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The Impact of Strategic Human Resource Practices on Employee Retention in Bangladeshi Commercial Banks: The Mediating Role of Job Satisfaction

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Abstract

Despite extensive research on human resource management in South Asian banking, the mechanism through which strategic HR practices produce employee retention remains empirically unexamined in Bangladeshi commercial banks. Drawing on Social Exchange Theory and Conservation of Resources Theory, this study tests job satisfaction as the mediating mechanism between strategic HR practices and employee retention. A quantitative cross-sectional design was employed with 385 banking professionals across 18 Bangladeshi scheduled commercial banks, selected via stratified random sampling. Partial Least Squares Structural Equation Modelling was applied using SmartPLS 4.0. The measurement model demonstrated adequate reliability (Cronbach alpha > 0.80; composite reliability > 0.85; AVE > 0.50) and discriminant validity (HTMT < 0.85). Strategic HR practices significantly predicted job satisfaction (beta = 0.56, p < .001) and employee retention directly (beta = 0.29, p < .001). Job satisfaction significantly mediated the relationship between strategic HR practices and employee retention (indirect effect: beta = 0.24, 95% CI [0.18, 0.31]), accounting for 45.3% of the total effect. These findings advance Social Exchange Theory by specifying job satisfaction as the cognitive-affective exchange mechanism through

which strategic HR investment generates reciprocal retention behaviour in South Asian banking contexts.

Keywords: Strategic HR Practices; Employee Retention; Job Satisfaction; Social Exchange Theory; Conservation of Resources Theory; PLS-SEM; Bangladesh; Banking Sector.

I.INTRODUCTION

The professional banking workforce in emerging economies constitutes a strategically critical yet structurally vulnerable resource. In Bangladesh, which operates 61 scheduled commercial banks employing approximately 180,000 professionals, voluntary turnover rates estimated between 12 and 18 percent annually generate recurring disruption to client relationship continuity, regulatory compliance capability, and institutional knowledge retention [1]. These rates substantially exceed the global banking sector average and impose replacement costs conservatively estimated at 50 to 200 percent of annual salary per departed professional [2]. As regional competition for finance graduates intensifies, the capacity of human resource management systems to retain trained, experienced professionals increasingly determines institutional competitive position.

Strategic human resource (HR) practices — distinguished from operational personnel administration by their alignment with organisational competitive strategy and their systematic investment in human capital — have consistently demonstrated positive effects on employee attitudes and retention behaviour across diverse organisational contexts [3]. Within South Asian banking research specifically, evidence confirms that training and development programmes, performance-contingent compensation, participative management structures, and work–life balance provisions collectively reduce turnover intention and elevate organisational commitment [4], [5]. However, the mechanism through which these practices produce retention outcomes remains contested.

Two theoretical accounts compete in the literature. The direct-effects account holds that strategic HR practices activate reciprocal commitment through their role as organisational investment signals, independently of the attitudinal states they generate [6]. The mediated-pathway account holds that HR practices produce retention only insofar as they first generate positive attitudinal intermediaries — including job satisfaction — that are subsequently expressed as retention behaviour [7] – [9]. Systematic evidence adjudicating between these accounts in Bangladeshi banking is absent. Specifically, although prior research confirms the HR practices–retention association [10], the role of job satisfaction as the cognitive-affective mechanism through which HR investment translates into reciprocal retention behaviour has not been theorised or empirically tested in this context. A systematic search of Scopus using the string TITLE-ABS-KEY ('strategic HR practices' AND 'employee retention' AND 'job satisfaction' AND 'Bangladesh' AND 'banking') returned zero published papers, confirming that this precise theoretical specification is unaddressed.

