee retention strategies.

Wadhawan and Gupta (2017) have studied how organizational culture impacts the intent to leave among employees in the ITES sector. The research used the OCTAPACE framework, which measured openness, trust, collaboration, and experimentation among other dimensions, to study how the cultural factors were contributing towards the willingness of employees to stay or leave their organization.

Murugan (2017) discussed the relationship between job satisfaction and quality of work life (QWL) among employees in the textile industries of Tirupur, India. The study adopted descriptive research methods and analyzed data from 100 employees using tools like descriptive statistics, chi-square tests, and rank correlation to assess the key factors affecting QWL.

The study by Chauhan and Amin (2022) highlights the employee turnover in Navanagar Co-operative Bank Ltd., Jamnagar, Gujarat, thereby conducting case-based analysis of labour turnover and its implication for the banking sector. The researchers have presented the crucial issue of turnover that refers to the rate at which people leave their job roles in an organization and impact its stability, productivity, and financial performance. Various reasons have been accredited with the high turnover rate from authors, which may involve inadequately training and developing workers, bad working condition and poor wages.

Ganapathyraman (2023) discussed the multidimensional causes and effects of employee attrition in modern workplaces. Analyzing data from a survey of 110 employees, the study discovers major factors that contribute to attrition, such as work-life balance issues, lack of growth opportunities, and workplace stress. Although the study is related to more general workplace setting, its findings are specifically relevant to urban cooperative banks, which have smaller scales of operation and are often resource-constrained. By addressing the issues such as work-life balance and career development, these banks can better retain talent and improve organizational efficiency.

Savadatti (2023) studies the relation between the practices of performance management and the attrition of employees in the Indian banking industry and found the role of appraisals in influencing attrition. The author found that attrition poses a huge challenge to Indian banking. Post-appraisal periods, he mentions, constitute the most vulnerable window at which dissatisfaction toward performance appraisals increases rates of attrition.

Srilatha and Divya (2023) made a comprehensive study of the attrition and retention of employees at Indiabulls, showing considerable challenges in the areas of workplace politics, role stress, and supervisor-related problems. The findings reveal that these factors, with external opportunities and personal circumstances like relocation, drive job dissatisfaction. The study further pointed out the high cost of attrition, such as recruitment expenses, investments in training, and productivity loss.

### **Objectives of the Study**

1. To identify the key workplace challenges faced by employees in urban cooperative banks.
2. To analyse the relationship between workplace challenges and employee attrition, focusing on how these challenges contribute to employee attrition in urban cooperative banks.

### **Data and Methodology**

The present study is based on primary and secondary data. The data for the primary study was collected from the employees of urban cooperative banks. A convenience sampling method is used to select the sample size of 75 employees of urban cooperative banks. The primary data is collected through the structured questionnaire and the secondary data is collected through journals, magazines and websites.

### **Scope of the Study**

The scope of the study is limited to urban cooperative banks and focuses mainly on workplace challenges faced by the employees, excluding other challenges employees may face.

### **Hypothesis**

1. There is no significant relationship between lack of work life balance and employee attrition in urban cooperative banks.
2. There is no significant relationship between inadequate remuneration and employee attrition in urban cooperative banks.

## Demographic Characteristics

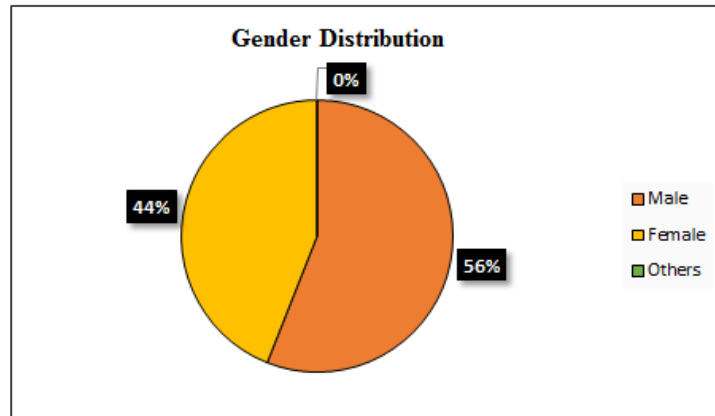
**Table No.1** Frequency of employees according to gender

Gender	No. of Employees	Percentage
Male	42	56
Female	33	44
Others	0	0
<b>Grand Total</b>	<b>75</b>	<b>100.00</b>

*Note.* Primary data collected by the researcher through a questionnaire tabulated in MS Excel

**Figure No.1**

Gender Distribution



*Note.* Primary data collected by the researcher presented through MS Excel tool.

