



FACTORS ASSOCIATED WITH EMPLOYEES RETENTION: A STUDY OF NEPALESE BANKING SECTORS

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ABSTRACT- This study aims to investigate factors associated with the employee retention issues in Nepal Investment bank limited and Himalayan bank limited located in Kathmandu valley. The study has collected data from 125 employees (from different levels and different departments) working in these commercial banks through 5-point Likert questionnaire and processed with the help of SPSS. The collected data are analyze using descriptive statistics and regression analysis. The study results shows that workplace environment, career growth & development opportunity, compensation management and job security have significant impact and association with the employee's retention in NIBL and HBL located in Kathmandu. It is recommended that plan for work life balance and better career planning for the employees could increase to establishing the stability of employees working in banking sectors.

KEYWORDS: Employee Retention, Banking Sectors, Nepal Investment Bank Limited, Himalyan Bank Limited, Kathmandu.

I. INTRODUCTION

Employee turnover has been a compelling issue for any organization since many years. Organizations have been facing significant challenge regarding employee retainment due to increasing competition in the job market. Competitive advantage of an organization highly rely on the recruitment of competent employee. In this competitive world, employee retention is as important as hiring new employee. Organizations seek for a competent and talented employee and dedicate its capital to develop them for forthcoming return aspect. The learning organizations have started propounding policies to retain competent employees due to certain factors such as deficiency of skilled and competent human resources, economic growth, high employee turnover trend and many more. Hom and Griffeth (1995) justified that employee retention is the process of persuading competent employees to stay as per the requirement of and organization. Achievement of organizational goal highly relies on the performance of talented employees. Hence, motivating and retaining those employees is the foremost requirement of the organization. Employee retention reflects the means and plan put forward to retain competent employees through the good behavior by an organization (Gberevbie, 2008). Bartlett & Ghoshal (2013) stressed on the major role of higher-level management and HR team to strategically use the resources and formulate the policy to retain competent employees and exercise competitive advantage.

Training and Development schemes have been considered as an essential means to retain employees (Chen, 2014). It is a duty of the HR manager to find a way to attract and retain competent employees since employees has a major role in the sustainability of an organization and its goodwill (Wisnefski, 2008; Rasli et al., 2014). Employee retention reflects the means and plan put forward by and organization with their good behavior (Gberevbie, 2008). Organizations have considered investment on employee training and development as a key aspect for the retention of key employees. Organization should maintain its policy regarding the HR retention to expect output from its HR investment (Messmer, 2000).

Employees are important asset for any organization. Success of any organization depends on efficiency of its workforce. Individuals are mainly triggered to by their various needs and wants. Such desires motivate them to perform and use their expertise, energy, and time to align their objective with the strategic objective. Every individual has certain expectation from their job. The lack of fulfillment of the expectation from the current

job leads to job switching for better future. This study focuses on identifying factors associated with the employee retention in Nepal Investment bank limited and Himalyan bank limited operating inside Kathmandu.

II. LITERATURE REVIEW

Employee retention strategy has come up as a key feature of today's HR policy. It is an attempt by the business to propound strategies that ensures the long-term association between employees and organization. Retention is "the ability to hold onto those employees who are key aspects for the productivity of an organization" (Johnson, 2000). Frank, Finnegan, & Taylor (2004) explained that employee retention refers to retaining productive employees who are well capable of taking forward the organizational process and accomplish organizational goals. Organizations have started paying highest attention to retaining their employees for the reason of diminishing the recruitment and training and development costs and meanwhile restricting the talented employees getting attracted by the competitors (Sandhya & Kumar, 2011). The outgoing of competent workforce might lead towards decrease in customer perception, decline in proficiency, higher administrative expenses and disruption in day-to-day workflow. This may create a catastrophic scenario for the organizations during its operation (Brandt, Bielitz, & Georgi, 2016; Karsan, 2007; Ton & Huckman, 2008). HR practices should not only focus on hiring competent employees but also providing them with an motivating environment to restrict them from walking out (Kaye & Jordan, 2001). In this modern era, employees look for the opportunity of personal as well as professional growth besides monetary values (Chiboiwa, Samuel, & Chipunza, 2010). Human resources tend to stay in an organization when they are involved in the decision-making process of an organization. Such association can be amplified with the competitive and transparent compensation systems (George, 2015). When organizations fail to retain their competent employees, they suffer higher expenses in terms of recruitment process and training and development schedules (Okioga, 2012). Low retention rates result into higher time and capital consumption on hiring and training new employees. Such time and money can be utilized on other employee skill enhancement program (Abbasi, 2000). The various determinants of retention of employee are as follows:

Career Growth and Development

Chaplin (2006) explained that "a career is a squeeze on jobs that constitutes what a person does for a living". Chaplin (2006) further expressed that the strategic alignment of career goals and career opportunities is a key to the career planning of employees. Robbins (2011) suggested that the career development is associated with the individual's perceptions and behaviors towards professional commitment. According to Hasibuan (2008), career development should include promotion and mutation. Promotion includes the upgradation in the professional career which justifies the increment in authority, responsibility, and compensation. Meanwhile, mutation ensures the placement of individual employee to the best position with an aim to enhance productivity and efficiency.

Compensation

According to Ivancevich (2010), Compensation is the function of HRM that ensures the monetary and non-monetary features in exchange of employee's contribution to the organization. Werther and Davis (1996) explained that compensation is the value employee receives out of the performance shown and delivered in an organization. Every compensation system should link performance with pay to justify its efficiency. With such system, the rewards are executed as per the performance rather than the time spent in an organization. Mondy (2005), et. al, elaborated the existence of compensation as an overall reward an employee receive with reference to the work performed. McKenna (2006) explains that rewards should be valued with an aim to strategically align organizational activities, compensation and reward and performance of an employee for the attainment of organizational goals.

