

EMPLOYEES RETENTION IN MICROFINANCE AFTER MERGER AND ACQUISITION

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in partial fulfillment of the requirements for the Master's Degree

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “EMPLOYEES RETENTION IN MICROFINANCE AFTER MERGER AND ACQUISITION”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of that dissertation.

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REPORT OF RESEARCH COMMITTEE

Ms. Pratikshya Aryal has defended research proposal entitled “EMPLOYEES RETENTION IN MICROFINANCE AFTER MERGER AND ACQUISITION” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Asso. Prof. Dr. Kapil Khanal and submit the dissertation for evaluation and viva voce examination.

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APPROVAL-SHEET

We, the undersigned, have examined the thesis entitled “EMPLOYEES RETENTION IN MICROFINANCE AFTER MERGER AND ACQUISITION” presented by Pratikshya Aryal, a candidate for the degree of **Master of Business Studies** (MBS) and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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This thesis entitled “EMPLOYEES RETENTION IN MICROFINANCE AFTER MERGER AND ACQUISITION” has been prepared in partial fulfilment for the degree of Master of Business Studies (MBS) under the course designed by the faculty of Management T.U. This study is based on the questionnaire developed to know the perception of employees regarding their retention and satisfaction after merger and acquisition.

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TABLE OF CONTENTS

<i>Title page of the Dissertaiton</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>1</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval-Sheet</i>	<i>iv</i>
<i>Acknowledgement</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>vii</i>
<i>List of Figure</i>	<i>ix</i>
<i>Abbreviations</i>	<i>x</i>
<i>Abstract</i>	<i>xi</i>
CHAPTER I: INTRODUCTION	1-7
1.1 Background of the Study	1
1.2 Problem Statement	3
1.3 Objectives of the Study	4
1.4 Research Hypothesis	5
1.5 Significance of the Study	5
1.6 Limitation of the Study	6
1.7 Organization of the Study	6
CHAPTER II: LITERATURE REVIEW	8-33
2.1 Theoretical Review	8
2.2 Empirical Review	13
2.3 Research Gap	33
CHAPTER III: RESEARCH METHODOLOGY	34-41
3.1 Research Design	34
3.2 Population, Sample and Sampling Design	34
3.3 Nature and Source of of Data	35
3.4 Instruments of Data	35
3.5 Data Analysis Tools	36
3.6 Model Specification	38
3.7 Conceptual Framework	39

CHAPTER IV: RESULTS AND DISCUSSIONS	<i>42-63</i>
4.1 Results	42
4.1.1 Respondents Profile	42
4.1.2 Effect of career development on employee's retention	45
4.1.3 Effect of work environment on employee's retention	46
4.1.4 Effect of reward and recognition on employee's retention	47
4.1.5 Effect of work life balance on employee's retention	48
4.1.6 Effect of training opportunities on employee's retention	49
4.1.7 Effect of human resource policies on employee's retention	49
4.1.8 Details for dependent variable: Employees Retention	50
4.2 Descriptive Statistics	51
4.3 Correlations Analysis	53
4.4 Regression Analysis	55
4.5 Association of Employee's Retention with Demographic Characteristics of Respondents	56
4.6 Major Findings	60
4.7 Discussion	62
CHAPTER V: SUMMARY AND CONCLUSION	<i>64-66</i>
5.1 Summary	64
5.2 Conclusion	65
5.3 Implications	65
REFERENCES	
APPENDICES	

LIST OF TABLES

Table No:	Title	Page
No:		
Table 1	Respondents Profile	43
Table 2	Effect of Career Development on Employees Retention	45
Table 3	Effect of Work Environment on Employees Retention	46
Table 4	Effect of Reward and Recognition on Employee's Retention	47
Table 5	Effect of Work Life Balance on Employees Retention	48
Table 6	Effect of Training Opportunities on Employees Retention	49
Table 7	Effect of Human Resource Policies on Employees Retention	50
Table 8	Effect on Employees Retention	51
Table 9	Descriptive statistics regarding various outputs of variables	52
Table 10	Pearson Correlation Coefficients	53
Table 11	Ranking of Pearson Correlation Coefficients	54
Table 12	Result of Regression Analysis	55
Table 13	Association of Employee's Retention by Gender	57
Table 14	Employees Retention across Age Group	57
Table 15	Employees Transfer across Educational Qualification	58
Table 16	Association of Employees Retention across Position	59
Table 17	KMO and Bartlett's Test	59
Table 18	Reliability Statistics	60

LIST OF FIGURE

Figure No:	Title	Page No:
Figure 2.1	Conceptual Framework	39

ABBREVIATIONS

ATM	Automated Teller Machine
CD	Career Development
ER	Employees Retention
GDP	Gross Domestic Product
HRP	Human Resource Policies
INGO	International Non-Government Organization
MBS	Master in Business Studies
NGO	Non-Government Organization
No.	Number
NPA	Non-Performing Assets
PC	Personal Computer
RR	Reward and Recognition
TO	Training Opportunities
WE	Work Environment
WLB	Work Life Balance
WWW	World Wide Web

ABSTRACT

The main objectives of this research is to identify the relationship between different influencing variables and employee's retention in Nepalese microfinance after merger and acquisition. It can be concluded that there is a positive relationship between influencing variables and employee's retention in Nepalese microfinance after merger and acquisition, which is revealed through correlation. In the Kathmandu valley, employees are highly concern about the training opportunities and human resource policies as shown by the regression analysis. Conclusions can also be drawn that the training opportunities and human resource policies are the two most important factor compared to other factors in explaining the employee's retention in Nepalese microfinance after merger and acquisition, and with this second objectives also have been achieved.

The four independent variables (work environment, reward and recognition, training opportunities and human resource policies) are positively associated with employees transfer, and significant association as their p-values are 0.000, 0.000, 0.000 and 0.002 respectively, being less than 0.05 for work environment, reward and recognition, training opportunities and human resource policies, but work life balance is insignificant with p-value greater than 0.05. The four independent variables are positively associated with dependent variable (employee's retention), but their degree of association varies accordingly, while the career development and work life balance variables are observed negative. Independent sample t-tests reveals that significant difference does not exist due to gender, age, education and occupation of employees for employee's retention in Nepalese microfinance after merger and acquisition.

Keywords: *ER, CD, WE, RR, WLB, TO and HRP.*

CHAPTER I

INTRODUCTION

1.1 Backgrounds of the Study

Retention of employees in an organization in today's dynamic competitive business environment is an important function of Human Resource Management (HRM). With the increase in brain drain, retention of the talented employees has become the crucial issue for the business houses. One of the most important intangible assets of the organization is human capital as knowledge, skills and attitudes possessed by the employee provided the competitive edge to the organization and help the organization to achieve its goals and objectives effectively and efficiently. Successful business owners seek the best talent to fill position in their company (Shantz et al., 2013). Satisfaction of the employee has become one of the important prerequisite for the conduction of profitable business. Employee retention is getting the top priority in the era as it reduces the HRM cost and plays a vital role for the overall growth of the business. This can lead employees to question their place in the new organization and their role within it. Joshi et al. (2020) highlight the importance of similar organizational identities when two companies merge, as dissimilarities in identity often hinder the expected synergies of the merger.

Merger and acquisition activity is beginning to rise after a cautious start in 2023. Mergers and acquisitions (M&A) can signal excitement and transformation for business executives but result in uneasiness and even turnover for organizations' most important asset—their people (Tang & Zhao, 2023). Understanding why employees leave after a merger or acquisition is important in preventing unnecessary turnover. This research explores how to retain employees after a merger and why it can be challenging.

Mergers and acquisitions signal a time of change for organizations. For business leaders, this change can be exciting and full of promise about their new capital, assets, or business models (Rana, 2015). For employees, this can come with uncertainty and insecurity. That is why nearly 34 percent of acquired workers leave a company within a year, compared to 12 percent of regular hires with the same work experience and skills.

Every successful business has the intention to fill the vacant position with the best talent available in the market as they are clear about that the success and failure of the company merely depends upon the availability of the talented manpower and keeping those employees satisfied in their jobs is an essential part of conducting a profitable business. Employee retention is related to the efforts by which employer attempt to retain employees in their workforce through various means. This school of thought believes employee retention as the strategic action rather than the outcome. When it comes to the employee retention then the business houses aim at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial cost involved hiring and developing employees (Stovel & Bontis, 2002). For the effective and efficient projection of the organization in the market, there is a great role of employee retention. Inability of the business houses to retain the employee give rise to various problems for attaining the long term goals of the organization.

Employee retention is must as to hire the right people for the vacant position is the cumbersome for the organization as the new job description need to be prepared and posted and posting the same is expensive phenomena. Recruitment process need to go through the various steps such as reviewing the resumes, screening the resumes, conduction of various tests, interview and many more. For all these activities, a huge investment of time and money need to be made by the organization. Conducting this rigorous tasks does not guarantee that the organization will get the right people for the right job (Worrell, 2018). One of the research carried out by The Society for Human Resource Management (SHRM) has revealed that it takes an average six weeks to fill the average positions. Secondly, the turnover cost is very high.

One of the modules of an organization's human resource strategies is retention. To keep them interested and more dedicated to the company, it begins with hiring the right people and continues with training programs (Freyermuth, 2004). According to experts, rising competitiveness, the rise of Generation Y, and the expansion of the global economy will revitalize labor markets and raise turnover rates. If the proper atmosphere isn't created, unhappy workers will be encouraged to leave in quest of better working conditions. The Employee Benefit News analysis indicates that the average cost of firing an employee is

around one-third of their yearly compensation. In addition to losing personnel, a high turnover rate has detrimental financial effects on the company.