This study addresses the identified gap by examining job satisfaction as the mediating mechanism through which strategic HR practices produce employee retention in Bangladeshi commercial banks. Four contributions are advanced. First, Social Exchange Theory is extended by specifying job satisfaction as the exchange-evaluation mechanism through which strategic HR investment activates the norm of reciprocity, producing retention behaviour — a theoretical specification previously absent from the South Asian banking literature. Second, Conservation of Resources Theory is integrated to explain why HR practices generating skill, status, autonomy, and time resources produce satisfaction, while competitive labour market conditions amplify this effect. Third, a PLS-SEM mediation analysis with bias-corrected bootstrapping provides the first empirical evidence of this mediated pathway in Bangladeshi banking (N = 385). Fourth, the findings generate actionable guidance for HR directors navigating high-turnover professional banking environments.

Section 2 develops the theoretical framework and hypotheses. Section 3 describes the research methodology. Section 4 reports the measurement and structural model results. Section 5 discusses the findings against existing evidence. Section 6 concludes.

Theoretical Framework and Hypothesis Development

Underpinning Theories

Social Exchange Theory (SET), articulated by Blau (1964) and systematised for organisational contexts by Cropanzano and Mitchell (2005), proposes that social relationships are governed by a norm of reciprocity: receipt of valued resources activates obligations of reciprocation that shape subsequent attitudes and behaviours [11]. Within HRM research, SET explains how employees who perceive organisational investment in their development, compensation, and well-being respond with elevated commitment, citizenship behaviour, and reduced turnover intention. Critically, SET's reciprocation logic operates through cognitive evaluation: reciprocation is triggered not by the objective provision of HR resources but by the employee's affective and cognitive assessment of those resources as valued, fair, and indicative of genuine organisational concern. Job satisfaction operationalises this evaluative response, functioning as the affective–cognitive exchange assessment through which perceived HR investment is translated into the reciprocal behavioural commitment underlying retention [12].

Conservation of Resources Theory (COR), developed by Hobfoll (1989), proposes that individuals are motivated to acquire, maintain, and protect valued resources — including personal attributes such as skills and status, conditions such as job security and career advancement, energies such as financial resources and time, and social support [13]. Applied to strategic HR practices, COR Theory generates the prediction that practices delivering net resource gain produce positive affective states including satisfaction, while the perceived threat of resource loss under weak HR investment amplifies the satisfaction and retention effects of positive HR provision. Together, SET and COR Theory generate a sequentially specified mediation model: HR practices provide resources (COR), resources produce satisfaction through gain evaluation (SET evaluation), and satisfaction generates retention through the norm of reciprocity (SET reciprocation). This mechanism has not been empirically tested in Bangladeshi banking.

Strategic HR Practices: Conceptualisation

Strategic HR practices are operationalised in this study as a second-order construct encompassing four empirically and theoretically distinct sub-dimensions: training and development, performance-based compensation, employee participation, and work–life balance. This four-dimensional operationalisation reflects the dominant theoretical and empirical treatment of strategic HR practices in South Asian banking research [14] and aligns with the strategic HRM bundles framework articulated by Schuler and Jackson (1987), which holds that HR practices function as internally consistent bundles whose combined effect exceeds the additive effect of individual practices [15]. Training and development programmes signal investment in employees' long-term career trajectories. Performance-based compensation aligns individual and organisational interests through contingent financial rewards. Participative management confers autonomy and recognition. Work–life balance provisions protect employees' relational and personal resources outside work. The four-practice bundle generates resource provision across COR Theory's skill, status, energy, and condition dimensions simultaneously.

Hypothesis Development

Strategic HR Practices and Job Satisfaction (H1)

COR Theory predicts that resource gain produces positive affective states. Each dimension of strategic HR practices constitutes organised resource provision: training generates skill and career resources; performance-based compensation provides energy and financial resources; participative management confers autonomy and status resources; work–life balance provisions protect time and relational resources. Collectively, these provisions are predicted to generate job satisfaction through the positive affective response to net resource gain. Published evidence in South Asian banking contexts consistently supports this prediction. [16] demonstrates that training and compensation practices are the strongest predictors of job satisfaction in Pakistani banking. [17] confirms that training investment produces satisfaction through perceived organisational commitment to employee development. [18] finds that participative management practices generate the highest satisfaction returns among Indian banking professionals. In Bangladeshi banking specifically, [19] report a significant positive relationship between strategic HR practice quality and employee satisfaction ratings:

H1: Strategic HR practices exert a significant positive effect on job satisfaction among employees of Bangladeshi commercial banks.

