

# Employee Recognition and Intention to Stay in Banking Sector in Nepal

Binod Ghimire, PhD<sup>1</sup>

Bharat Rai, PhD Scholar<sup>2</sup>

Rewan Kumar Dahal, PhD Scholar<sup>3</sup>

## Abstract

*This research paper examines the relationship between extrinsic and intrinsic recognition and willingness to stay in an organization. The study is descriptive and correlational. The sample size for this research was 400, where the respondents were categorized according to gender, age group, highest education level, and job position. A questionnaire was used to maintain the diversity in information collection and come to an appropriate conclusion. The study found that most employees consider monetary reward the most important and training and development as the least important to stay at the bank. Similarly, employees seem to respond positively that they would like to continue their work in the organization if provided with attractive salaries and incentive packages from their current job. In the relationship between recognition and intention to stay, it was found that there is a positive relationship between recognition (extrinsic and intrinsic) and intention to stay. It is very important for the human resources department to understand whether or not their employees are happy with what they are receiving. It is high time the management should think that employees prefer to pay and promotion, and having these factors, an organization will be able to retain them. Hence, it can be concluded as the recognition system of the banks must be improved both ways: extrinsic and intrinsic recognition.*

**Keywords:** Appreciation; Bank, Employees, Organization, Turnover

*JEL Classification:* L21, L29

---

1 Principal Author, Assistant Professor, TU. Email: bin.ghimire@ncc.edu.np

2 Corresponding Author, Assistant Professor, TU. Email: bharat@ncc.edu.np

3 Co-author, Assistant Professor, TU. Email: rewan.dahal@ncc.edu.np

## **Introduction**

In today's context, employers have to understand all the factors associated with employees that can motivate employees. Employees are interested in monetary gain but may also look for respect and recognition for their efforts in the workplace. When employees put their effort and knowledge into doing something, they expect a reward as well as respect and recognition for their work at the workplace. Appreciation is a fundamental human need. When employees are respected and valued, their motivation rises to the next level, and it also gives a sense of achievement to the employees for all their work and efforts (Whillans, 2019).

It is a natural motivation for employees interested in switching companies if there are attractive packages like salaries, bonuses, and job positions higher than the recent company. It has been a difficult task for human resource managers to design rewards that are cost-efficient and valued by all employees and, at the same time, offer better than the competitors. In this condition, management should analyze the value of employee recognition and reward so that it is competitive to influence the employees of the organization to work harder. In this competitive environment, organizations would not prefer to lose their valuable employees because by doing so, not only do they lose their talents to other organizations, but they also have to face the cost of hiring and training new employees. So in order to achieve the organization's goals, management needs to understand employees' expectations in order to keep them motivated for the job. The relevance of employee recognition has been recognized by writers on various issues, including identity, employee engagement, total reward, total quality management, organizational health, and social issues. However, despite widespread acknowledgment of the value of employee recognition for both individuals and enterprises and evidence of its rising use in organizations, employee recognition has received relatively little attention from researchers. With this understanding, the study's central question is: What is the relationship between employee recognition and intention to stay?

## **Literature Review**

Appreciation is considered to be a fundamental human need. Most employers worldwide use appreciation or recognition programs like loyalty awards for those employees who tend to serve the organization for many years. Many organizations recognize employee acknowledgment as the appropriate thing to do though its main objective is to support and inspire greater performance and superior efficiency (Saunderson, 2016). While discussing reward with the connection to turnover intention, Cotton and Tuttle (1986) defined turnover intention as the perception of one's likelihood of remaining with or leaving the organization. Some critical studies are mentioned below.

Mostly, employee turnover is expensive for the organization. The employee may leave for numerous reasons. Rude behavior, work-life imbalance, employee misalignment, inability to meet expectations, lack of coaching and feedback, lack of decision-making ability, inadequate skills, organizational instability, stagnation, lack of growth opportunities, and lack of appreciation are among the twelve significant reasons Smith (2009) listed for employees leaving their jobs. Appreciation is considered to be a fundamental human need. It is found that appreciation through recognition for their excellent work, employees tend to respond as it confirms their work as valued. The employees feel motivated and improve their work when their work gets valued and appreciated.