The concept of Human Resource Management is not fully developed in the developing country like Nepal. Many of the organization has been in the operation even in the absence of dedicated department for human resources. Even if the organization have the department, the major focus of the department has been confined with the administrative activities. People working in this field believes that it is the less prioritized department in the organization. The importance of this has not been felt by the top level management of the organization. Experts and top level management of the organization firmly believe that there is scarcity of skilled manpower in the organization. They also say that the human resource of this generation are very much ambitious and focused to career development. They lack the learning attitude. While a section of people practicing management people believe that qualified worker does not stay in the organization for long, either they go aboard or they open their own company, (Xiancheng 2010).

In Nepalese financial sectors, it is difficult to retain employees due high turnover and frequent changes in responsibilities. After merger and acquisition, financial institutions especially microfinance companies are suffering the issue with rapid turnover of employees. The changes in employees ultimately causes adverse impact in the financial performance of the institutions. It is better to retain the existing employees in the organization rather than to recruit new employees and post-merger and acquisition, different schemes and incentives are to be announced by organization in order to retain the existing employees. There are different factors causing transfer of employees and also some tools to be used to retain the workers. Considering the present scenario into financial sectors of Nepal, this research is expected to determine some reasons of frequent transfer and also the remedies to the concerned organizations.

1.2 Problem Statement

One of the organization's biggest challenges is keeping the most talented and desirable personnel. Given the direct and indirect costs associated with employee turnover, the HRM department should be quite concerned about it. Organizational performance and growth are significantly impacted by personnel turnover costs (Ghosh & Dutta, 2016).

One of the major issues facing businesses is employee retention, particularly following mergers and acquisitions. Organizations must retain their core personnel if they are to meet their corporate objectives.

A successful merger and acquisition relies heavily on employee retention. The post-merger environment can cause talent attrition if it is uncertain, redundancies occur, or people are dissatisfied with their jobs (Azhagaiah and Sathishkumar, 2014). During such situations, companies should develop a talent retention strategy that includes communicating the merger's benefits, developing career opportunities, and recognizing employees (Malik et al., 2014). It is important that companies ensure a smooth transition process and offer competitive compensation packages in order to retain key talent.

Despite the evidence of importance of retaining employees, studies regarding factors which affect the employees' retention in Nepalese context have not yet been conducted. To address this problem, research that focuses on predictors of employee retention strategies is critically important (Panta et al, 2022). Empirical data are needed so professionals can better understand factors which affect employee retention and use what they learn about it to develop managerial intervention and alternative strategies that foster satisfaction and commitment for Nepalese employees.

Research questions to be addressed in this research paper are:

- What are the factors affecting employee's retention in Nepalese Microfinance Institutions after Merger and Acquisitions?
- Is there any relationship between employee retention and employee retention factors after Merger and Acquisitions?
- How does the employee retention factor cause employees to retain/leave the organization after Merger and Acquisitions?

1.3 Objectives of the Study

The primary objective of the research is to analyze the employee retention practice in Nepalese microfinance institutions after merger & acquisition and the association between the employee retention factors and retention of the employees.

The specific objectives are as follows:

- To identify the major employee retention factors that affect employee retention after Merger and Acquisitions.
- To examine the relationship between various employee retention factors and employee retention after Merger and Acquisitions.
- To analyze the impact of employee retention factors on retention of Nepalese microfinance institution's employees after Merger and Acquisitions.

1.4 Research Hypothesis

The following are the research hypothesis that has been examined in this paper:

H₁: Career Development has no significant impact on employee retention after Merger and Acquisitions.

H₂: Work Environment have no significant impact on employee retention after Merger and Acquisitions.

H₃: Reward and Recognition has no significant impact on employee retention after Merger and Acquisitions.

H₄: Work life balance has no significant impact on employee retention after Merger and Acquisitions.

H₅: Training Opportunities has no significant impact on employee retention after Merger and Acquisitions.

H₆: Human resource (HR) policies has no significant impact on employee retention after Merger and Acquisitions.

1.5 Rationale of the Study

One of the banks' most important responsibilities is job design. It also refers to the division of labor, employee involvement, and employee retention. The primary responsibility of management is to retain critical personnel. It alludes to the strategies used by management to encourage important personnel to remain with the company for an extended length of time. Retaining essential personnel should be the management's top priority because they are the organization's brain.

This study (i) advances the knowledge business, particularly in the area of key staff retention; (ii) fills in the gaps left by earlier research—in the instance of Nepal, the researcher could not locate any studies; hence, this would be the first study; and (iii) illustrates the connections between personnel (iv) confronts the significantly growing complexity of job design and HR practices, such as hiring procedures, pay and benefits, participatory management, training and development, growth opportunities, motivation, etc. The primary causes of increased complexity are a changing environment, growing organizational size, rising employee inventory levels, and rules and procedures. To handle such intricacy, talented staff members are needed. Therefore, research on staff retention is crucial.

1.6 Limitations of the Study

The limitations of the study are as following:

- i. This study is based mainly on primary sources of data with the help of structured questionnaires
- ii. The study is conducted by taking only five recently merged and acquired microfinance institutions as a sample and only 400 employees of different level included to answer the questionnaires.
- iii. Standard normal performance level is not available. So, interpretations of the data depend upon judgment and common sense. In this context, concerned experts are also consulted.
- iv. Limited statistical tool were used for this study.
- v. Although the study's variables were generated through a thorough examination of literature published in reputable publications, they might not be the best indicator of job design and retention strategies for microfinance in Nepal.

As a result, the study's correctness depends on the information supplied, although its validity and dependability receive enough consideration.

CHAPTER II

LITERATURE REVIEW

This chapter is concerned with review of literature relevant to the topic “Employees Retention after Merger and Acquisitions”. The purpose of reviewing of literature is to develop some expertise in one’s area, to see what new contribution has made and to receive some idea for developing a research design. Thus, previous studies cannot be ignored as they provide the foundation of the present study. Accordingly, this chapter has been divided into three sections as mention below:

- Theoretical Review
- Empirical Review
- Research Gap

2.1 Theoretical Framework

Workers frequently change employment for a variety of reasons, such as greater prospects, decreased motivation, and other financial and social factors. Employee turnover is the term used to describe this change in employment from one company to another. Retaining a skilled workforce for long-term operations is the obligation of a business. A productive performance may be guaranteed with such skilled human resource. The organization and management may face numerous difficulties as a result of the frequent changes in HR structure. Every sector deals with staff turnover, which creates opportunities as well as obstacles for employee engagement. In an organization, it is commonly referred to as employee turnover. The amount of employees who are replaced by new hires during a specific time period is known as employee turnover (Agnes, 1999).

The pace at which workers change jobs is known as employee turnover. An organization's operations may be impacted by such a procedure in both positive and bad ways. Failure to capitalize on the skill and abilities of the departing employee and potential financial strain when it comes to staff replacement are potential drawbacks (Armstrong, 2009; Branham, 2005). Employers must design their plant to minimize any potential obstacles brought on by employee turnover. Each employee's degree of

satisfaction determines the employee turnover ratio. The turnover ratio is relatively low when workers are happy in their positions, and vice versa. The intention to depart is inversely correlated with job happiness and performance. Such turnover may occur for both voluntary and involuntary reasons. An employee may choose to quit the company on their own initiative, but the company may also take specific steps to fire an employee. emphasizes that while involuntary employee turnover is started by an organization with the intention of cutting costs, downsizing, or letting employees perform below expectations, voluntary employee turnover is started by the employees themselves.

The literature reviewed serves as support for the idea that a bank's ability to retain its workforce depends on creating a favorable work environment. Employee discontent with their existing working conditions appears to be the cause of a high employee turnover rate. Compared to other financial institutions, there is a notion in Nepal that the general public has more faith in commercial banks. Banks are regarded as a systemically sound organization. Because of the growing number of institutions, the present ratio of employee turnover in the labor market is relatively significant. Skilled workers are more likely to advance their careers by changing jobs in an effort to advance their careers. This also holds true for Nepal's banking sector, which has a high personnel turnover rate. Thus, the purpose of this study is to evaluate the effects of turnover on Nepalese Commercial Bank. Additionally, the elements that impact employees' attitudes and behaviors to quit their positions in the sample banks are described in this research.

Around the world, entrepreneurs have been dealing with the problem of employee turnover. The ratio of an organization's personnel being replaced within a specific time period is known as employee turnover (Price, 1977). Every firm is attempting to reduce employee turnover. The process of filling an open position within a company, whether freely or involuntarily, is known as employee turnover. Employee turnover can affect a company in either a favorable or bad way, depending on its nature (Mobley, 1982). One important factor that determines an organization's employability and other associated working circumstances is employee turnover. Employee turnover is typically high in organizations with operational inefficiencies (Alexander et al., 1994). Employee turnover has drawbacks, but it can also be seen as a benefit since it helps get rid of ineffective workers. Organizational running costs can be reduced by this type of turnover (Milkovich

& Boudreau, 1993). However, Khan (2014) emphasized that staff turnover may have a negative impact on the effectiveness of the firm. Furthermore, there is a strong correlation between employee motivation, corporate value, and the alignment of employee values (Worrell, 2018).

Employee loyalty is contingent upon the level of decision-making participation that employers are willing to allow, according to Surline (1999). In this sense, turnover is typically higher when workers are dissatisfied with the level of authority granted. An organization bears particular financial and social responsibilities as a result of employee turnover. Costs like training, development, and compliance with the hiring procedure can have a tangible effect on an organization. Because of the time needed to prepare for the new hire, it is believed that production will temporarily fall when an employee departs the company. In the meantime, the departing skilled worker also takes the hard-to-repair intellectual property with them. Furthermore, there's always a potential that rivals are searching for a strategy to take advantage of these blunders. Therefore, managing employee turnover in an organization is a challenging responsibility for the HR department. Before a person leaves the company, the business must identify the different types of turnover. Both internal and external opportunities, as well as competent and unskilled employees within the company, could be the cause of the turnover.

Both voluntary and involuntary employee transfers are possible inside a company. Voluntary turnover occurs when an employee chooses to leave the company voluntarily, while involuntary turnover occurs when an employee is allowed to leave the company without being asked to do so.