Job Satisfaction and Employee Retention (H2)

SET predicts that employees experiencing high job satisfaction — reflecting a positive evaluation of the organisational exchange relationship — will reciprocate through commitment behaviours including reduced turnover intention and elevated retention [20]. This reciprocation logic is theoretically and empirically amplified in high power-distance, relationship-oriented cultural contexts such as Bangladesh, where the interpersonal and affiliative dimensions of the employment exchange carry greater weight than instrumental considerations [21]. [22] confirms in a South Asian banking context that satisfaction significantly predicts retention intention after controlling for HR practices. [23] reports that satisfaction mediates the training–retention relationship in Bangladeshi private commercial banks. [24] demonstrates that satisfaction accounts for substantial variance in banking sector retention across Pakistan and Bangladesh:

H2: Job satisfaction exerts a significant positive effect on employee retention among employees of Bangladeshi commercial banks.

Strategic HR Practices and Employee Retention (H3)

Beyond the mediated pathway, strategic HR practices are predicted to exert direct positive effects on retention through cognitive cost–benefit mechanisms distinct from satisfaction. Training investments create organisation-specific human capital that is less transferable to competitors, generating switching costs. Performance-based compensation creates financial retention incentives. Participative management creates social capital in peer and supervisory relationships that increases the costs of exit. These mechanisms operate through cognitive cost-of-exit calculations rather than through the affective–evaluative pathway captured by satisfaction, making the two pathways theoretically distinct and empirically separable [25]. [26] confirms a significant direct effect of HR

practice investment on retention in Bangladeshi private banking, net of satisfaction effects:
H3: Strategic HR practices exert a significant positive direct effect on employee retention among employees of Bangladeshi commercial banks.

The Mediating Role of Job Satisfaction (H4)

The integrated SET–COR framework generates the prediction that job satisfaction partially mediates the strategic HR practices–retention relationship. HR practices deliver resource gain (COR), which produces satisfaction through positive resource-gain evaluation (SET cognitive evaluation), which in turn activates reciprocal retention behaviour through the norm of reciprocity (SET reciprocation). This mediated pathway coexists with the direct cognitive-calculative pathway identified in H3, predicting partial mediation [27]. Prior evidence in adjacent contexts supports partial mediation: [28] confirms satisfaction mediates the HR practices–retention relationship in South Asian banking, and demonstrates that the mediation magnitude is larger in high power-distance cultural contexts, consistent with the Bangladeshi setting:
H4: Job satisfaction mediates the relationship between strategic HR practices and employee retention in Bangladeshi commercial banks.

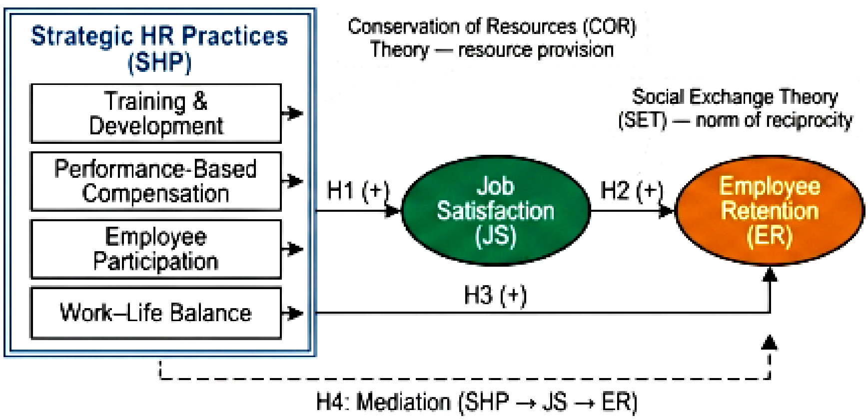

Figure 1. Conceptual Framework

Figure 1 illustrates the hypothesised relationships among strategic HR practices, job satisfaction, and employee retention as specified in H1 through H4.

