



**TITLE: A Study of the Retention Strategies Needed for Retaining Talent in the Laos
Banking Sector**

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This session

- **Introduction**
- **Motivation Behind the Research**
- **Literature Review**
- **Methodology**
- **Results & Discussion**
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Introduction

- Laos in pre-covid 19 times experienced strong economic growth
- Laos banking sector benefitted from this due to investment in both locally owned and foreign owned banks.
- Lao banking sector has strong reliance on advanced information technology. However, it has limited coverage of the Internet in some regions of Laos and physical cash is still common. Customers non-supportive of e-banking, ATMs.
- In the context of banking information technology and its limitations, employees still have essential roles and responsibilities to play in the banking sector.
- Talented employees are in high demand across the world and no less so than in the Lao banking sector.
- Attractive retention strategies need to be designed to retain talent in this sector.

Introduction

- The purpose of this research was to examine the strategies banks use in Laos to retain their talented employees.
- A qualitative research approach was adopted to answer the research questions and objectives and involved conducting semi-structured interviews to obtain data from the participants.

Introduction

The research question for this study is:

What are the important staff retention strategies for banks in Laos to retain their talented employees?

This research will be focusing on the following issues:

- To investigate how foreign-owned banks FB1, FB2 and FB3 retain their talented employees
- To investigate how locally-owned banks LB1 and LB2 retain their talented employees

Motivation Behind The Research

Research is lacking in this area of study.

The aim of this research thesis was to find out about staff retention strategies used by 3 foreign owned banks (FB1, FB2, FB3) and two local owned banks (LO1, LO2) in Laos (Vientiane) to retain talented employees.

Literature Review

- World Bank (2017) stated average GDP growth rate of Laos over last decade was 7.8% and recognised as one of the fastest growing economies in South East Asia and Pacific regions.
- The licensing of foreign and private banks in Laos was an important strategy of Government's reforms, providing greater competition in banking sector, led to higher quality of financial services and an increase in financial intermediation i.e., acquiring financial assets (Kronenberg, 2011).
- During 2016, total number of banks in Laos was 42. These banks included: state-owned commercial banks, specialised banks, joint state commercial banks, private banks, subsidiary banks and branches of foreign commercial banks.

Literature Review

Talent

- Talented employees in high demand today as organisations worldwide operating in highly competitive markets. Simonton (1999) defines talent as “any innate capacity that enables an individual to display exceptionally high performance in a domain that requires special skills and training” (p. 436). Well known that talented employees play crucial roles in moving organisations forward, helping them be what they want to be (Kyndt et al., 2011).

Staff retention

- Retaining key staff ongoing battle for organisations today due to retirement of baby boomers, technological, cultural, strategy and structural changes. Talented workers move on to other companies with more favourable opportunities, leadership, working conditions, roles, responsibilities and rewards (monetary, non-monetary).