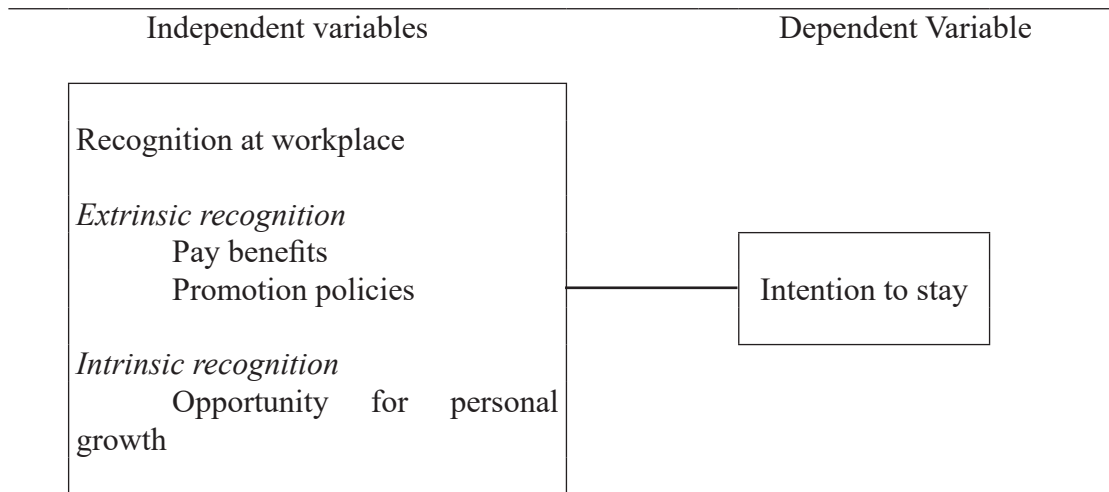
In the present context, one of the essential tasks of the manager is to create an environment that ultimately encourages people to perform satisfactorily and to be profitable assets so that they can foster the organization's growth. In a broader context, any organization's principal source of competitive advantage and primary differentiator is its human resources. Many managers attempt to comprehend the complexities of motivating employees at work in order to increase job satisfaction. As a result, greater emphasis is placed on financial and non-financial employee rewards (Georgakopoulos, 2010).

Organizations increasingly realize that in order to improve employee job satisfaction, they must be able to strike a balance between the employee's contribution to the organization and the organization's contribution to the employees. Employees will be unhappy unless they are motivated by effective reward systems (Pratheepkanth, 2011).

The intention to stay in the employee's intention to continue their current job and to have no intentions to leave it. Intention to leave or turnover may interfere with the organization's ability to achieve its goals, resulting in a reduction in the overall level of innovation, quality of customer service, and a negative psychological effect on employees who remain in the organization (Ayinde & Adegoye, 2012).

### **Conceptual Framework**

This research has focused on various factors that determine employee recognition at the workplace, along with extrinsic and intrinsic rewards and their subsequent impact on the employee's satisfaction level and intention to stay among the employees. From the conceptualization of the study variables, Figure 1 presents the conceptual framework.



**Figure 1** Conceptual framework

This research was entirely based on whether the employee recognition system at the workplace had any impact on an employee’s intention to stay. Hence, in order to test the impact and relationship of the employee’s recognition on intention to stay, intention to stay is placed as the dependent variable for this study. This study considered employee recognition as the independent variable. Recognition included intrinsic influences and extrinsic influences. Extrinsic recognition is comprised of two dimensions such as pay benefits and promotion policies. As intrinsic recognition, it includes two dimensions such as an opportunity for personal growth and recognition.

### Research Methodology

This research focused on various factors that determine employee recognition at the workplace, along with extrinsic and intrinsic rewards and their impact on the intention to stay among the employees. The population for this study comprised employees working in the banks. The sample sizes were 400 employees from Prabhu Bank, NIC Asia Bank, Nabil Bank, RBB Bank & Prime Bank Ltd. The research design that was applied to this research was descriptive and causal-comparative research. The data were collected by formulating a set of questionnaires and distributing it to the respondents. The data obtained from the questionnaire have been later evaluated with the help of various statistical tools. After collecting all of the questionnaires from the respondents, the data were analyzed using descriptive and inferential statistical tools. Means, frequency distribution, cross-tabulation, tables, and charts were the descriptive statistical tools employed. The mean was computed by adding all the scores and dividing the total by the number of scores used.

## Results and Analysis

### *Demographic Analysis*

Demographic variables were used to identify their position in the organization. Here, the demographic statistics of the respondents and their perceived status are presented as follows.