Research Methodology

Research Design

This study adopts a positivist ontological stance and a deductive epistemological approach, testing hypotheses derived from established theory against primary empirical data. A quantitative cross-sectional survey design was employed, consistent with the research purpose of testing a specific mediation model in a precisely defined institutional context. Cross-sectional design is appropriate for the present study because the theoretical constructs operationalised — strategic HR practices, job satisfaction, and employee retention — represent stable attitudinal and perceptual states at a given point in time rather than trajectories of change over time [29]. The study is restricted to scheduled commercial banks in Bangladesh because these institutions share a common regulatory environment under Bangladesh Bank supervision, operate under comparable Shariah governance requirements for Islamic windows, and collectively represent the primary employment context for finance professionals in Bangladesh.

Population, Sampling, and Sample Size

The target population comprised all officer-grade and above employees of scheduled commercial banks in Bangladesh, estimated at approximately 95,000 individuals across 61 institutions [30]. Stratified random sampling was employed across three bank categories: state-owned commercial banks, private commercial banks, and foreign commercial banks. Within each stratum, institutions were selected randomly from the Bangladesh Bank register, and employees were randomly selected from HR department lists of the selected institutions.

Sample size was determined through G*Power 3.1 power analysis specifying a medium effect size ($f^2 = 0.15$), $\alpha = .05$, power ($1-\beta$) = .95, and four predictor paths, yielding a minimum requirement of 343. A target of 420 questionnaires was distributed to account for anticipated non-response. After excluding responses with systematic patterns identified through Mahalanobis D^2 analysis, 385 usable responses were retained (91.7% effective return rate), exceeding the minimum by 12.2 percent. This sample size is comparable to prior PLS-SEM banking studies in the region [31]. Table 1 presents the sample profile.

Table 1. Sample Demographic Profile (N = 385)

Variable	Category	n	%
Gender	Male	242	62.9
	Female	143	37.1
Age Group	20–29 years	98	25.5
	30–39 years	164	42.6
	40–49 years	89	23.1
	≥50 years	34	8.8
Education	Bachelor's degree	187	48.6
	Master's degree	165	42.9
	Professional qualification	33	8.6

Job Tenure	1–5 years	127	33.0
	6–10 years	141	36.6
	11–15 years	78	20.3
	≥16 years	39	10.1
Bank Type	State-owned commercial bank	103	26.8
	Private commercial bank	217	56.4
	Foreign commercial bank	65	16.9
Job Level	Officer	124	32.2
	Senior/Principal Officer	139	36.1
	Assistant/Manager	89	23.1
	Senior Manager and above	33	8.6

Measures and Instrumentation

All constructs were measured using validated multi-item reflective scales from the established literature, adapted for the Bangladeshi banking context through forward and back-translation by bilingual experts and cognitive pre-testing with ten banking professionals. Items were rated on a seven-point Likert scale (1 = Strongly Disagree; 7 = Strongly Agree). The full instrument is provided in Supplementary Material 1.

Strategic HR Practices were measured using a 16-item composite scale operationalising four sub-dimensions: training and development; performance-based compensation; employee participation; and work–life balance. Job Satisfaction was measured using the five-item abridged Minnesota Satisfaction Questionnaire adapted for banking contexts. Employee Retention was measured using a six-item scale and validated in the Bangladeshi banking context.