Literature Review

Job satisfaction

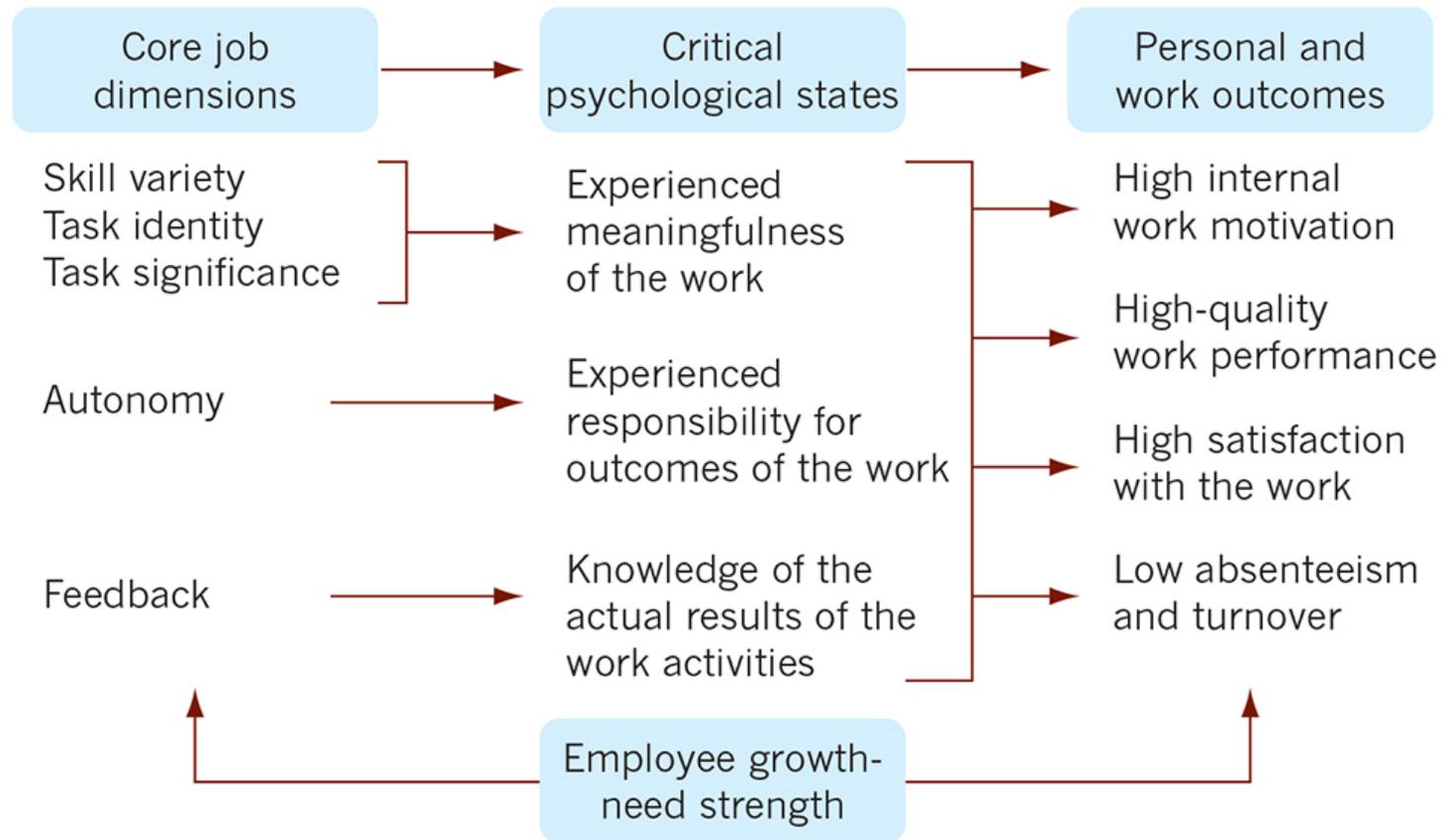
- Job satisfaction has several psychological interpretations of how workers perceive their jobs, what they want from their job. To understand job satisfaction, needs to be explored from different angles because workers have different values and perspectives (Lee & Way, 2010).

Job enlargement

- Job enlargement refers to horizontal loading of responsibility of workers' formal duties (Raza & Nawaz, 2011). Hence, it relates to assigning more tasks, with similar challenges, added onto worker's existing tasks without including any job entitlements or position promotions (Allen & Hartman, 2008; Maxwell, 2008). One purpose of enlarging a job is to increase job variety to reduce monotony and utilise workers potential skills and capabilities (Robbins et al., 2017).

Literature Review

EXHIBIT 7.8 The job characteristics model



SOURCE: J. R. Hackman and G. R. Oldham, *Work Redesign*, Addison-Wesley, Reading, MA, 1980, pp. 78–80. Copyright © 1980. Adapted by permission of Pearson Education, Inc., Upper Saddle River, NJ.

Literature Review

Job enrichment

- A key difference between job enrichment and job enlargement is title or position. Job enrichment adds extra roles for workers to do and also assigns new positions that are usually at a higher level. According to Robbins et al., (2017), job enrichment means adding more tasks and responsibilities in hope of creating more attractive characteristics to existing jobs. This means despite more responsibility that workers have, they also gain more power, autonomy and feedback in getting jobs done.