**Analysis:** It is observed from Table no.1 and Figure 1 that out of all the 75 respondents, 56 % i.e. 42 are male and 44 % i.e. 33 are female.

**Table No.2**

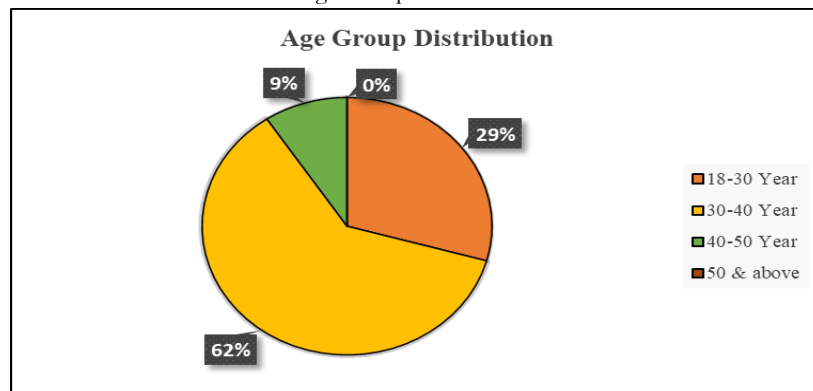
Frequency of employees according to Age Group

Age Group	No. of Employees	Percentage
18-30 Year	22	29
30-40 Year	46	62
40-50 Year	07	09
50 & above	0	0
<b>Grand Total</b>	<b>75</b>	<b>100.00</b>

*Note.* Primary data collected by the researcher through a questionnaire tabulated in MS Excel

**Figure No.2**

Age Group Distribution



*Note.* Primary data collected by the researcher presented through MS Excel tool.

**Analysis:** It is observed from Table no.2 and Figure 2, that out of all the 75 respondents, 29% of respondents are between 18-30 years, 62% are between 30-40 years and 9% are between 40-50 years old.

**Table No.3**

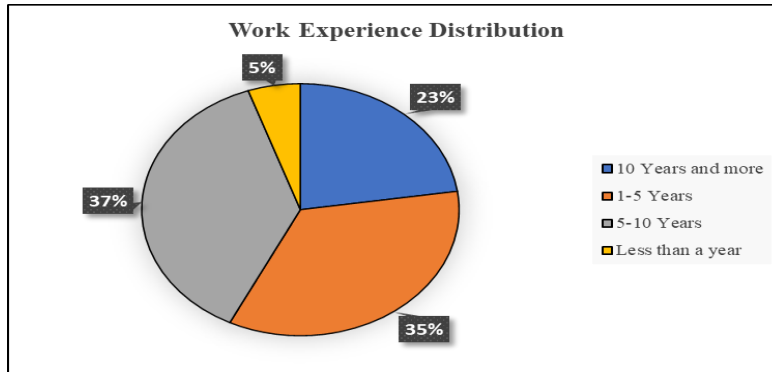
Frequency of employees according to Work Experience

Work Experience	No. of Employees	Percentage
Less than a year	17	23
1 to 5 Years	26	35
5 to 10 Years	28	37
More than 10 years	4	5
<b>Grand Total</b>	<b>75</b>	<b>100.00</b>

*Note.* Primary data collected by the researcher through a questionnaire tabulated in MS Excel

**Figure No.3**

Work Experience Distribution



*Note.* Primary data collected by the researcher presented through MS Excel tool.

**Analysis:** It is observed from Table no.3 and Figure 3, that out of all the 75 respondents 23% of employees' experience is of less than one year, 35% of employees' experience is between 1-5 years, 37% of employees' experience is between 5- 10 years and 5% employees have experience of more than 10 years.

#### Hypothesis Testing

1. **H<sub>0</sub>:** There is no significant relationship between lack of work-life balance and employee attrition.
2. **H<sub>1</sub>:** There is a significant relationship between lack of work-life balance and employee attrition.

The chi-square test was used to test this hypothesis. The results of the test are as follows,

**Table No.4**

Work Life Balance and Attrition Cross-Tabulation

Work Life Balance * Attrition Crosstabulation				
		Attrition		Total
		Yes	No	
Work Life Balance	Poor	30	10	40
	Satisfactory	5	15	20
	Good	3	12	15
Total		38	37	75

*Note.* SPSS result

**Table No.5**

Work Life Balance and Attrition -Chi-Square Test Table

	Value	df	P Value	Critical Value
Pearson Chi-Square	20.087	2	0.000037	5.99
N of Valid Cases			75	

*Note.* SPSS result

The cross tab (Table No. 4) shows the distribution of attrition (Yes/No) across different levels of work life balance (Poor, satisfactory, Good). In Work Life Balance and Attrition -Chi-Square Test Table (Table No.5) the computed value of the chi-square statistic is 20.087 which is greater than the critical value of 5.99 at 5% level of significance and the calculated P value is 0.000037 and is less than the level of significance  $\alpha = 0.05$ . Therefore, the researcher rejects the null hypothesis and would accept the alternate hypothesis. This indicates a significant relationship between lack of work life balance and employee attrition.