Employees leave the company both internally and externally when opportunities present themselves. The option offered by the company to fill a new function or title inside the organization is associated with internal turnover. It can affect an employee in the company in both positive and negative ways. Employee morale is raised by the sense of achieving a new function, rank, or position, which also brings about changes in the tasks allocated and supervision. In a similar vein, the worker can harbor resentment and stop the project or cause issues due to the bad mood. Such internal turnover may have serious repercussions, but the company must keep an eye on both internal and external turnover.

Conversely, external turnover happens when an employee departs for a better working environment and status offered by the company owing to opportunities outside the company. Since they typically deal with "contract staff," the unskilled employee fraternity has a high employee turnover rate. These workers may not have access to the same facilities as their counterparts since they are not regarded as regular employees. Employers don't have to worry about these kinds of employee turnovers. Employers must pay close attention to high skilled labor turnover, nevertheless, as it may negatively impact organizational performance. For any industry, people resources with the necessary skills and aptitude are always in short supply. As a result, this study may identify important aspects for employees and banks.

Herzberg's Motivation Hygiene Theory:

The two-factor hypothesis, as it is commonly known, states that a business can change two factors to influence employee motivation at work. Herzberg Frederick created the hypothesis in 1966. As a clinical psychologist, he found that job satisfaction and dissatisfaction are related to each other separately. Management is aware that demotivating problems may always be linked to issues outside of work, which can boost employee motivation, increase job satisfaction, and boost organizational performance overall. Understanding people's goals in relation to their broader competencies and capabilities may lead to some significant opportunities. The organization's most precious assets are its employees, who must acquire new and extra skills in order for the business to develop in the future. Above all, it can result in increased employee loyalty, understanding, and commitment. The foundation for employees who want to become leaders is having a clear understanding of what drives individuals in all areas of life (John Ball, 2103).

Hackman and Oldham's (1976) Job Characteristics Model

Five essential job attributes are identified by this model: autonomy, feedback, task significance, task identity, and skill variety. When these five characteristics are present in a job, employees experience three crucial psychological states: awareness of results, responsibility, and meaningfulness. The three psychological states result in improved

performance, internal motivation, and job satisfaction as well as lower absenteeism and staff attrition.

Further research has demonstrated the connection between job design and employee engagement. According to certain research, repetitive tasks might cause psychological discomfort and disengagement (Melamed et al, 1995). Autonomous workers have a sense of accountability and are therefore more inclined to put effort into their work despite setbacks. Research has also shown that properly delivered performance reviews are very motivating to staff members.

Employee engagement and job design features were found to be significantly positively correlated in a study conducted by Shantz et al. (2013) to test the Hackman and Oldham job characteristics model. The largest positive correlation between skill variety and engagement was seen. The researcher also discovered in the same study that motivated employees were more likely to assist others in doing their jobs more effectively, which is a sign of good citizenship. The results of the same study also confirmed the commonly accepted theory that highly engaged workers are less likely to act in any deviant way, including arriving late or skipping work.

Social Exchange Theory

The results of studies that link job design to employee commitment are further explained by the social exchange hypothesis. It asserts that workers and employers have a mutually reliant relationship in which workers respond by giving their jobs more energy and zeal if they believe their employers are treating them well. Employees who exhibit greater vigor and excitement for their work are said to be engaged. When workers are given autonomy in their work, they believe that their employers are treating them properly. Employees are therefore dedicated to completing their work with the highest possible level of involvement.

According to socio exchange theory, workers who have well-designed jobs are happier in their positions and are more likely to remain loyal to their employers. Additionally, according to the theory, when management of a company takes positive and useful activities toward its employees, it develops feelings of duty for those employees to return

the favor in positive and advantageous ways, such as sentiments of commitment, loyalty, and performance (Eisenberger et al., 1986).

2.2 Empirical Review

Subedi et al. (2023) analyzed the human resource management is a crucial component of management. The purpose of the study is to increase the organization's and its employees' efficiency. It is a procedure that includes the organization's human resource acquisition, growth, motivation, and upkeep. Retaining knowledgeable and experienced staff is essential to an organization's survival, expansion, and advancement. Problems with retention are prevalent, particularly in the banking industry in Nepal. This study looks at how staff retention in Nepalese commercial banks is affected by demographic characteristics. Nepal's commercial banks were chosen for the study because it is a developing and expanding financial institution market. Dichotomous and 5-point Likert scale questionnaires form the basis of the study. The study's dependent variable is employee retention, while its independent variables include the employees' gender, age, income level, marital status, present position, work status, residence status, income level, and academic qualifications. SPSS was used to examine the gathered data. To determine the relationship between the independent and dependent variables, the chi-square test is utilized. It has been determined that there is a pretty strong correlation between employee retention and demographic parameters such age, marital status, academic credentials, the number of earning family members, residence status, monthly income, present position, and experience. But just two demographic factors—gender and employment status—were unrelated to employee retention. Additionally, the study aids in the creation of suitable rules and regulations to keep workers in Nepal's commercial banks.

Adhikari (2023) investigated how staff performance in Nepalese commercial banks is affected by training and development. The dependent variable is employee performance. Similarly, the chosen independent variables include coaching, job rotation, employee development programs, trainer knowledge, on-the-job training, and off-the-job training. Employee perceptions of training and development and performance levels in Nepalese

commercial banks are evaluated using the major source of data. To accomplish the study's goal, a systematic questionnaire is created. To examine the significance and value of training and development on employee performance in the context of Nepalese commercial banks, regression models and correlation coefficients are estimated. According to the study, employee performance is positively impacted by on-the-job training. It suggests that improved on-the-job training initiatives boost worker productivity. The outcome also showed that employee performance is positively impacted by off-the-job training programs. It suggests that increased employee performance would result from an organization's stronger off-the-job training program. Additionally, employee performance is positively impacted by trainer knowledge. It suggests that having knowledgeable and creative trainers improves worker performance. Additionally, employee performance is positively impacted by employee development programs, suggesting that improved employee development initiatives in banks result in higher employee performance. Likewise, the outcome demonstrated that employee performance is positively impacted by job rotation. It suggests that improving the work rotation system raises employee performance. Additionally, coaching improves employee performance. It suggests that improved coaching results in higher worker performance.

Chaudhary (2022) expounded on the causes of employee attrition in Nepal's banking industry. To accomplish its goal, the study has used both primary and secondary sources of data. Data from the sample banks was gathered using structured questionnaires. In the meantime, the analysis was conducted using various published and unpublished reports of the chosen banks. MS Excel and SPSS descriptive statistics were used to examine the gathered data. The study's conclusion underlined that workers frequently quit their current positions because banks don't give a suitable work environment or amenities. According to the study's findings, managers at the sample banks are somewhat ignorant about how to forecast their employees' intentions to leave. To reduce staff turnover, it is therefore advised to create clear policies and a suitable plan that includes efficient payment and reward systems as well as motivational techniques.

Subha and Bhattacharya (2021) investigated the connection between motivation and training and discovered that both positively affect employee efficacy and efficiency. The study also addresses the training and motivation requirements of the workplace, as well

as the training and development practices that should be applied in the financial industry to appropriately train employees and enhance their performance. The majority of the study's conclusions showed that training improves employee performance and has a positive impact on job satisfaction and motivation in the banking sector of Lesotho. EP is closely linked to training and development, and more training initiatives guarantee higher EP.

Soenanta et al. (2020) studied the relationship between these factors in a lightning company. In order to investigate the impact of job design and organizational commitment on employee retention. The researcher employed a survey method in conjunction with a quantitative methodology. The study's sample size was 204, and participants were chosen at random. The outcome demonstrated that both organizational commitment and job design positively impacted employee retention. Also, job design positively impacted organizational commitment. The study's conclusion was that management of the organization should take into account whether retention is strong or weak since it would affect the likelihood or resilience of staff turnover.

Respondents were chosen from among various bank position holders using Gautam (2020). 200 responders from the Top Ten Nepali banks based on their 2017–18 financial performance yielded a response rate of almost 80%. Pay levels in the banking sector are often higher than those in other businesses in Nepal. The second-strongest element influencing employee motivation is work-life balance, as many employees say that the job pressure at their bank is really high. High levels of professional stress, strained family ties, and a lack of societal values can all result from a poor work-life balance, which lowers employee motivation and happiness. According to research findings, millennials' priorities are changing dramatically. Therefore, management should endeavor to improve employees' work-life balance. Comprehensive reward systems may be the source of competitive advantage and organizational productivity if they are able to accomplish so.

Alhmoud and Rjoub (2020) examined the extrinsic benefits are ultimately the most important factor in influencing employee retention. Any business that want to increase EP must make sure that the HR division thoroughly involves the workforce in order to identify strategies for increasing employee engagement and, consequently, performance.

One strategy is to implement a reward scheme that covers staff incentives. There are two types of employee rewards: intrinsic and extrinsic. Any outside incentives that management provides employees to increase productivity are known as extrinsic rewards. Bonuses, promotions, cash, profit-sharing schemes, flexible work hours, wage hikes, and other incentives and benefits are examples of extrinsic rewards. Since they show how employees feel about their work and the value they add to the company, intrinsic rewards are intangible.

Pandey and Chaulagain (2020) examined the effects of affective commitment, job satisfaction, and job stress on turnover intention among Nepalese bank employees. They discovered that while job stress had a positive effect on turnover intention, affective commitment and job satisfaction had a negative effect. The study examined how human resource management (HRM) affected employee commitment in the banking industry in Nepal and discovered a favorable correlation between the two. The relationship between employee engagement and job satisfaction in Nepalese commercial banks, coming to the conclusion that increased employee involvement enhances job satisfaction among banking staff in Nepal. The study examined how human resource strategies affected employee performance and job satisfaction in Nepalese commercial banks and discovered a favorable correlation between the two. 79.1 percent of workers in Nepal's banking industry are satisfied with their existing compensation, according to research on employee satisfaction with HR practices.