Job Security

Every employee seeks job security in an organization. It is an essential factor that boosts morale among employees and retain them in an organization (Shanti & Mah, 2008). According to Probst (2005), there are

number of research which explained the essence of job security in present working environment. Anorganizational restructuring process which reflects minimizing the number of employees, mergers and acquisitions, shutdowns have impacted numbers of workforce every year. Various economic and other reasons have triggered the reduction in employee count in organizations (Friedrich 1997).

Working Environment

Working environment implies the surrounding where organizational resources are aligned to meet the objective. A favorable and encouraging work environment assures the sense of security for the employees and optimum productivity for the employers. Greenberg (2003) argues on the existence of internal environment and external environment that describes the nature of work culture.

Work life Balance

Work-life balance reflects the procedure of balancing personal and professional commitments of employees. A better work life balance assures a healthy and favorable working environment for its employees (Delecta, 2011); (Dhas, 2015). Work-life balance reflects the cordial balance between personal and professional life which ensures satisfaction and motivation in employees. Organizations plans on maintaining Work-life balance to provide favorable set of conditions to its employees with an motive of extracting optimum performance from them (Meenakshi et al.,2013).

III. METHODOLOGY USED

The study focuses on exploring the determinants of employee retention in Nepal Investment bank, and Himalayan bank operating at Kathmandu. This study has implied descriptive research design. The entire number of employees working in both commercial banks are considered as population for this from which 125 employees (from different level and different department) from both the banks are considered as sample size. Primary data are evaluated through five-point Likert scales questionnaire anchored by 1 (strongly agree) to 5 (strongly disagree). using Statistical Package for Social Science (SPSS) has been implemented to summarize and analyze the data collected from the questionnaires. To analyze the collected data, Descriptive statistics and regression analysis has been implemented.

IV. DATA PRESENTATIONS

Profile of Respondents'

Table1:Experience wise distribution of the respondents

Experienc	Frequency	Percent
5years	25	20
5-10years	70	56
10yearsabove	30	24
Total	125	100.0

Source:Survey

Table 1 shows the majority of the respondent have an experience of five to ten years, which comprises of 56 percent of the total respondents. Meanwhile, the respondents having more than ten years' experience and up to five years' experience are 24 percent and about 20percentrespectively.

Table 2 Factors for retention of employees on the basis of gender

Factors of retention	Mean		Total Mean
	NIBL	HBL	

Career growth and Development	4.35	4.64	4.5
Compensation	3.86	3.99	3.93
Job security	4.05	4.00	4.25
Workplace Environment	3.5	3.18	3.34

Source: Survey

Table 2 shows the factors that retain the employees in the organization with respect to the sample commercial banks. Career growth has the highest mean value of 4.5 that influence the employee to retain in the organization and Workplace environment among the employees receive the lowest mean value amounting 3.34. Employees the banks NIBL and HBL give the most important to career growth and lowest grading to the cooperation among the employees as the factor for retention in the current organization. Job security got the mean value of 4.25 ranking number two. Similarly, Better Compensation got the total mean value of 3.93, 3.34 for better workplace.

Table3:RegressionAnalysis

	Beta	Sig.	t-value
Constant	(0.19)	0.42	(0.72)
Career growth and Development	0.16	0.01	4.65
Compensation	0.13	0.01	4.11
Job security	0.14	0.01	3.47
Workplace Environment	0.28	0.00	3.17

AdjustedRSquare=0.48, F-Value=19.75, Sig=0.000

Table 3 reflects the association between the dependent and independent variables. As per the significant value, Compensation, Job security and Workplace Environment are important in establishing the employee retention program at the commercial banks in Nepal. Regression coefficient of employee retention is highly determined by work life policy provided by the organization and is 0.28. This shows that if the organization increases the propensity of work life policy by a unit, the employee retention possibility gets increased by 0.28 times. On the other hand, regression coefficient of employee retention is highly influenced by career growth and development provided to its staffs. The value of regression coefficient is 0.16 which indicates that if the organization increases the propensity of support by a unit then the employee retention possibility is increased by 0.16 times.

V. CONCLUSIONS

This study justifies that the Nepalese commercial banks are applying the strategies such as Job security, compensation, better work place environment, Career growth and development, and other facilities like supportive environment from its stockholder to retain employees. There is a trend of switching the job for the better opportunity in the market. The study also shows that employee switch their job with an expectation to ensure the better future career. Nepalese commercial banks are keen on establishing various employee packages to motivate employees to stay in an organization and enhance productivity. However, the current discouraging environment has made the benefits insufficient for employee retention. Employees look for proper training and development packages for their further improvement. There are many variables that define the retention ratio of employees at the banks. The observed factors in the research have shown positive impact on employee retention strategy. The result shows that there is a positive and significant contribution of factors such as career growth and workplace environment on employee retention. It is a

foremost job of HR to consider factors such as Career growth, job description, compensation, job security and other factors while formulating retention strategy in the banking industry. Nepalese commercial banks need to focus on organizational career growth and development of an employee for the sustainability approach. Meanwhile, it must consider the career growth aspect of its employees. The formulations of a solid foundation of an emotional bond among employees and employers need to be established. In addition, it is recommended that proper alignment of career planning and work life needs to be done to enhance the productivity.

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