

Analyzing the Role of Employee Recognition in Job Retention within Nepal's Banking Sphere

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Abstract

This study aimed to investigate the association between intrinsic and extrinsic recognitions and employees' likelihood of remaining employed within their organization. The research design employed was descriptive and correlational in nature. A comprehensive analysis was conducted on a survey comprising 385 participants, wherein respondents were systematically classified based on variables such as gender, age group, educational attainment, and occupational status. This approach yielded valuable and profound findings. The study revealed that although the significance of training and development opportunities was relatively low, a majority of employees considered financial compensation as the primary determinant influencing their retention within the banking institution. Furthermore, a notable association was observed between the inclination to remain employed and receiving acknowledgment, whether it be in the form of external rewards or internal satisfaction. Respondents explicitly identified incentives and appealing compensation packages as determinants that would augment their inclination to remain in their present roles. Hence, it falls upon the human resources department to assess and ensure the adequacy of the rewards bestowed upon employees in order to meet their satisfaction. This study underscores the importance of managers possessing a comprehensive understanding of the significant impact that offering promotions and competitive pay scales can have on employee retention. The study concludes by suggesting a redesign of the banks' acknowledgment programmes and emphasizing the importance of giving equal weight to both types of recognition in order to enhance employee retention.

Keywords: Admiration, Job Turnover, Institutional Framework, Financial Entities

I. Introduction

In the modern era, it's imperative for business leaders to comprehend the diverse elements that fuel employee motivation. While financial incentives undeniably hold a significant allure, personnel equally value acknowledgment and respect for their contributions at the professional sphere. It is undeniable that the act of appreciating employees caters to a core human necessity, fostering elevated levels of motivation and instilling a profound sense of accomplishment in them for their diligence and hard work (Whillans, 2019). On another note, the propensity for employees to contemplate transitioning to different firms amplifies when presented with lucrative propositions

encompassing superior salaries, bonuses, and job roles compared to their existing employer. This dynamic presents a complex challenge for HR professionals tasked with conceptualizing reward systems that are not only economically viable but also hold universal appeal amongst the workforce, while simultaneously outshining offerings from rival firms. Consequently, it becomes incumbent upon the administrative echelon to thoroughly scrutinize the intrinsic and extrinsic merits associated with employee accolades, to foster a spirited and dedicated workforce.

In the fiercely competitive business landscape, retaining adept professionals becomes a pivotal concern for organizations, as employee turnover entails not merely a loss of skill and expertise but also incurs additional costs linked with the recruitment and training of newcomers. Thus, to realize organizational objectives, it becomes a prerequisite for the managerial cadre to fathom the anticipations of their staff to keep them animated in their roles. While the importance of employee recognition has been underscored in literature concerning diverse facets like corporate wellness, social dynamics, comprehensive rewards, and total quality management, it ironically remains an underexplored domain in academic research. This backdrop then navigates us to the pivotal inquiry steering this investigation: How does employee recognition correlate with their willingness to remain in their current organization?

II. Literature Review

Recognition is fundamentally perceived as a vital human requirement. Globally, a myriad of employers employs strategies such as loyalty accolades to celebrate employees who have devoted several years to the company, primarily with the goal of enhancing performance and promoting excellence, albeit the primary intention is often perceived as a morally right action (Saunderson, 2016). Delving into the correlation between incentives and the tendency to leave the organization, Cotton and Tuttle (1986) described it as an individual's gauge of the likelihood to either retain or sever ties with their current employer. Here, this study explores some critical pieces of research on the topic. Broadly, the phenomenon of employees parting ways with an organization can incur substantial costs for the latter. A variety of triggers can instigate this departure, ranging from hostile conduct, a mismatch between work and personal life, misalignment with the company's objectives, inability to meet set expectations, a scarcity of guidance and regular feedback, limited empowerment in decision-making processes, inadequate skillset, organizational unrest, career inertia, restricted opportunities for progression, to a deficit in receiving commendations, as delineated by Smith (2009), categorizing these as the dozen dominant factors encouraging job exits. Notably, when employees perceive their efforts as valued through acknowledgment for their commendable deeds, it serves as a catalyst, encouraging them to aspire to elevated levels of performance.