Six HR practices—job analysis and design, HR planning, recruitment, selection and placement, training and development, employee performance appraisal, compensation, and rewards with competitive advantage—have no mediating effect on employee satisfaction, according to a 2019 study by Elrehail et al. on employee satisfaction, HR management practices, and competitive advantage conducted in Northern Cyprus. In a similar vein, a Singaporean study examined HR procedures to determine how they affected workers' job satisfaction. HR practices have varying effects on employee work satisfaction depending on the scenario, geography, and context. There is a medium positive correlation between job satisfaction and performance appraisal, according to research on the effect of performance appraisal on job satisfaction at a state-owned

company. The study's total population consists of 750 employees, and a sample of 254 respondents was gathered through purposive random sampling.

Biason (2019) conducted research on the elements that affect employee retention. In particular, the study examined the findings of earlier research projects carried out by various academics. They examined a number of elements in their study, including pay, possibilities for growth, working conditions, management and leadership, social support, autonomy, training, and development. Since the study only examined these criteria and offered no real-world insights into how each influences an employee's retention in a company, it was more theoretical in nature. The purpose of the study was to determine how employee retention and job satisfaction are related. The study found a strong positive correlation between employee retention and work satisfaction.

The study on the effect of awards on employee turnover in the IT industry was carried out by Sethunga (2018). This study used primary data and was empirical in nature. A review of relevant literature was conducted in order to gather secondary data for the study. IT workers were asked to complete a standardized online questionnaire in order to gather pertinent data. If they are not satisfied with performance rewards, employees under 30 with little experience are very likely to leave. Key personnel in this category should receive more attention in terms of compensation. Promotions are the only non-monetary reward that can effectively reduce employee turnover, according to the study, which also identified a high association between reward frequency and turnover. To get the most out of their training efforts, companies should determine the intention of their employees to leave before allocating them to training programs.

Sthapit and Shrestha (2018) aimed to investigate how HRM practices affect employee retention as well as how level, age group, and gender moderate the effects of these factors on the factors that affect employee retention in Nepali hospitality organizations. Using a sample of 292 respondents from six of Nepal's eight five-star hotels, the study used a cross-sectional descriptive study methodology. The research employed post hoc and Mann-Whitney U tests, correlational analysis, and the Jonckheere-Terpstra test. While employer branding is a significant retention strategy for higher level managers, the study found that career growth and work-life balance are the strongest and weakest retention

strategies for male hotel employees in Nepalese five-star hotels. Entry-level employees are primarily influenced by rewards and compensation that increase their commitment to the organization to reduce their turnover.

There hasn't been much research done on the topic across various professions, despite Rahman's (2018) dedication to studying work attitudes, actions, and outcomes related turnover intentions. This study moves in that direction by looking at work satisfaction as a mediating variable between employee turnover intention and compensation and career growth. According to several earlier studies, career advancement and pay have a favorable and substantial impact on job satisfaction. Moreover, turnover intention is significantly and negatively impacted by pay, career advancement, and work satisfaction taken combined. Uncertain employment status, significant demand from other companies, work shifts, and inadequate pay can all contribute to the inclination to leave one's current employer. A person's salary might be either satisfying or unsatisfactory depending on how it compares to what others have gotten.

Two forms of indirect organizational career progression effects on turnover intention were studied by YIFEI (2018). They ultimately offered useful recommendations for firms looking to improve human resource management by determining the indirect relationship between career advancement and turnover intention. 282 individuals from four nearby Pearl River Delta cities provided the data. The findings showed that: career commitment is negatively correlated with employee turnover intention; career growth indirectly influences employee turnover intention through the mediating effect of career commitment; and career growth is a predictor of both organizational identification and career commitment.

Hassan (2018) investigated impact of career development, training, and non-monetary practices on employee retention in Yemeni telecommunications companies. Based on a sample of 100 non-managerial staff members from the four Yemeni telecom companies, the findings showed that training improves employee retention and satisfaction. The findings actually demonstrate the value of training in raising employee satisfaction and retention rates in Yemen's telecom industry. Remarkably, the findings indicated no correlation between career growth and employee retention or satisfaction. The findings

also indicated that in the Yemeni telecom industry, job satisfaction acts as a mediator in the relationship between training and staff retention.

Mngomezulu (2018) carried out a study to ascertain the effects of talent retention and acknowledgment in the workplace. At a Durban-based organization, a basic random sample of 150 people was selected from a population of 800 professionals. All 150 responders received a personal delivery of the questionnaire. Every one of the 150 responders was able to finish the survey. According to the study, all facets of retention are positively impacted by recognition. According to the correlation data, retention only affected problems related to the lack of job possibilities, which is what motivates most employees to stay at their current employer. Rewards, enthusiasm for one's work, acknowledgment, training and development, respect and trust, success, favorable working conditions, and advancement are just a few of the many factors that drive people.

Mamun (2017) discovered the reasons for employee turnover intention and to ascertain the reasons from the viewpoints of the pertinent literature. This conceptual paper also offers a number of potential tactics for reducing employee attrition and keeping staff members in their firms. A conceptual framework that highlights the key factors in explaining the phenomena of employee turnover and discusses retention tactics to address the problem has been proposed by research. In order to understand why employees leave the company and what factors draw and keep them there, management should take additional steps. The primary factor influencing the intention to leave is job satisfaction. Therefore, by seeing their labor as a critical resource, corporate organizations may be able to continue operating in a safe environment if the aforementioned measures are implemented.

Kundu and Lata (2107) examined the impact of a supportive work environment on employee retention. Their results showed that focusing on supportive work environment policies had a direct impact on employee retention. The most successful method for predicting employee retention is the supportive work environment index.

Mendis (2017) investigated the relationship between an organization's reward system and employee turnover intention. Five independent variables—remuneration, monetary incentives, work-life balance, supervisor support, and employee recognition—were empirically assessed in this study in connection to non-executives' intention to leave the

Sri Lankan logistics sector. 97 non-executive employees from Sri Lanka's logistics sector made up the sample. A standardized questionnaire that was self-administered was used to obtain the data. The findings showed a negative and substantial correlation between turnover intention and factors such as compensation, financial incentives, work-life balance, supervisor support, and employee recognition. And those were solid partnerships. Regressing the compensation system on turnover intention revealed that it is a strong predictor of employee turnover in Sri Lanka's logistics sector. Better financial and non-financial benefits have a significant impact on employee turnover intention, according to the research findings.

Biswakarma (2016) looked at the direct relationship between organizational career progression and employees' propensity to leave as well as the moderating role of demographic factors. The interaction between Nepalese private commercial bank personnel is investigated. The four components of organizational career growth—career objective advancement, professional competence development, promotion speed, and compensation growth—are conceptualized by Weng et al. (2010) and empirically supported by this study. Information was gathered from 290 Nepali bank workers. The findings show a negative relationship between employees' intentions to leave and the organizational career advancement characteristics. Additionally, the phenomena is not being significantly moderated by any of the demographic variables (gender, age, education, marital status, and position). Additionally, it was discovered that, in the Nepalese context, Career Growth Progress is the second most important factor that directly influences employees' intentions to leave, behind Promotion Speed and Remuneration Growth. In the Nepalese setting, companies should prioritize employee growth in compensation and promotion rates in order to keep them on board and motivate them to contribute to the efficiency and productivity of the company.

Monetary rewards are the most effective motivating factors that employees value most, and managers should take this into account when making decisions based on employee welfare, according to Omollo et al. (2015), who examined the impact of motivation on employee performance of commercial banks in Kenya. According to the report, managers should think about their staff before enacting any policies and make sure that they are working in an atmosphere that takes into account their needs.

Chen (2014) investigated the relationship between employee retention and training and discovered that training improves organizational performance and emphasizes that it is the main tactic for the organization's expansion and improvement. Most employees expect training opportunities to be available because they are valuable to their personal development, with the exception of a small percentage who do not wish to get it. Because they are unsure of how the new trainee will do following training, employers do not give them the chance to try out for the new position. Rather, employers continue to allow workers with prior expertise to perform the job. However, from the employer's point of view, the workers might truly violate the psychological contract. For instance, even though the business has given workers adequate training, the employee can be enticed by the greater financial incentives offered by another company.

Sattar and Ahmed's (2014) study, "Factor affecting employee turnover in banking sector," was to quantify the factors that contribute to employee turnover. It assessed the degree to which factors like job satisfaction, pay, career advancement, and work environment affected employee turnover. To determine the factors, a descriptive research and survey approach were used to collect data. For the survey, 150 Bahawalpur public and private banks were chosen as a sample. In SPSS software, regression, correlation, and Cronbach's Alpha were used to examine the data. While career advancement and pay had less of an impact on employee turnover, the study did find a significant association between work environment and workplace stress.

The influence of HRM practices (career development opportunities, supervisor assistance, working environment, rewards, and work-life policies) on employee retention in banks was examined by Narang (2013) in her research article, "HRM Practices – Its Impact on Employee Retention." She used a questionnaire to get primary data from HDFC and AXIS banks in Punjab State, India. There were only 60 participants in her study: 25 from AXIS Bank and 35 from HDFC. For her analysis, she employed a Likert scale. The study found a positive and significant correlation between HRM strategies and employee retention. When it came to their perceived level of retention with the concern, the frequency of career growth, the distribution of rewards related to work, and the work environment displayed the highest values.

Pirzada (2013) studied the "Impact of Human Resources Management Practices on Turnover, Productivity, and Corporate Financial Performance." 145 respondents provided primary data for the study, which revealed that the foundation for reducing poor productivity and turnover was the organization's vision, mission, and values, as well as an efficient appraisal system and appropriate compensation plan. The findings showed a strong and favorable correlation between the criteria under study and staff retention. The results highlighted that human resources management may successfully foster organizational commitment and employee retention as long as it appropriately addresses concerns including addressing financial demands, social standing, accurate performance evaluation, and utilizing cultural factors.