**Table 1 Gender distribution**

Gender	Frequency	Percent (%)
Male	190	47.5
Female	210	52.5
Total	400	100

Table 1 shows the distribution of respondents based on gender. The total number of respondents in terms of percentage included 47.5% male and 52.5% female respondents. Similarly, in terms of frequency, out of 400 respondents, 190 were male, and the remaining 210 were female.

**Table 2 Age distribution**

Age Group	Frequency	Percent
20-29	120	30
30-39	190	47.5
40 and above	90	22.5
Total	400	100

Table 2 shows the distribution of respondents based on age group. The total percentage included 30% for the age group of 20-29 years, 47.5% for the age group of 30-39 years, and 22.5% for the age group of 40 and above years. Similarly, in terms of frequency 120 respondents fell under 20-29 years of age, 190 respondents fell under 30-39 years of age, 90 respondents fell under 40 and above years of age.

**Table 3 Frequency distribution based on the highest level of education**

Education Level	Frequency	Percent
10+2	63	15.75
Bachelors	227	56.75
Masters and above	110	27.5
Total	400	100

Table 3 shows the distribution of respondents based on the highest level of education, which included the three categories. The total percentage included 15.75% for intermediate level, 56.75% for Bachelor level, and 27.5% for Master and above as their highest level of education. Similarly, in terms of frequency 63 respondents fell under the intermediate level as their highest level of education, 227 respondents for bachelor's level, and 110 respondents for Master's and above level.

**Table 4 Frequency distribution based on job position**

Position Held	Frequency	Percent
Assistant level	117	29.25
Officer level	253	63.25
Manager level	30	7.5
Total	400	100

Table 4 shows the distribution of respondents based on the job position, which included three categories, i.e., assistant level, officer level, and managerial level. The total percentage for the assistant level included 29.25%, 63.25% for the officer level, and 7.5% for the managerial level. Similarly, in terms of frequency distribution, 117 respondents fall in an assistant level position, 253 respondents in an officer level position, and 30 under managerial level position.

**Table 5 Analysis of intrinsic recognition**

Intrinsic Recognition	Mean	S.D
Innovation and creativity are encouraged in my organization	2.7167	1.323
My manager appraises me without biasness	2.6667	1.218
I receive adequate recognition and reward for the job performed well	2.4417	1.228
Average score	2.608	1.25

Table 5 shows the responses regarding how satisfied the respondents were with the intrinsic rewards being provided by their organizations. According to the respondents, they felt neutral for their innovation and creativity are encouraged by their organizations, whereas they seemed to agree with the other intrinsic rewards provided by the organization. The highest mean was 2.71, and the standard deviation was 1.32. It can be seen that, on average, the statement for satisfaction from intrinsic reward is 2.60, which means that they agreed on the satisfaction level.

**Table 6 Analysis of extrinsic recognition**

Extrinsic Recognition	Mean	S.D
I am satisfied with my pay	2.7917	1.13682
I am satisfied with the insurance facilities provided by the org.	2.25	1.11709
I am satisfied with the promotion	2.85	1.00126
Average score	2.63	1.08

Table 6 shows the responses regarding how satisfied the respondents were with their cognition system being provided by their company. The average ranking was 2.63, which means the respondents felt moderately satisfactory with the extrinsic rewards that they were being provided, but because the average value was 2.63, which was close to 3, which was neutral with the satisfaction of rewards being provided, it also means that they seek better extrinsic rewards from their organization in order to come up to the level of agreement with satisfaction.

**Table 7 Analysis of intention to stay**

Intrinsic Recognition	Mean	S.D
I don't think of leaving the organization	1.7167	0.45251
There is less chance that I will look for a new job next year.	1.4417	0.49867
I see a desirable future and growth in this company	1.625	0.48615
Average Score	1.529	0.4733

Table 7 shows that the average score for all the statements of intention to stay is below 3. The highest mean value is 1.71, where we can see that respondents agreed with the statement that there was less chance that they would leave the organization. Overall from the average score of less than 1.529, we can say that the respondents agreed with the statement of intention to stay.

*Relationship of Employee Recognition on Intention to Stay*

The correlation analysis was used to find the relationship between employee recognition and intention to stay. Table 8 shows the Pearson Correlation between employee recognition and intention to stay in the organization.