In today's dynamic, the managerial role entails cultivating an atmosphere that inherently encourages individuals to excel, consequently contributing positively towards the company's growth trajectory. From a broader perspective, the prime asset and distinctive factor for any entity

lies in its workforce. Numerous supervisors are endeavoring to decipher the complex aspects of inciting motivation among employees at the workplace to amplify job contentment, thus focusing significantly on both fiscal and other forms of rewards for employees (Georgakopoulos, 2010). Furthermore, organizations are gradually acknowledging that enhancing employee satisfaction necessitates a harmonious interchange between what the employees offer to the company and what they receive in return. The absence of potent reward strategies can lead to a prevalent discontent among the workforce (Pratheepkanth, 2011).

Retention, in this context, encapsulates an employee's resolve to continue in their present role, devoid of any considerations of vacating the position. A propensity towards exiting the job can have detrimental implications on the organization's objectives, manifesting in a dip in innovation, compromised quality of customer interactions, and fostering a negative psychological ambiance among the staff who persist with the company (Ayinde & Adegoroye, 2012).

Conceptual Framework

This study concentrates on identifying the numerous elements that influence employee acknowledgment in a work environment, in addition to the role of external and internal incentives and their potential effects on the satisfaction and retention intentions of employees. The initial ideation of the research variables is depicted in the conceptual structure presented in Figure 1.

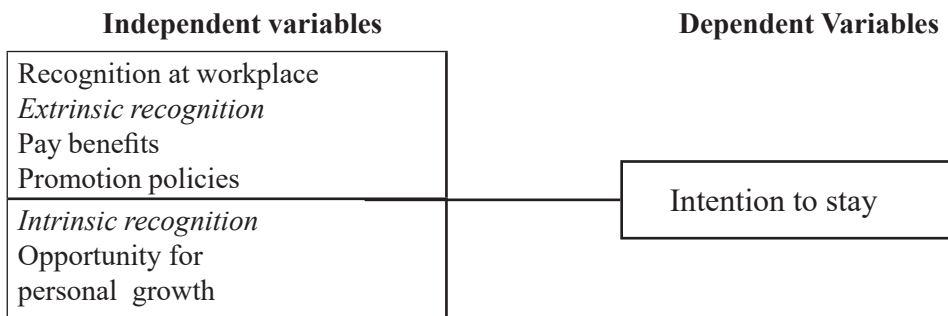


Figure 1: Conceptual framework

This investigation fundamentally centers on evaluating the influence of workplace employee recognition systems on an individual's willingness to remain in the organization. Consequently, the intention to stay serves as the dependent variable in this analysis, with the acknowledgment system representing the independent variable. This independent variable encompasses both intrinsic and extrinsic factors. The extrinsic facet is delineated into two dimensions: remuneration benefits and progression protocols, while the intrinsic facet similarly bifurcates into personal development opportunities and acknowledgment aspects.

III. Research Methodology

The present study investigated multiple factors that impact employee recognition within the workplace, including the influence of both intrinsic and extrinsic rewards on employees' commitment to organizational retention. The focus of this investigation was on individuals

employed in the development banking industry. The study incorporated a sample size of 385 participants who were affiliated with various financial institutions, including Shine Resunga Development Bank Ltd, Jyoti Bikas Bank Ltd, Kamana Sewa Bikas Bank Ltd, Muktinath Bikas Bank Ltd, and Garima Bikas Bank Ltd. The data collection procedure entailed the creation and distribution of questionnaires to the designated participants, utilizing a research design that integrated descriptive and causal-comparative methodologies. Subsequently, the gathered responses were assessed utilizing an extensive array of statistical methodologies. After gathering the participants' responses, a comprehensive examination was carried out utilizing descriptive and inferential statistical methods. The analytical framework utilized a range of techniques, such as cross-tabulation, frequency distribution, and mean calculations, alongside the use of tables and charts, to present a comprehensive depiction of the data. To find the mean, the sum of all the scores was added up and then divided by the total number of scores.