Nzulwa (2013) carried out a study to look into how Vodafone Ghana Limited's employee retention was affected by work satisfaction, employee benefits, and HR practices. 142 Vodafone Ghana Limited employees were polled for the study. The findings demonstrate that an appropriate compensation system inside the company will improve retention in addition to promoting fairness. Research findings once more demonstrate a good correlation between retention rates and beneficial HR practices and job happiness. Regarding whether their income level influenced their decision to remain or retire, respondents were asked to indicate whether they agreed or disagreed. Just 7.4% of respondents strongly agreed that they have stayed with the company because of their pay. 18.4% of respondents said they had no plans to quit, while 5.9% said they strongly disagreed with any such plans. In light of this, respondents were asked to rate their agreement with the organization's growth and development-related HR policies.

The impact of leadership style on academic staff retention at Kenyan public universities was established by Ngethe et al. (2012). The results of the study showed that the leadership style had a major impact on the retention of staff members at public universities. Additionally, it came to the conclusion that the majority of the leadership philosophies employed by these colleges were detrimental to academic staff retention.

In a study on the effectiveness of rewards and recognition as a talent retention strategy in Indian corporations, Sunanda (2012) attempted to make the case that these factors are critical to work performance and aid in keeping personnel in the company. The study's

goals were to analyze Indian multinational corporations' retention strategies in relation to their effects on the company and investigate how reward and recognition programs affect employee retention. Data came from both primary and secondary sources. A structured questionnaire with nine open-ended and closed-ended questions together with demographic information was used to gather primary data. Research articles from reputable sources provided the secondary data. The purpose of the exploratory study was to identify the recognition and reward components that influence retention success.

In order to investigate the impact of the five factors—compensation, work-life balance, organizational commitment, career opportunity, and supervisor support—on employees' intention to remain with Kedah State Development Corporation Company and to identify potential motivators for their retention, Kumar and Wei (2012) conducted a study titled "Study on determinants of human resource practices influencing retention of employees in Kedah State Development Corporation, Malaysia."

Anis (2011) carried out a study to highlight the benefits package following staff development and training. In order to achieve this, we gathered information from corporate organizations in Lahore. 330 people participated in their study as respondents. Using AMOS 18.0, the structural equation modeling technique was applied. They employed pay as a mediating factor between staff retention and training. The findings demonstrated that keeping employees on board for the long run after their training and development was finished without raising their pay and benefits was less advantageous than when pay was raised to reflect their capacity to use their newly acquired skills and abilities in the workplace.

Chipunza and Samuel (2009) examined the governments are also having trouble keeping talented and more capable workers, in addition to the private sector. Managers in the private sector acknowledge that keeping important personnel in the company is the most challenging part of their work. When these workers relocate, they typically do so to rival companies that possess the unique skills, expertise, and trade secrets they acquired from their prior employers, which puts the former managers in a difficult position. This circumstance necessitates that management determine the reason or reasons why employees frequently switch jobs. Following the identification of this cause, management

can create retention plans that will assist retain key personnel for an extended period of time.

META Table (Summary of Literature Review)

Author (Year)	Title of the Article	Major Objective	Methods Used	Findings
Subedi et al., (2023)	Effect of Demographic Factors on Employee Retention in Nepalese Commercial Banks	This study aims to examine the impact of demographic factors on retention of employees in Nepalese commercial bank.	The collected data were analyzed through SPSS. Chi-square test is used to know the relationship between the independent and dependent variable.	It is concluded that demographic factors such as age, marital status, academic qualifications, numbers of earning family members, residential status, monthly income, current position, experience, have relatively significant relationship with employee retention. However, only two demographic variables i.e. job status and gender did not have relationship with employee retention.

				Furthermore, the study contributes to the formulation of appropriate policies and guidelines to retain employees in Nepal's commercial banks.
Adhikari, (2023)	Employees' Turnover Intention in Nepalese Commercial Banks	This paper attempts to investigate the factors influencing employees turnover intention in Nepalese commercial banks.	It has employed descriptive and causal comparative research design to estimate the relationship between dependent (employees' turnover) and independent variables (compensation, organizational justice, organizational culture, leadership empowerment behavior, job stress).	Employees' turnover intention is positively and significantly correlated with all independent variables. It is found that, organizational justice is the most influencing factor followed by organizational culture, whereas compensation is least influencing factor for employee turnover.
Chaudhary,	Employee	This study	The study has	The study results show

(2022)	Retention Strategies Used by Nepalese Banks	aims to investigate retention issues in Civil Bank and Mega Bank limited located in Kathmandu valley.	to collected data from 132 employees through 5-point Likert questionnaire and processed with the help of SPSS. The collected data are analyze using descriptive statistics and regression analysis.	that workplace environment, career growth & development opportunity, compensation management and job security have significant impact and association with the employee's retention in Civil Bank and Mega Bank located in Kathmandu.
Subba and Bhattacharya (2021)	The relationship between training and motivation and found that training and motivation have a beneficial impact on staff effectiveness and	The study aims to explore the impact of worker proficiency and efficiency of training and motivation.	A questionnaire was administered to employees of the banking sector to identify the perceived level of training and motivation that emphasizes the overall performance. The three variables were estimated on a	Productivity is one of the most significant elements that influence the organization's general performance, which compromises with different elements like training, attitude, motivation, and work environment for creativity contribute to the overall success of the employees. The study result shows that training and motivation

efficiency.	<p>five-point Likert scale choice. Five were the most important (strongly agree), and one being the least important (strongly disagree). The sample of the questionnaire schedule was self-prepared.</p> <p>positively impact the effectiveness of the employees. Also, the study features the training and development procedure of the financial area that should utilize to proper workers and increment their performance and analyzes the needs of training and motivation in the workplace.</p>
Dangol (2020)	<p>Empirical study of the staff retention in banking sector</p> <p>Aimed at investigating the motivational factors such as goal-setting, monetary rewards, recognition of programs and training had adopted a descriptive research design to</p> <p>Different performance methods which are implemented in organizations and tried to generate a new appraisal method keeping in view of COVID-19 and modern changes implemented in current era.</p> <p>Statistical tools such as regression analysis, correlational analysis, frequency distribution and mean scores were used to analyze the data and the results were presented using tables and figures where it added value. The research revealed that there existed a positive and significant relationship between recognition programs, goal-setting and</p>

		find out the relationship that existed between employee performance and the motivating factors.		training on employee performance. Furthermore, the findings suggest that employees value their own personal growth over other things.
Soenanta et al., (2020)	Effect of job design and organizational commitment to employee retention in a lightning company.	To study the effect of job design and organizational commitment on employee retention.	The approach used by the researcher was a quantitative approach with a survey method. The size used for the research was 204 with the selection being random.	The result showed that job design and organizational commitment had a positive direct effect on employee retention and job design had a positive direct effect on organizational commitment as well. The implication drawn from the study was the weak or strong retention needs to be considered in company management because it will have an impact on the tendency or resilience of employee turnover.
Gautam	Work-	The objective	Approximately	Poor work-life balance

(2020)	Culture for is to examine Employee Work-Behavior: Mediating Role of Satisfaction	the work culture for employees work behavior with mediating role of satisfaction.	80 percent could cause high job response rate stress, poor family relations and social values, which cause to have low satisfaction and low employee motivation. Research based on reports suggest that the priority of millennial performance of people is shifting significantly. Thus, management should work for improving the work-life balance of the employees. If it could do so, comprehensive reward practices could be the source of organizational productivity and competitive advantage.	
Alhmoud and Rjoub (2020)	Total Rewards and Employee Retention in a Middle Eastern Context	This article examines the influence of total rewards—comprising extrinsic, intrinsic, and social	A questionnaire is used to collect data from the study sample, which consists of 500 employees working in various Islamic	Results show that extrinsic, intrinsic, and social rewards are all important factors in achieving employee retention. Interestingly, social rewards were shown to have the highest level of

		rewards—on employee retention in Islamic banks in Jordan, with particular focus on the employee perspective.	banks across Jordan. The study hypotheses are then tested using partial least squares (PLS) technique by applying structural equation models (SEMs).	influence on employee retention. Intrinsic rewards are intangible as they reflect how employees feel about their work and the value they bring to the organization.
Pandey and Chaulagain (2020)	Impact of affective commitment, job satisfaction, and job stress on employees retention among Nepalese bank employees.	The aim is to study the impact of effective communication, job satisfaction and stress on employee retention.	Using descriptive statistics, correlation analysis and multiple regression analysis, the impact of effective communication, job satisfaction and job stress on employees retention by Nepalese commercial banks.	Found that affective commitment and job satisfaction had a negative impact on turnover intention, whereas job stress had a favorable impact. The impact of human resource management on employee commitment in the field of Nepalese banking and found a positive relationship between retention by HRM and employee commitment.
Rahman	Influence of Retention	This study aims to	Reliability test of questionnaire	From the presentation and analysis of data, the

(2018)	Factors on identify the Employees relationship Commitment between : Evidence retention from Nepalese Commercial Banks in Nepalese commercial banks.	was made using Chronbach's Alpha. Statistical tools used for presenting and analyzing the data were frequency analysis, Pearson Bivariate Correlation Analyses, Multiple regression analysis, and ANOVA- test. SPSS 18 used for the computation of data.	study concluded that there was a significant relationship between the retention factors and employees' commitment in Nepalese commercial banks. The study mainly focused on five retention factors (compensation, training and development, job characteristics, supervisor support, and career opportunities) and employees' commitment in terms of affective, continuance, and normative commitment.
Biswakarm a (2016)	Employee Retention in Banking Industry of Nepal This study aims to solve some issues relating to employee retention such as: Are the responses of employees	This study is based on quantitative research design. The SPSS Version16.0 for Windows was used to analyze the data.	The results revealed that there was relationship between employee retention and demographic characteristics like age, marital status, experience, post and job status but there was no

positive on Cronbach's alpha relationships between retention was used to test employee retention and factors and the demographic employee reliability of the characteristics like retention in questionnaire. gender, mother banking Additionally, language/tongue and industry of interviews had education. Similarly, Nepal? Is been conducted there was a positive there a with relationship between relationship Chief employee retention and between Executives, all seven retention demographic Human Resource factors such as characteristic Managers and employee benefits, s and employees to recruitment and employee collect relevant selection, job retention? Is qualitative assignment and there a information that opportunities, relationship were performance appraisals, between unobtainable in training and retention the survey development, work factors and questionnaire. environment employee and leadership support. retention in the banking industry of Nepal?