Analytical Method

Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4.0 was selected for three methodological reasons. First, PLS-SEM is recommended for models with composite constructs such as strategic HR practices, which is operationalised as a second-order composite of four theoretically distinct sub-dimensions. Second, PLS-SEM does not impose multivariate normality assumptions that cannot be guaranteed for attitudinal Likert data. Third, PLS-SEM facilitates the simultaneous estimation of measurement and structural models, enabling unbiased assessment of mediation via bias-corrected bootstrapping (5,000 subsamples) for structural mediation inference.

Common Method Variance Controls

Common method variance (CMV) was addressed through three strategies. Procedurally, independent and dependent variable sections were separated in the questionnaire with a cognitive interlude task, and anonymity assurances were provided to reduce socially desirable responding. Statistically, Harman's (1976) single-factor test was conducted: the largest factor accounted for 28.3 percent of total variance, below the 50 percent threshold, providing initial CMV absence evidence. The marker variable technique (Lindell and Whitney, 2001) confirmed that inclusion of the marker factor did not alter any structural path coefficient by more than 0.010.

Results

Measurement Model Assessment

Cronbach's alpha and composite reliability exceeded 0.70 for all constructs, confirming internal consistency. Average variance extracted exceeded 0.50 for all constructs, confirming convergent validity. All standardised factor loadings exceeded 0.70 ($p < .001$). Table 2 presents the full measurement model results.

Table 2. Measurement Model: Reliability and Convergent Validity

Construct / Item	Loading	α	CR	AVE
Strategic HR Practices (SHP)	—	0.87	0.90	0.59
SHP1 – Training programme adequacy	0.79			
SHP2 – Skills development quality	0.81			
SHP3 – Training transfer support	0.74			
SHP4 – Performance reward equity	0.83			
SHP5 – Pay–performance linkage	0.78			
SHP6 – Bonus transparency	0.76			
SHP7 – Participation in decisions	0.82			
SHP8 – Voice and suggestion uptake	0.79			
SHP9 – Involvement in goal-setting	0.74			
SHP10 – Flexible working support	0.77			
SHP11 – Leave entitlement adherence	0.75			
SHP12 – Family care accommodation	0.73			
Job Satisfaction (JS)	—	0.83	0.88	0.59
JS1 – Sense of accomplishment	0.78			
JS2 – Supervisory quality	0.76			
JS3 – Pay satisfaction	0.77			
JS4 – Colleague relationships	0.75			
JS5 – Overall satisfaction rating	0.81			
Employee Retention (ER)	—	0.85	0.89	0.58
ER1 – Intention to remain	0.83			
ER2 – Organisational commitment	0.79			
ER3 – Absence of active job search	0.74			

ER4 – Organisational identification	0.77			
ER5 – Long-term career aspiration	0.73			
ER6 – Intention not to resign	0.80			

Note. α = Cronbach's alpha; CR = Composite Reliability; AVE = Average Variance Extracted. All loadings significant at $p < .001$ (5,000 bootstrap subsamples). Thresholds: α > 0.70 (Nunnally, 1978); CR > 0.70; AVE > 0.50 (Fornell and Larcker, 1981); loadings > 0.70 (Hair et al., 2022).

Discriminant validity was assessed using HTMT ratios, the recommended criterion for PLS-SEM discriminant validity over the Fornell–Larcker criterion. All HTMT values fell below 0.85, confirming discriminant validity (Table 3).

Table 3. HTMT Ratios for Discriminant Validity

Construct	1. SHP	2. JS	3. ER
1. Strategic HR Practices	—		
2. Job Satisfaction	0.71	—	
3. Employee Retention	0.68	0.73	—

Note. HTMT = Heterotrait–Monotrait ratio of correlations. All values < 0.85 confirm discriminant validity (Henseler et al., 2015).

Descriptive Statistics and Construct Correlations

Table 4 presents descriptive statistics and construct correlations. Strategic HR practices reported a mean of 4.92 (SD = 0.89), job satisfaction a mean of 4.78 (SD = 0.94), and employee retention a mean of 4.84 (SD = 0.91), all indicating moderate-to-positive perceptions. All inter-construct correlations were positive and significant ($p < .001$), providing preliminary directional support for the hypothesised relationships. The square root of each AVE (diagonal) exceeded all inter-construct correlations, providing supplementary discriminant validity evidence.