IV. Results and Analysis

Demographic indicators were utilized to pinpoint the participants' standings within the organization. In this section, the demographic data regarding the respondents, along with their self-reported hierarchical positions, are delineated.

Table 1

Gender distribution

Gender	Frequency	Percent (%)
Male	180	46.75
Female	205	53.25
Total	385	100

Table 1 illustrates the gender-wise breakdown of the respondents. In percentage terms, the respondent pool constituted 46.75% males and 53.25% females. Furthermore, in terms of actual count, of the 400 respondents, 190 identified as male while 210 were female.

Table 2

Age distribution

Table 2 delineates the respondents' distribution according to different age brackets. The entire pool was segregated as follows: 31.19% were in the 20-30 years category, 48.05% were grouped in the 30-40 years category, and the remaining 20.77% were in the 40 years and above category. Moreover, breaking down by headcount, 120 individuals were between 20-30 years, 185 were aged between 30-40 years, and the final 80 participants were aged 40 or over.

Table 3

Frequency distribution based on the highest level of education

Education Level	Frequency	Percent
10+2	65	16.88
Bachelors	200	51.95
Masters and above	120	31.16
Total	385	100

Table 3 displays the classification of respondents predicated on the pinnacle of their educational attainment, segmented into three distinct categories. In percentage terms, the divisions were as follows: 16.88% had reached the intermediate level, a majority of 51.95% had a bachelor's degree, and 31.16% had completed a master's degree or higher. When viewed in terms of exact numbers, the division comprised 65 individuals with an intermediate educational background, 200 with a bachelor's level education, and 120 had achieved a master's degree or a higher level of education.

Table 4

Frequency distribution based on job position

Position Held	Frequency	Percent
Assistant level	100	25.97
Senior Assistant	240	62.33
Manager level	45	11.68
Total	385	100

Table 4 illustrates the segmentation of respondents according to their job roles, encompassing three tiers: assistant level, officer level, and managerial level. In a percentage breakdown, 25.97% were at the assistant level, the majority, 62.33%, were holding officer level positions, and a smaller segment of 11.68% were at the managerial level. In a more detailed frequency analysis, this corresponded to 100 individuals working at the assistant level, a substantial 240 individuals at the Senior Assistant level, and a final group of 45 individuals occupying managerial level roles.

Table 5

Analysis of intrinsic recognition

Intrinsic Recognition	Mean	S. D
In my organization, innovation and creativity are highly valued.	2.8124	1.356
My manager evaluates me impartially.	2.7564	1.310
When I excel at my job, I receive proper recognition and rewards.	2.5120	1.200
Average score	2.6936	1.28

Table 5 delineates the feedback concerning the respondents' satisfaction levels with the intrinsic rewards presented by their respective organizations. The data reflects a neutral stance when it comes to the encouragement of innovation and creativity by their organizations, however, they expressed a general agreement concerning other forms of intrinsic rewards extended by the entity. The data pinpointed a maximum average value of 2.8124, paired with a standard deviation of 1.356. Further analysis reveals that the consensus score for gratification derived from intrinsic rewards stands at 2.6936, indicating a prevailing agreement regarding the level of satisfaction.