2.3 Research Gap

Research gap refers to the gap between previous research and this research. A few research studies have been conducted by different students, experts and researcher about employee retirement in Nepalese microfinance after merger and acquisition.

There is a certain gap between the present research and previous researches. The previous researches are done in the topic called “Employee Retention” but this research is related to study the employee retention in Nepalese microfinance institutions after merger and acquisition. Previously many researches were done by using secondary data. The information of this very research is also based on primary data, and many effective tools and techniques are used to get the desired result as per the objectives of the study. To analyze the facts, statistical tools were used to achieve the desired objectives of the study. statistical tools include mean, standard deviation, coefficient of variation, correlation of the coefficient analysis and also include trend analysis.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them.

3.1 Research Design

The research design for this study has a descriptive and causal comparative research design, which aims to provide detailed understanding of current challenges and issues related to employee retention in the call center industry. The approach is suitable for exploring and analyzing the factors contributing to high turnover rates and employee dissatisfaction, as well as evaluating innovative approaches for employee retention. Descriptive research allows for the collection of qualitative data, enabling a comprehensive assessment of the research objectives. By employing a correlation and regression approach, data has been collected at a specific point in time, providing a snapshot of the current situation in the microfinance industry.

3.2 Population and Sample size

Population is any complete group of people, companies, hospitals, stores, colleges and students or like that share some set of characteristics. The term “Population” or “Universe” for research means all the members of any well-defined class of people, events or objects, organization or firms. The population means aggregate or the entire group. Population consists of large groups. Due to its large size, it is difficult to collect detailed information. So, a sub-group is chosen that is believed to be representative of the population. The sample allows the researchers more time to make an intensive study of a research problem. Good sampling techniques can save the researchers time and money. For the purposes of this study, the population were the employees from different microfinance institutions from Kathmandu valley. There are 57 microfinances currently operating in Nepal, among them 3 are wholesale and remaining 54 are retail microfinance. 250 employees from five recently merged microfinance; Sana Kisan Bikas

Laghubitta Bittiya Sanstha Limited (SKBBL), Deprosc Laghubitta Bittiya Sanstha Limited (DDBL), Dhaulagiri Laghubitta Bittiya Sanstha Limited (DLBS), National Laghubitta Bittiya Sanstha Limited (NLBS) and Asha Laghubitta Bittiya Sanstha Limited (ALBSL) were chosen as sample. A convenience method of sampling for research purpose was used. The collection of data from these institutions provided researcher the result unbiased of only one of the categories of the microfinance firms.

3.3 Sources and Procedure of Data Collection

Both primary and secondary sources were used to collect the data. The primary data was collected through survey questionnaire. A structured questionnaire was prepared to collect the views and experiences of employees. The questionnaire was used to gather information from employees regarding their work experience and also other demographic contents such as gender, age, work tenure, and level of position. The questionnaire consists of four types of questions; first being demographic questions, second was single response question, third was ranking and multiple response questions and fourth was preference rating Likert scale.

As a secondary source of data collection, annual reports of the concerned microfinance, reports from Nepal Rastra Bank, books, journals, articles and other different published reports were being used in this research.

Demographic questions included elements like gender, age-group, education level, job position and job tenure. Likert scale questions was related to the satisfaction level of respondents with HRM practices and retention at current microfinance institution. Ranking questions was related to preference ranking of HRM practices and Single response question will be related intention to stay with the organization. The questions were related to research objectives and hypotheses.

3.4 Instrumentation of Data

In the initial phase of the research, data was collected from secondary sources to design the theoretical framework for undertaking the research. The secondary data was obtained by reviewing literatures such as journals, research paper and past dissertations.

In the later phase, data was accumulated by administering questionnaire. The questionnaire had a structured format with numbers of demographic, Likert scale, ranking, multiple response and single response questions. The primary data collected was statistically analyzed to prove the hypothesis and to draw out conclusions and recommendations.

3.5 Data Analysis Tools

For the analysis of the data, SPSS 23.0 was used. SPSS was used to conduct general analysis, descriptive analysis and inferential analyses. General analysis included frequency and percentage distribution of the respondents. Descriptive analysis included computing central tendency, dispersion and cross-tabulation of the data. Inferential analysis included calculating correlation coefficient, and one-way ANOVA, finding the significance value and testing hypothesis.

Frequency and percentage computation described the number and proportion of the sample respondents. Central tendency depicted the average satisfaction rate of respondents and standard deviation indicates the deviation in satisfaction of the respondents obtained from the analysis. Cross-tabulation described the relationship between respondents' demographic variables and retention level. It depicted how employees vary in their retention rate due to differences in their gender, age-group, job position, work tenure and education level.

Correlation coefficient indicated the relationship between HRM practices and employee retention and determines how significant each of the HRM practices is in retention of employees. Similarly, ANOVA ascertains the relationship between employee retention and various employee related demographic variables. It determined how employees vary in terms of retention depending on their age-group, job position work tenure and education level.

Statistical Tools

As statistical tools to be used for the analysis arithmetic mean, standard deviation, coefficient of variation, correlation coefficient and regression analysis are used. The regression analysis is the basic technique to test the hypothesis of the study.

a. Arithmetic Mean

The sum of the observations divided by the total number of observations is the arithmetic mean of a given collection of data. Everything is equally significant in this situation. This study uses simple arithmetic methods as needed for analysis.

$$\text{Mean } (\bar{X}) = \frac{\sum X}{n}$$

Where,

$\sum X$ = Sum of all values of the observation

N = Numbers of observation

X = Value of variable

b. Standard Deviation

The letter (σ) is typically used to represent the standard deviation. It is defined as the given observations from their arithmetic mean of a group of values and was proposed by Karl Pearson as a commonly used measure of dispersion. Another name for it is the root mean square deviation. The degree of variation of interest in the analysis has been measured in this study using the standard deviation.

$$\text{Standard deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}}$$

c. Coefficient of Variation

The relative measure of dispersion based on standard deviation is called coefficient of standard deviation and 100 times coefficient of standard is called coefficient of variation.

C.V. denotes it thus,

$$\text{C.V.} = \frac{\text{S.D.}(\sigma)}{\text{Mean}(\bar{X})} \times 100$$

Where, S.D. (σ) = Standard Deviation

\bar{X} = Mean value of variables

The distribution having less C.V. is said to be less variable or more consistent.

A distribution having greater C.V. is said to be more variable or less consistent.

d. Correlation Coefficient

There are various ways of measuring the relationship existing between variables. The simplest and reliable measure is correlation coefficient, which shows the degree and direction of relationship between the variables. In this study, assume that relationship exist only between two variables and there are no other variables to make impact on this relationship. Karl Pearson's correlation of covariance method is used in this study as per necessary for analysis. It is denoted by 'r'. Thus,

$$\text{Correlation Coefficient } (r_{xy}) = \frac{\text{COV.}(x,y)}{\sigma_x * \sigma_y}$$

$$\text{Cov } (x,y) = \frac{\sum(x-\bar{x}).(y-\bar{y})}{n}$$

e. Multiple Regression Analysis

Multiple regression is a statistical tool used to derive the value of a criterion from several other independent or predictor, variables. It is the simultaneous combination of multiple factors to assess how and to what extent they affect a certain outcome. This technique breaks down when the nature of the factors themselves is of an unmeasurable or pure chance nature.

3.6 Model Specification

There is a function for this study which is given as:

$$ER = \beta_0 + \beta_1 CD + \beta_2 WE + \beta_3 RR + \beta_4 WLB + \beta_5 TO + \beta_6 HRP + e$$

Where:

ER= Employee Retention

CD= Career Development

WE= Work Environment

RR= Reward and Recognition

WLB= Work Life Balance

TO= Training Opportunities

HRP= Human Resource Planning

β_0 = Intercept

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 are regression coefficients.