**Table 8 Pearson correlation analysis among the variables under study**

Variables	Extrinsic	Intrinsic	Intention to stay
Extrinsic	1		
Intrinsic	.371**	1	
Intention to stay	0.192**	0.321**	1

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

Table 8 shows the value of correlation equals 0.321, indicating a positive relationship between intrinsic recognition and intention to stay. Since the p-value was less than 0.05, hence there was a significant relationship between extrinsic recognition and intention to stay with a 95% confidence level. Similarly, the correlation between extrinsic recognition and intention to stay results in the value of correlation equal 0.192, indicating that there was a positive association between extrinsic recognition and intention to stay. Results also indicated a positive relationship between extrinsic recognition and intention to stay. Since the p-value was less than 0.05, hence there was a significant relationship between extrinsic recognition and intention to stay with a 95% confidence level.

### **Discussion and Conclusion**

Although there are a number of studies that show the numerous factors that cause turnover intention among employees. This study only focuses on the recognition system. According to the research findings, there is a link between the employee recognition system and the intention to stay. This shows that better extrinsic and intrinsic recognition leads to an increase in employees' intention to stay. This finding is consistent with Whillans (2019) as when employees are respected and valued, and their motivation rises up, it gives a sense of achievement to the employees for all their work and efforts. Further research is needed to determine how the current recognition system affects employees in Nepalese banks.

It is very important for the HR department to understand whether or not their employees are happy with what they are receiving. It is high time management should think that employees prefer to pay and promotion, and having these factors, an organization will be able to retain them. Nowadays, there is a lot of competition within the Banks, and they tend to raid employees of other banks with the offer of lucrative salaries and benefits. Even if so, if loyal employees are retained in the organization, then management should understand that employees prefer not only good pay, benefits, and promotion but also intrinsic value associated with the organization.



It can be concluded that with the support of research findings, the recognition system of the banks must be improved both ways: extrinsic and intrinsic recognition. Otherwise, employees seem to change the organization, with the notion that better incentives and attractive salary packages are available from other organizations. Alternatively, if the recognition system is effective and appealing to employees, their intention to leave gradually decreases.

## References

- Adams, J. (1965). Inequity in social exchange. *Advances in Experimental Social Psychology*, 2, 267–299.
- Adhikari, D. R., & Gautam, D. K. (2010). Labour legislation for improving the quality of work life in Nepal. *International Journal of Law and Management*, 52(1), 40-53.
- Ayinde, A., & Adegoroye, A. (2012). Employees' perceptions of career progression and turnover intention among bank workers in Ife central and local government area, Osun state. *Research Journal in Organizational Psychology and Educational Studies*, 1(6), 353-360.
- Chang, E. (1999). Career commitment as a complex moderator of organizational commitment and turnover intention. *Human Relations*, 52(10), 1257-1278.
- Cotton, J. L., & Tuttle, J. M. (1986). Employee turnover: A meta-analysis and review with implications for research. *Academy of Management Review*, 11(1), 55-70.
- Georgakopoulos, A.; Hawkins, Steven T. Campus - Wide Information Systems; Bradford 30, 3), (2013): 194-200. Retrieve from DOI: 10.1108/10650741311330375.
- Ghimire, B. (2020). The mediating role of trust in management on job satisfaction and organizational commitment. *Pravaha*, 25(1), 43-52. Retrieved from <https://doi.org/10.3126/pravaha.v25i1.31932>
- Ghimire, B. (2020). Achieving work-life balances through flexible work practices. *Pravaha*, 26(1),31–38. Retrieved from <https://doi.org/10.3126/pravaha.v26i1.41649>

- Ghimire, B. (2019). Factors affecting employees' trust in management. *NCC Journal*, 4(1), 31-39. Retrieved from <https://doi.org/10.3126/nccj.v4i1.24732>
- Pratheepkanth, P. (2011). Reward system and its impact on employee motivation in commercial bank of Sri Lanka Plc, In Jaffna District. *Global Journal of Management and Business Research*, 11(4).
- Saunderson, R. (2016). Employee recognition: Perspectives from the field. *American Psychological Association*, 9(52), 452-470. Available from <https://doi.org/10.1080/01930826.2020.1773716>
- Smith, J. L. (2009). *12 Reasons employees leave organizations*. Retrieved from <https://www.peoriamagazines.com/ibi/2009/dec/12-reasons-employees-leave-organizations>
- Whillans, A. (2019). *Why employee recognition is so important?* Retrieved from <https://petaurumsolutions.co.uk/blog/why-are-employee-rewards-and-recognition-so-important>