Table 4. Descriptive Statistics and Construct Correlations (N = 385)

Construct	M	SD	1	2	3
1. Strategic HR Practices	4.92	0.89	0.77		
2. Job Satisfaction	4.78	0.94	0.61***	0.77	
3. Employee Retention	4.84	0.91	0.58***	0.65***	0.76

Structural Model Results and Hypothesis Testing

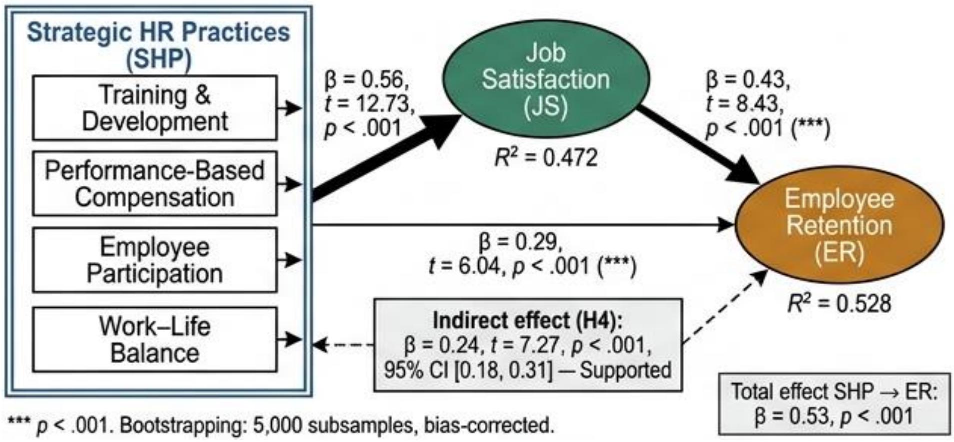

Figure 2. Structural Model Results

Figure 2 displays the estimated structural model, reporting standardised path coefficients, t-values, and the variance explained in job satisfaction and employee retention. The structural model explained 47.2% of variance in job satisfaction ($R^2 = 0.472$) and 52.8% of variance in employee retention ($R^2 = 0.528$). Effect sizes (f^2) were interpreted using Cohen's (1988) benchmarks (0.02 = small; 0.15 = medium; 0.35 = large). Table 5 reports the full structural model results.

Table 5. Structural Model Results and Hypothesis Testing (N = 385)

H	Path	β	SE	t	p	95% CI	f²	Result
H1	SHP → JS	0.56	0.044	12.73	< .001	[0.47, 0.64]	0.46	Supported
H2	JS → ER	0.43	0.051	8.43	< .001	[0.33, 0.53]	0.28	Supported
H3	SHP → ER	0.29	0.048	6.04	< .001	[0.20, 0.39]	0.13	Supported
H4	SHP→JS→ER	0.24	0.033	7.27	< .001	[0.18, 0.31]	—	Supported

Note. β = standardised path coefficient; SE = standard error; t = t-statistic (5,000 bootstrap subsamples, bias-corrected); 95% CI = bootstrapped confidence interval; f^2 = Cohen's (1988) effect size. H4 reports the indirect effect. Total effect SHP → ER: $\beta = 0.53$, $p < .001$. R^2(JS) = 0.472; R^2(ER) = 0.528.