e = Error Terms

3.7 Conceptual Framework

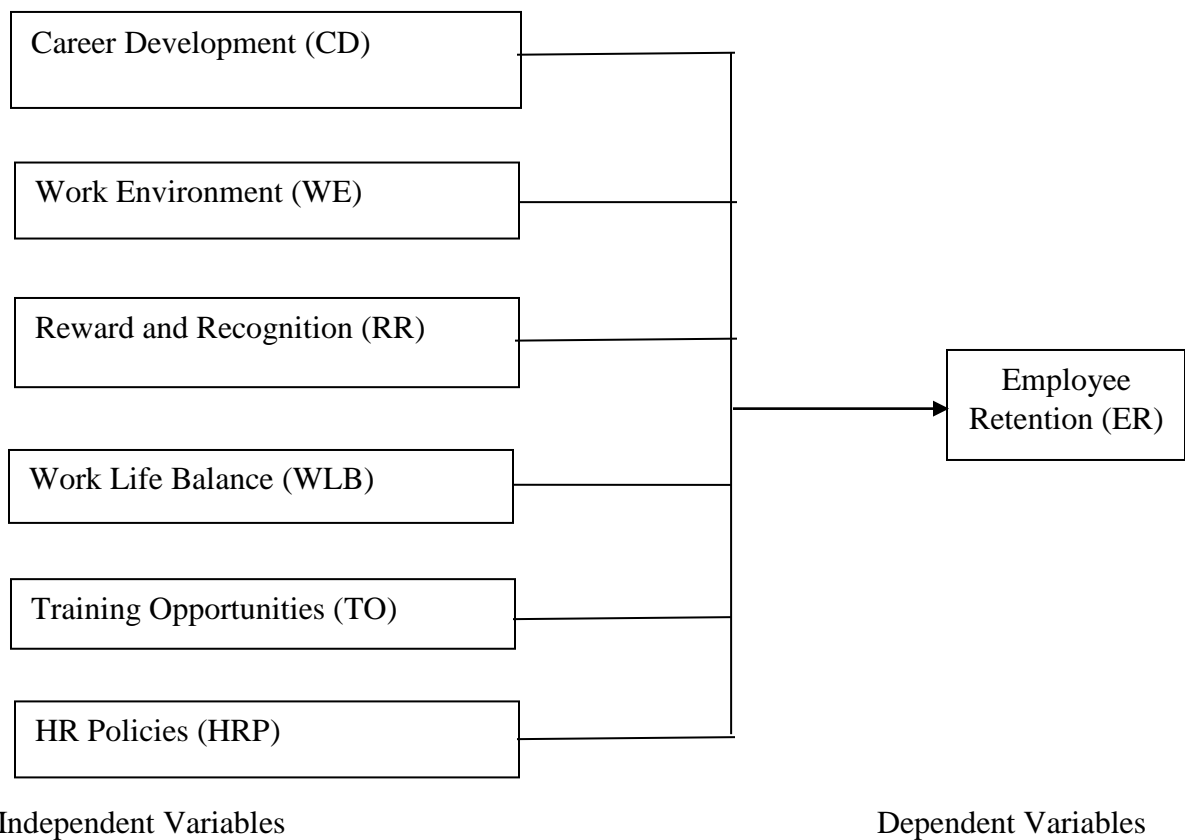


Figure 1. Conceptual Framework

[Source: Chaudhary, (2022)]

Specification of variables

Dependent Variable: Employee retention is a dependent variable of this study. Employee retention by banks and financial institutions of Nepal is dependent upon

various independent variables (Chouhan., 2022)., some of them being analyzed in this research.

Independent Variables: Career Development, work environment, reward and recognition, work life balance, training opportunities and HR policies serve as independent variable Each of the dimensions is briefly discussed below:

Reward and Recognition: A reward can be extrinsic or intrinsic it can be a cash reward such as bonus or it can be recognition such as naming a worker employee of the month, and at other times a reward refers to a tangible incentive (Chen et al., 2020; Johnston, 2018). A reward is something that a business gives an employee in appreciation of their performance or contribution in order to inspire them to continue acting in a positive manner in the future. One of the most crucial elements of retention is attractive compensation packages, which satisfy material and financial needs while also giving employees the opportunity to socialize based on their standing and authority inside the company.

Opportunities for Training: Employee productivity is raised and job unhappiness is decreased through training and development, which leads to employee retention. Additionally, it lowers the risk and expense of choosing, employing, and integrating workers from outside labor markets, which boosts worker productivity and lowers turnover (Abolade, 2018). These initiatives make workers feel more devoted to the company, which lowers their turnover rate.

Career Development: Since employees are overly concerned about their careers and choose positions that provide them with more opportunity to advance their abilities, career development has a significant impact on employee retention. Enhancing interpersonal communication, technological proficiency, or problem-solving skills are examples of skill development (Bakker, 2017). A business must make investments in its employees' growth if it hopes to improve its relationship with them.

Work-Life Balance: Flexibility in the workplace is a big corporate concern these days. Employees are willing to exchange a specific amount of money for less hours of work in their schedules, demonstrating that money alone is insufficient (Bocciardi et al., 2017).

The person's required schedule and the actual amount of hours worked should coincide. A worker's performance may suffer as a result of stress and exhaustion brought on by working long hours. Therefore, when workers are given the right work-life balance—that is, flexible work schedules, family friendliness, and the ability to leave and return home immediately—they are happy workers and retention rates are high.

Work Environment: A work environment is the setting in which one perform the activities. A good working environment plays a crucial role for the employee retention. Proper and pleasant work environment motivate the employee to have the longer stay in the organization (Chong & Leong, 2017). For the proper work environment there must be transparent and open communication, recognition for the hard workers and strong team spirit. Employee enjoy their work if there is good working condition in an organization.

HR Policies: HR policies are the set of rules and procedures that governs the functioning of the organization. Every organization do have an HR policy that about the hiring, promotion, transfer, incentives, other fringe benefits available to the staffs of the organization, code of conduct (Gupta & Sharma, 2016). Simply, it is a set of rules and regulations that governs the functioning of HR in an organization. There is a very crucial role of HR policies for the employee retention as everyone perform in an organization for their progress and development and HR policy is an instrument for the same (Cobb and Linb, 2017). Thus, HR policies is one of the important factor for employee retention.

CHAPTER IV

RESULTS AND DISCUSSION

The following section presents analysis made on the data collected from the questionnaire. The set of questions were sent to individuals who are currently employed in different branches of sample banks within Kathmandu valley, Nepal. In total the questionnaire contains 35 questions. In the upcoming sections analysis and findings are presented. In this section, the findings of the empirical study through analysis of the results presented. The Statistical Packages for Social Sciences, version 23.0 for Windows, was used to analyses the data. In order to ensure that the questionnaire of the main survey is appropriately constructed and captures essential variables that are relevant to employees turnover and impact on banks performance. The results of the main survey findings are subsequently discussed.

4.1 Results

The employee's retention in microfinance business in Nepal is challenging in today's context. The retention of employees within the organization is regular activity and it happens as per the human resource policy formulated by the concerned organization. There are different circumstances leading into transfer within the organization. In this research report, the leading factors causing employees retention and their impact on performance of the leading microfinance institutions after merger and acquisition within Kathmandu valley analyzed using inferential statistics, correlation and multiple regression analysis. The application of statistical package for social science (SPSS) helped to analyze the results on systematic basis. The sample populations of the study were 400 respondents of the city belonging to different age group, which comprises of 140 males, 260 females. The major objective of this part is to analyze the view of different people regarding employee's retention after merger and acquisition and its impact on microfinance business in Nepal, especially in Kathmandu valley.

4.1.1 Respondents Profile

Non-probability, purposive sampling method was used during the questionnaire survey. 400 respondents were asked to fill the questionnaire survey; their profile summary is in below table. The survey result contains information regarding different dimensions like gender, age group, education and level in their organizations.

Table 1

Respondents Profile

Variable	Frequency	Percent (%)
Gender		
Male	140	35
Female	260	65
Total	400	100
Age		
20-25	148	37
26-30	104	26
31-35	80	20
36-40	44	11

Above 40	24	6
Total	400	100
Education		
High School	104	26
Graduate	136	34
Post Graduate	96	24
Other	64	16
Total	400	100
Job Position		
Junior Assistant	176	44
Senior Assistant	64	16
Officer	88	22
Manager	44	11
Branch Manager	28	7
Total	400	100

Source: Field survey 2024

The majority of responders were men, as seen in Table 1. Three-quarters of the respondents were men, and sixty-five percent were women. showing that 65% of respondents are women and 35% of respondents are men. Employees in the sample microfinance are found to be more female than male in the questionnaire survey, according to the various respondents. In every branch of the sample microfinance companies in the Kathmandu Valley, there are more women than men working there.

The distribution of respondents by age group shows that the largest percentage of respondents (roughly 37 percent of the total samples) are in the 20–25 age group, followed by the 26–30 age group (20 percent), the 31–35 age group (20 percent), the 36–40 age group (roughly 11 percent), and the age group over 40 (roughly 6 percent). Participants in the poll were from a variety of age groups. Due to their involvement with junior level microfinance employees, the employees of the concerned microfinance, who are primarily in the 20–25 age range, are new to the company and actively participated in the questionnaire survey.

People over 40 are more likely to engage in the survey because they are the senior staff members of the organizations and are challenging to include in the survey. The middle age group is the primary focus of this study, with the lowest numbers falling towards the extremes of the age range covered by the poll. It is evident that the majority of responders are between the ages of 20 and 30, with a negligible percentage of respondents falling into the latter age range. About 37% of all survey participants are between the ages of 20 and 25, which is the age group with the highest percentage of responses.

Education level distribution shows 34 percentage of total respondent's education level is graduate, followed by 26 percent holding high school education, 16 percent has M. Phil and PhD degree and 24 percent respondents had post graduate degree. Total respondents were divided into four educational group with highest proportion from graduate group and the lowest number of respondents are from post graduate educational group.

Position depicts most of the respondents are junior assistant comprises 44 percentages, 22 percent were engaged in officer level, 11 percentage of respondents are engaged in manager level, 16 percent respondents are doing senior assistant job and 7 percent are responded from branch manager at different branches of sample banks.

Among the respondents participated in this survey, almost half of them were from the junior assistant position with 44 percent of total respondents. In total, the respondents were divided into five distinct job position groups. After junior assistant, the respondents were from officer group and also from the senior assistant group. The microfinance employees are concentrated in junior assistant position, representing earning and learning approach of the employees who are also studying college and working to support their higher education from employment. Assistant level employees are focused on their study and they are willing to manage their financial needs of higher study and other basic needs with being employed in lower level at different financial institutions and also to acquire sufficient knowledge in their early age of life.

4.1.2 Effect of career development on employee's retention

The employee's retention depends upon various factors, among these career development

is major determinants of employee's retention after merger and acquisition. The result of respondents' reaction in this regard is presented in table below:

Table 2

Effect of Career Development on Employees Retention

Description	Mean	SD
I feel career development is significant in Microfinance.	3.024	1.270
Banking career is superior to other entity's employees.	3.072	1.330
Career development is necessary for retention of employees.	2.480	1.465
Career in banking business is my dream.	2.696	1.384
Growth and development of employees career in banking is faster than other organizations.	3.048	1.352

Source: Field Survey-2024

The table 2 shows the maximum average of 3.072 in second alternative with question of "Banking career is superior to other entity's employees" with lowest standard deviation of 1.270 in first alternative indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore microfinance employees are considering superior to the employees from other different organizations. The least average found in the question "Career development is necessary for retention of employees" with 2.480 mean value and 1.465 standard deviation value indicating more variability among the five questions.