1. **H<sub>0</sub>:** There is no significant relationship between inadequate remuneration and employee attrition.
2. **H<sub>1</sub>:** There is a significant relationship between inadequate remuneration and employee attrition.

The chi-square test was run to test this hypothesis. The results of the test are as follows,

**Table No. 6**

Remuneration and Attrition Cross Tabulation

Remuneration * Attrition Crosstabulation				
		Attrition		Total
		Yes	No	
Remuneration	Inadequate	35	10	45
	Adequate	3	27	30
Total		38	37	75

Note. SPSS result

**Table No. 7**

Remuneration and Attrition -Chi-Square Test Table

	Value	df	P Value	Critical Value
Pearson Chi-Square	20.39	1	0.000000035	3.84
N of Valid Cases			75	

Note. SPSS result

The cross tab (Table No.6) shows the distribution of attrition (Yes/No) in Inadequate and adequate level of remuneration. The Remuneration and Attrition Chi-Square Test Table (Table No.7) the computed value of the chi-square statistic is 20.39 which is greater than the critical value of 3.84 at 5% level of significance and the calculated P value is 0.000000035 and is less than the level of significance  $\alpha = 0.05$ . Therefore, the researcher rejects the null hypothesis and would accept the alternate hypothesis. This suggests a significant relationship between inadequate remuneration and employee attrition.

### Result and Discussion

- Demographic Insights:** The study revealed that the employees in urban cooperative banks mainly in the age group of 30 to 40 years. Most of these employees have work experience between 5 and 10 years which highlights middle level of experience.
- Workplace Challenges:** The employees in urban cooperative banks reported a poor work-life balance. The statistical analysis showed a significant relationship between poor work-life balance and employee attrition.
- Inadequate Remuneration:** Employees also reported that there is a mismatch between employee workloads and remuneration offered to them. The study confirmed that inadequate remuneration significantly impacts attrition rates.

### Conclusion:

This study concludes that the challenges like poor work life balance and inadequate remuneration can lead to employee attrition in urban cooperative banks. The significant insights of this study are- The employees who experience poor work life balance at their jobs are likely to quit their jobs. Extreme workload, long working hours, and poor leave policies lead to employee dissatisfaction. Inadequate remuneration is a critical factor that contribute to employee attrition. Employees are of the opinion that their remuneration does not reflect their responsibilities and workload. This creates the sense of undervaluation which instigate them to seek better opportunities elsewhere. These workplace challenges not only harm the employee's morale but also affect the long-term sustainability of urban cooperative banks. To address these issues and improve employee retention the study suggests following actions-

- UCBs should assess and distribute the tasks evenly among employees so that they do not get overburdened.
- These banks should introduce special leave categories, like wellness leave or family care leave for employees so they can address their personal and family needs.
- The wellness programs such as yoga sessions, mindfulness workshops, or fitness-oriented workshops should be organised to promote both body and mind wellness.
- The childcare facilities onsite or tie-up with local daycare centers should be offered to take care of working parents' needs.
- The UCBs should conduct regular market surveys to compare their remuneration packages with their competitors and adjust packages accordingly.
- To enhance employee motivation and satisfaction UCBs should design a reward system to recognize and reward employees who achieve the targets.
- After completing specific tenure with the bank, UCBs should provide additional forms of compensation like health insurance, educational allowances, and retirement plans.
- UCBs should develop customized remuneration packages considering the complexity, skill requirements and responsibilities associated with specific job role.
- The UCBs should introduce retention bonuses or loyalty bonuses for employees who stay in the organization for certain period to encourage long term commitment.
- UCBs should seek employees feedback on work allocation and remuneration policies to develop a sense of inclusion and satisfaction among employees.

**Acknowledgement**

I, Manali Nandkumar Chavan, thankful to the Principal of Brihan Maharashtra College of Commerce, Pune for granting me permission to carry out this work. I extend my special thanks to my colleagues and peers for their insightful discussions and encouragement, which significantly contributed to the development of this work.

**Financial support and sponsorship**

Nil.

**Conflicts of interest**

There are no conflicts of interest.

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