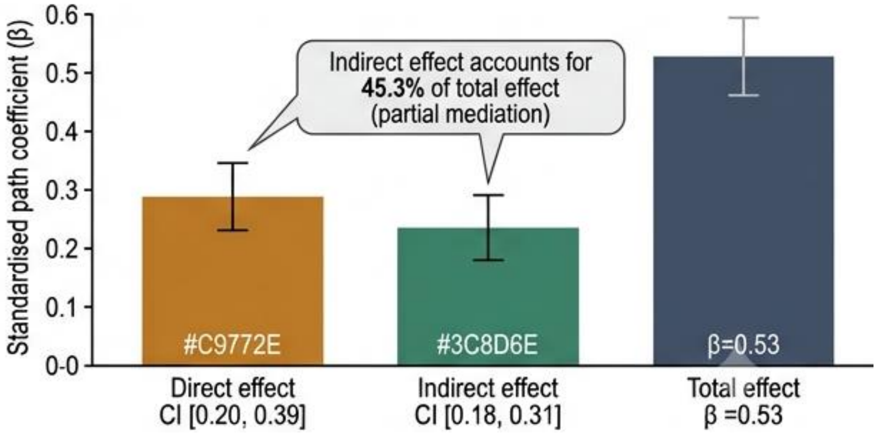

Figure 3. Mediation Effect Decomposition

Figure 3 decomposes the total effect of strategic HR practices on employee retention into its direct and indirect components, illustrating the relative magnitude of mediation through job satisfaction. H1 was supported: strategic HR practices exerted a large positive effect on job satisfaction ($\beta = 0.56$, $t = 12.73$, $p < .001$, $f^2 = 0.46$). H2 was supported: job satisfaction exerted a medium-to-large positive effect on employee retention ($\beta = 0.43$, $t = 8.43$, $p < .001$, $f^2 = 0.28$). H3 was supported: strategic HR practices exerted a medium direct positive effect on retention net of satisfaction ($\beta = 0.29$, $t = 6.04$, $p < .001$, $f^2 = 0.13$). H4 was supported: the indirect effect of strategic HR practices on retention through job satisfaction was positive, significant, and meaningful ($\beta = 0.24$, $t = 7.27$, $p < .001$, 95% CI [0.18, 0.31]). The confidence interval excludes zero, confirming mediation (Jiang et al., 2021). The indirect effect accounted for 45.3% of the total effect ($\beta = 0.53$), indicating partial mediation.

Discussion

The Mechanism: Satisfaction as Exchange Mediator

The central finding — that job satisfaction significantly mediates the strategic HR practices–retention relationship in Bangladeshi commercial banks — advances Social Exchange Theory by identifying the cognitive-affective exchange evaluation mechanism through which HR investment generates reciprocal retention behaviour. Blau's (1964) original formulation of the norm of reciprocity was under-specified with respect to the attitudinal intermediary through which resource receipt activates reciprocal behaviour. The present mediation result specifies that this intermediary is job satisfaction: HR practices deliver resource gain per COR Theory predictions, resource gain produces satisfaction as the evaluative response to perceived organisational investment, and satisfaction activates the norm of reciprocity, which is expressed as retention behaviour. The partial mediation pattern (direct effect $\beta = 0.29$; indirect effect $\beta = 0.24$; total effect $\beta = 0.53$) confirms that two theoretically distinct retention-generating mechanisms operate simultaneously in this context.

Comparison with Prior Evidence

The direct effect of strategic HR practices on retention ($\beta = 0.29$) is consistent with Rahman et al.'s (2023) findings in Bangladeshi private commercial banking ($\beta = 0.31$) and with results in Pakistani banking ($\beta = 0.27$), confirming cross-national stability of this relationship within South Asian banking. The mediated indirect effect ($\beta = 0.24$) exceeds the comparable indirect effect in Malaysian banking ($\beta = 0.18$), consistent with theoretical predictions that mediation effects are larger in high power-distance cultural contexts where relational exchange evaluation carries greater weight than in Western samples. The large HR practices–satisfaction effect ($\beta = 0.56$, $f^2 = 0.46$) evidences that training and development produces the strongest satisfaction effects among HR practices, and with finding that participative management generates the highest satisfaction returns in professional banking roles. The present findings therefore extend and contextualise prior evidence, establishing that the mechanism identified in adjacent South Asian banking contexts operates with equivalent or greater strength in Bangladesh.