Table 6

Analysis of extrinsic recognition

Extrinsic Recognition	Mean	S. D
I am happy with my pay scale.	2.80	1.140
I am content with the insurance benefits offered by the organization.	2.30	1.120
I am content with the promotion.	2.88	1.001
Average score	2.66	1.087

Table 6 illustrates the participants' feedback concerning their satisfaction with the recognition system implemented by their employer. The aggregate score settled at 2.66, portraying a median level of satisfaction towards the extrinsic rewards offered at present. However, this score gravitates closer to 3, marking a neutral stance, implying that there exists a desire among respondents for an enhanced extrinsic reward system from their organization, fostering a higher degree of satisfaction.

Table 7

Analysis of intention to stay

Intrinsic Recognition	Mean	S. D
I have no intentions of departing from the organization.	1.82	0.46
It's unlikely that I will be seeking a new job next year.	1.50	0.50
I perceive a bright future and substantial growth with this company.	1.60	0.49
Average Score	1.646	0.4733

Table 7 demonstrates that the mean score for each declaration concerning the intention to stay is under 3, with the peak value being 1.82. This suggests a consensus among participants, indicating a reduced likelihood of them exiting the organization. Collectively, the general mean score, which is below 1.646, corroborates the respondents' alignment with the intent to retain their positions within the company.

Relationship of Employee Recognition on Intention to Stay

Table 8 illustrates the Pearson Correlation used to analyze the relationship between the acknowledgment of employees and their willingness to remain in the company. The correlation analysis aids in understanding the link between employee recognition and their intention to stay within the organization.

Table 8

Pearson correlation analysis among the variables under study

Variables	Extrinsic	Intrinsic	Intention to stay
Extrinsic	1		
Intrinsic	.296**	1	
Intention to stay	0.186**	0.285**	1

** . Correlation is significant at the 0.05 level (2-tailed).

Based on the information shown in Table 8, there is a 0.285 positive correlation between the likelihood of keeping a job with the same company and intrinsic recognition. The statistical significance of the relationship between extrinsic recognition and the intention to remain is indicated by the p-value, which is less than 0.05. There is 95% confidence that this link is supported. Similarly, there is a positive correlation ($r = 0.186$) between extrinsic recognition and the intention to stay employed, suggesting a relationship between the two variables. The results show that there is a statistically significant relationship between wanting to stay employed by the same company and getting recognition from others. A significant relationship is present, as indicated by a p-value of less than 0.05 with a 95% level of confidence in this finding.

V. Discussion and Conclusion

Numerous researches exist pinpointing varied determinants causing a shift in employees' allegiance; however, this inquiry exclusively sheds light on the impact of the recognition framework within companies. Demonstrated by the data, a potent connection exists between how employees are acknowledged and their propensity to remain in the company, thus accentuating the significance of fostering both extrinsic and intrinsic recognition strategies to elevate the commitment levels of the workforce, a sentiment echoed by Whillans (2019). Despite the insights provided, a deeper exploration is warranted to dissect the repercussions of the prevalent recognition norms in the sphere of Nepalese banking entities.

In this dynamic milieu, the onus is markedly on the Human Resources division to adeptly discern the pulse of employee contentment, an endeavor that transcends mere monetary gratification. It's pivotal for the administrative echelons to assimilate the evolving preferences of employees, who now harbor an inclination for not only competitive remuneration but also a profound affinity with the organizational ethos. The banking sector, characterized by relentless competition, sees frequent enticements from firms attempting to poach personnel from adversaries with promises of lush financial rewards and advantages. Nonetheless, the retention of devoted employees highlights the necessity for a nuanced approach, wherein the emphasis is not solely on pecuniary growth but also on fostering a resonant intrinsic organizational rapport.

In conclusion, the findings champion a discernible need for a rejuvenation in the acknowledgment paradigms implemented by banks, necessitating a balanced approach that caters to both materialistic and inherent employee aspirations. A lack of initiative in this regard might spearhead a flux of employees migrating to establishments with seemingly superior compensatory structures. In contrast, a well-rounded and resonant recognition setup can dampen the enthusiasm for exits, nurturing a workforce that embodies dedication and continuity.

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