Training and development

- Training and development refers to a system approach in acquiring new knowledge and skills aiming to increase the effectiveness of individual, team and organisation; and promote personal growth (Aguinis & Kraiger, 2009). Staff retention likely to increase if organisations provide training programmes that support staff career paths and recognise their learning achievement (Beynon, Jones, Pickernell, & Packham, 2014).

Literature Review

Organisation culture

- Workplaces that practice warm and supportive organisational culture are likely to provide a sense of belonging and loyalty to employees that, in turn, have positive effects on staff turnover and retention (Lok et al., 2005). Kar and Misra (2013, p. 65) stated: “a culture that values interpersonal relationships and collaboration, a team orientation, and respect for people has been shown to result in longer tenure”.

Flexible work place arrangements

- Advanced technology has changed traditional work routines since work can be done more quickly, effectively and remotely. Workers can complete their tasks within a shorter timeframe and without being present in the office. Flexible work place arrangements is another factor that reduces staff turnover and provides advantages like employee commitment and retention enabling staff to adjust work hours to fit their needs (Kar & Misra, 2013).

Methodology-Approach

Post-positivist paradigm

Relies on qualitative data but is influenced by positivist perspective

(Gray, 2014)

Qualitative approach

- The “what” question in this research requires a qualitative approach

Methodology-Approach

Case study - purposive sampling technique

Case selection – a mixture of foreign-owned and locally-owned commercial banks

Participant selection - tenure and positions (HR managers, training and development managers), at least 3 years experience in same bank, 7 participated

Sources of data

Pilot study

Semi-structured interviews

Secondary data - banks' websites, annual report...

Results and Discussion

Generic staff retention strategies implemented by foreign-owned banks FB1, FB2 and FB3 in Laos.

- Included the roles of HR and line managers. Participants from banks FB1 and FB2 stated managers need to recognise talent in teams help develop their careers. FB3, overseas secondments to Australia, Singapore, other.
- Job security important to participants from banks FB1 and FB3. If employees perceive career life was steady and secured, then positive feelings and behaviours can develop (Dugguh & Dennis, 2014).

Generic staff retention strategies implemented by locally-owned banks LB1 and LB2 in Laos.

- Psychological contract important to all participants and more relational than transactional; acknowledging the added value workers have contributed to their banks, and offering workers career development opportunities.

Results and Discussion

What components of job satisfaction that are effective in retaining talent at foreign-owned banks FB1, FB2 and FB3?

- Three interviewees from foreign-owned banks FB1, FB2 and FB3 believed equal pay directly influences employees' feelings about their organisations. Inequality and a lack of transparency in employees' pay can mitigate their morality, satisfaction and might exhibit the existence of some unethical behaviours like gender bias and in-group/out-group practices (leader-member exchange theory) within the organisation (Lips, 2013; Sandhya & Kumar, 2011). FB2 and FB3 appraisals used to narrow pay gap.
- Employee involvement in career design and in solving problems important to three interviewees from banks FB1 and FB2 who believe this helps provide employee input into their career planning and providing own ideas to help solve operational problems. Employee empowerment used in FB1, FB2 and FB3.

What components of job satisfaction that are effective in retaining talent at locally-owned banks LB1 and LB2?

- Training and development for personal and professional development of employees. helps augment employees' knowledge, skills and capabilities, embeds employees' feelings of organisation willingness to invest in them (Jehanzeb & Bashir, 2013). Supportive leadership important to all participants; helps subordinates openly share information, opinions with their leaders and motivates them to perform well (Oosterlander et al., 2014).

Results and Discussion

Importance of talent-related training conducted by participant banks?

- All interviewees stated training and development programmes important to increase capability of employees in handling responsibilities which fits concept of job enrichment. According to Sharma (2016), an enriched job provided opportunities for employees to escape from monotony, boredom and repetitive tasks and that job enrichment provided knowledge and skills expansion which facilitated promotion and career advancement of employees.
- Job enlargement was important for talent development according to all participants. Zareen et al., (2013) suggests employees can use job enlargement to broaden and develop their knowledge, skills and abilities.

Results and Discussion

What components of organisational culture that motivate talented employees to stay at foreign-owned banks FB1, FB2 and FB3?