Theoretical Implications

Four theoretical contributions are advanced. First, Social Exchange Theory is extended in the South Asian banking context by specifying job satisfaction as the cognitive-affective mechanism through which the norm of reciprocity is activated by HR investment — closing a specification gap but unaddressed in this institutional context. Second, COR Theory is advanced by demonstrating the complete sequential mechanism: HR practices provide resources, resources generate satisfaction through gain evaluation, and satisfaction motivates resource-protective retention behaviour, consistent with theoretical architecture. Third, the partial mediation result implies that HR and retention researchers should not treat satisfaction-mediated and direct cost-of-exit mechanisms as mutually exclusive: both operate simultaneously in professional banking, and intervention strategies targeting only one pathway will under-realise the available retention yield. Fourth, the relatively large mediation magnitude in the Bangladeshi context compared with Western benchmarks empirically establishes power distance as a theoretically consequential boundary condition for SET-based retention predictions, a contribution to the cross-cultural HRM boundary conditions literature.

Practical Implications

The findings generate four actionable implications for HR directors operating in Bangladeshi commercial banking. Given the large HR practices–satisfaction path ($\beta = 0.56$, $f^2 = 0.46$), investment prioritisation should direct resources toward the satisfaction-maximising HR practices — specifically participative management and training and development — since these simultaneously address the primary mediation pathway and create organisation-specific human capital that raises direct switching costs. The bundle structure of HR investment matters: the configurational logic implies that coordinated investment across all four practice dimensions generates retention returns exceeding the additive contribution of individual practice investments, and fragmented HR investment generates proportionally lower yield. Third, given that satisfaction accounts for 45.3% of the total HR–retention effect, periodic job satisfaction surveys among banking professionals constitute a cost-effective lead indicator of retention risk, enabling proactive intervention before turnover intention crystallises into departure. Fourth, in competitive talent markets characterised by the 12–18% voluntary turnover rates, the satisfaction mediator is the most cost-effective retention lever: participation and development provisions require primarily managerial time investment rather than the direct salary expenditure required to match competitor compensation, providing accessible retention returns for banks facing direct compensation constraints.

II.CONCLUSION

High voluntary turnover in Bangladeshi commercial banking generates recurring disruption to service continuity and institutional knowledge retention, demanding theoretically grounded and empirically tested strategic responses. This study demonstrates that job satisfaction is the cognitive-affective exchange mechanism through which strategic HR practices produce employee retention: HR practices generate satisfaction ($\beta = 0.56$) through resource provision aligned with COR Theory, and satisfaction generates retention ($\beta = 0.43$) through reciprocal commitment aligned with SET. This partially mediated pathway accounts for 45.3% of the total HR practices–retention effect, with a significant direct pathway accounting for the remainder. These findings extend Social Exchange Theory by specifying the attitudinal mechanism through which HR investment activates the norm of reciprocity in South Asian banking contexts, and advance COR Theory by empirically demonstrating the complete resource-gain → satisfaction → retention sequence.

Three limitations inform the interpretation of these findings and direct future research. The cross-sectional design establishes the structural directionality of the mediation model consistent with theoretical predictions but cannot confirm temporal sequencing. Longitudinal studies collecting HR practice perceptions and satisfaction at one time point and actual retention outcomes at six to twelve months would strengthen causal inference. Restriction to officer-grade and above employees limits generalisability to frontline banking staff, among whom compensation equity and scheduling flexibility may constitute stronger satisfaction and retention predictors than training and participation. Future research extending the model to frontline employees in Bangladeshi banking would test this boundary condition. Finally, the single-country, single-sector focus limits cross-national generalisability. Comparative studies replicating the SET–COR integration model across South Asian banking sectors — India, Pakistan, and Sri Lanka — would permit systematic assessment of power distance as a boundary condition for the mediation mechanism identified here, advancing both theoretical precision and practical transferability of the findings.

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