- Participants from FB1 and FB2 want flexible work arrangements. These included work time and work location which could be organised. Needs to be based on the agreement of employers and employees that best suited both of them (Employment New Zealand, n.d.).
- All respondents from banks FB1, FB2 and FB3 wanted team building that allowed workers to put their strengths together within the team. Fapohunda (2013) notes that team building enabled workers to make contributions and share their ideas.
- One FB3 respondent mentioned application of religious beliefs. FB3 has integrated Buddhist beliefs into its HR practices to shape workers' morality (e.g., no meat served in staff canteen, yoga to reduce stress). Workers taught to worship and respect those who have an influence on their personal and professional lives and helped them become who they are today.

Results and Discussion

What are the components of organisational culture that motivate talented employees to stay at locally-owned banks LB1 and LB2?

- Traditional work uniform important to all participants from locally-owned banks LB1 and LB2. Karl et al. (2013) claim dress code not only differentiated workers of one organisation from others, also had influences on self-perception, creativity, reliability, friendliness and trustworthiness.
- Workplace communication was another important feature cited by all participants. Effective workplace communication enhanced dispersion of useful information within the organisation, influenced interpersonal communication and can help mitigate workplace conflict (Mallett-Hamer, 2005).

Conclusion

| Retention Strategies | Banks: FB1, FB2 and FB3 | Banks: LB1 and LB2 |
|--|---|---|
| Generic staff retention strategies | HR and line managers to recognise top talent in teams and help develop their careers; job security important. Overseas secondments provided. | Psychological contract: more relational than transactional. Promote workers contributions as being valued by managers. |
| Components of job satisfaction that are effective in retaining talent | Equal pay, dislike for unethical behaviours like gender bias and bias in-group/out-group practices. Employees empowered in jobs and own career planning. | Training and development for personal and professional development. Supportive leadership for sharing of ideas. Motivated to perform well |
| Importance of talent-related training conducted by participants bank | All participants share the following retention strategies: Training and development programmes for capability development, workplace communication, job enrichment (autonomy), job enlargement to broaden and develop KSAs | |
| Components of organisational culture that motivate talented employees to stay at bank | Flexible work arrangements, team building (FB1, FB2). Application of religious beliefs in workplace (morality purposes and worshipping) already in place (FB3). | Workplace uniform provides recognition and status: for females skirt compulsory, males no jeans; effective workplace communication important. |

Recommendations

- **Use line managers for employee development and career planning**
 - Line managers have face-to-face conversation with employees periodically regarding their career prospects and discuss priority areas related to their jobs, such as what they want from careers and what training they need to help get them there.
- **Strengthen workplace relationships**
 - Strengthen workplace relationships through rapport and supportive behaviour from peers and leaders. Workers should respect colleagues' realistic ideas and leaders demonstrate supportive behaviour towards their subordinates to build mutual trust. Banks encourage team building and assist the behaviours of workers to augment their work-related competencies, interpersonal skills.

Recommendations

- **Support training, development and education of workers**

-Banks provide and facilitate training and development programs to staff to progress their education. Deliver in a domestic or international setting, supported by study grants to improve their knowledge, motivation; enhancing workers' capability, skills, experience and for future higher promotion.

- **Apply flexible work arrangement**

- Unlike banks in some western countries, flexible work arrangement is uncommon to local Lao banks and even some foreign-owned banks whose headquarters are in Asia. Offer employees choices in how they conduct their work. Applicable to work locations and working times that best suit both employees and employers through use of contemporary information technology that reduces stress and maximises their productivity, motivation, engagement and satisfaction.

Further Research

- Future research to involve much larger population of interest, to improve validity of results.
- Participants should include employees from different work groups, i.e., both managers and non-managers to reflect employees' perceptions from a wider variety of levels in organisation.
- Use on-line questionnaire approach to collect more data and provide more options in types of data to collect.
- Current research involved banks operating in Vientiane, hence, future research to include employees working in different geographical locations (e.g., northern and southern) where employees more likely to have different goals, motivations, desires and needs.

THE END

THANK YOU!