Career development is one of the major factor affecting employee's retention in financial institutions. Employee's retention within the microfinance of Nepal is largely dependent upon the fact of career development. Employee's will be retained from one responsibility to another one from time to time with objective to develop appropriate human resource within the organization and enhance the capability of the employees after merger.

4.1.3 Effect of Work Environment on Employee's Retention

The employee's retention after merger and acquisition depends upon various factors and

the work environment is important and crucial determinant. The result of work environment in this regard is presented in table below:

Table 3

Effect of Work Environment on Employees Retention

Description	Mean	SD
Work environment is directly associated with performance of employees.	2.840	1.356
My employer always provide me work environment during office time.	2.880	1.409
External factors also to be considered in workplace.	2.968	1.298
I prefer to work in familiar environment than into new circumstances.	3.104	0.955
Work environment is subjective thing, which I can create in every situation.	3.176	1.127

Source: Field Survey-2024

The table 3 shows the maximum average of 3.176 in fifth alternative with question of “Work environment is subjective thing, which I can create in every situation.” With lowest standard deviation of 0.955, the fourth alternative with question “I prefer to work in familiar environment than into new circumstances” indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore employees of microfinance are considered to create work environment in every situation and accepting inter-organizational transfers. The least average found in the question “Work environment is directly associated with performance of employees.” with 2.840 mean value and 1.356 standard deviation value indicating higher variability among the five questions.

4.1.4 Effect of Reward and Recognition on Employee’s Retention

The employee’s retention after merger and acquisition is depending upon rewards and recognitions provided by their employer. The result of employee’s reaction in this regard is presented in table below:

Table 4

Effect of Reward and Recognition on Employee's Retention

Description	Mean	SD
Our employer provides reward and recognition based on work performance.	3.000	1.209
Rewards are only financial burdens to the microfinance.	2.184	1.442
Employees are motivated into their job responsibilities due to rewards.	3.176	1.210
I think, it is unnecessary to provide rewards and recognitions in microfinance business.	3.088	1.235
Reward are recognized by higher level employees only.	3.172	1.178

Source: Field Survey-2024

The table 4 shows the maximum average of 3.176 in third alternative with question of “Employees are motivated into their job responsibilities due to rewards” with lower standard deviation of 1.210 indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore employees of microfinance after merger and acquisition are willing to participate in retention with objective to realize rewards and recognitions. The least average found in the question “Rewards are only financial burdens to the microfinance” with 2.184 mean value and 1.442 standard deviation value indicating more variability among the five questions.

4.1.5 Effect of Work Life Balance on Employee's Retention

The microfinance employee's retention after merger and acquisition depends upon work life balance. The result of employee's reaction in this regard is presented in table below:

Table 5

Effect of Work Life Balance on Employees Retention

Description	Mean	SD
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Work life balance is largely affected to banking employees.	3.640	1.185
It is difficult to balance work and life in banking career.	3.756	1.148
I feel, my work life balance is well after working in this microfinance.	3.664	1.137
Employees of the microfinance business are focused to balance their work and life.	3.708	1.270
Microfinance career is not satisfying as felt in the society.	3.140	1.206

Source: Field Survey-2024

The table 5 shows the maximum average of 3.756 in second alternative with question of “It is difficult to balance work and life in banking career” with standard deviation of 1.148 indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore transfer of employee’s in microfinance business after merger and acquisition are closely associated with work life balance. The least average found in the question “Microfinance career is not satisfying as felt in the society” with 3.140 mean value and 1.206 standard deviation value indicating higher variability among the five questions.

4.1.6 Effect of Training Opportunities on Employees Retention

The employee’s retention is depending upon training opportunities provided by their employer. The result of employee’s reaction in this regard is presented in table below:

Table- 6

Effect of Training Opportunities on Employees Retention

Description	Mean	SD
Training to the employees helps to enhance their capability.	3.232	1.120
Training opportunities are required for growth of banking activities.	2.808	1.233
We can share work experiences with the help of trainings.	2.984	1.222

Our microfinance organize training opportunities frequently.	2.992	1.087
Retention of employee is possible only due to training after merger and acquisition.	3.256	1.060

Source: Field Survey-2024

The table 6 shows the maximum average of 3.256 in fifth alternative with question of “Retention of employee is possible only due to training after merger and acquisition” with lower standard deviation of 1.060 indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore employees of Nepalese microfinance after merger and acquisition are willing to participate in retention with objective to obtain training opportunities. The least average found in the question “Training opportunities are required for growth of banking activities” with 2.808 mean value and 1.233 standard deviation value indicating more variability among the five questions.

4.1.7 Effect of Human Resource Policies on Employee’s Retention

The microfinance employee’s retention after merger and acquisition depends upon human resource policies. The result of employee’s reaction in this regard is presented in table below:

Table- 7

Effect of Human Resource Policies on Employees Retention

Description	Mean	SD
Employee retention is a part of organization’s human resource policy.	3.256	1.133
Our microfinance update the human resource policy time to time as per	3.096	1.144

globally accepted practice.		
Employees in our microfinance are appointed and retained as per the human resource policy.	3.296	1.053
Human resource policies are the backbone of the organization.	3.144	1.117
Every organization must formulate their own HR policies	3.296	1.030

Source: Field Survey-2024

The table 7 shows the maximum average of 3.296 in third alternative and fifth alternative with respective question of “Employees in our microfinance are appointed and retained as per the human resource policy” and “Every organization must formulate their own HR policies” with standard deviations of 1.053 and 1.030 indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore retention of employees in microfinance business after merger and acquisition is closely associated with human resource policy. The least average found in the question “Our microfinance updates the human resource policy time to time as per globally accepted practice” with 3.096 mean value and 1.144 standard deviation value indicating higher variability among the five questions.

4.1.8 Details for dependent variable: Employees Retention

The employee’s retention in microfinance business after merger and acquisition is determined by various factors. The result of employee’s reaction in this regard is presented in table below:

Table- 8

Effect on Employees Retention

Description	Mean	SD
I think, employees retention is necessary in banking business.	3.216	1.050

Retention of employees after merger and acquisition helps to enhance their performance.	3.032	0.939
Employees transfer sometime creates harassment to job.	3.272	0.935
I prefer to work in existing responsibility than new Job.	3.224	1.013
Frequent termination from job affects my work concentration.	3.024	1.264

Source: Field Survey-2024

The table 8 shows the maximum average of 3.272 in third alternative with question of “Employees transfer sometime creates harassment to job” with lowest standard deviation of 0.935 indicating more consistency among all five questions. Its average value is closer to 4 in likert scale, therefore retention of employee’s after merger and acquisition is obvious with chance of creating harassment to employees in some situation. The least average found in the question “Frequent transfer affects my work concentration” with 3.024 mean value and 1.264 standard deviation value indicating more variability among the five questions.

4.2 Descriptive Statistics

Descriptive statistics use the gathered data to represent the result. Research questionnaires covering topics including career growth, work-life balance, training possibilities, rewards and recognition, and human resource policies are all pertinent to the transfer of personnel in the banking industry.

It is clear from the mean score derived from the results that most employees or respondents have a positive opinion of the impact of various factors on employee transfers. Similarly, the standard deviation value makes it evident how much their items deviate from the mean. The degree of variance per unit of average value for each component is also known as the coefficient of variation. The relative measurement of each component's deviation from the mean value is called C.V. The descriptive statistics, including the mean, standard deviation, and CV for each parameter, are detailed in the table below.

Table 9

Descriptive statistics regarding various outputs of variables

Variables	Mean	SD	C.V.	Valid N
Career Development	2.864	0.9343	32.62	250
Working environment	2.994	0.7903	26.40	250
Reward and Recognition	2.924	0.7582	25.93	250
Work Life Balance	3.582	0.5426	15.15	250
Training Opportunities	3.054	0.8227	26.94	250
Human Resource Policies	3.218	0.8159	25.35	250
Employees Transfer	3.125	0.6910	22.11	250

Table 9 shows the mean value of career development is 2.864 which is tending towards the value 3 which corresponds to Likert scale "neutral", it shows the positive response towards employee's retention, i.e., career development is favorable to the employee's retention in microfinance of Nepal after merger and acquisition. Standard deviation regarding career development is 0.9343 which shows least deviation in the answer of respondents.

The mean value of work environment is 2.994 which is near to value 3 which corresponds to Likert scale "neutral" showing the positive response towards work environment of employee's retention in microfinance of Nepal after merger and acquisition. The mean value of variable reward and recognition is 2.924 which is nearest to the value 3, corresponds to Likert scale "neutral" showing the positive response of respondents towards reward and recognition. The mean value for work life balance is 3.582 which is very near to 4, corresponding to Likert scale "agree" showing positive response of respondents towards work life balance. The mean values of training opportunities, human resource policies and employee's retention are 3.054, 3.218 and 3.125 respectively with all values near 3 in Liker scale representing "Neutral" in respondent's profile.

Standard deviation of work environment is 0.7903 making average deviation among six variables. Standard deviation of reward and recognition, work life balance, training opportunities, human resource policies and employee's retention are respectively

0.7582, 0.5426, 0.8227, 0.8159 and 0.6910. The greater consistency observed for work life balance with least C.V. of 15.15 percent and greater variability in career development due to maximum C.V. of 32.62 percent among six independent variables.

4.3 Correlations Analysis

This section examines the connection between employee retention in Nepali microfinance following mergers and acquisitions and affecting factors. The relationship and association between the variables are shown in the correlation coefficient between the independent and dependent variables.

The degree of linear relationship between two categories was assessed using the Pearson Correlation coefficient. There is a p-value of less than 0.01 correlation between the dependent variable of employee transfer and the six dimensions of factors that affect employee retention in Nepali microfinance following mergers and acquisitions: career development, work environment, reward and recognition, work-life balance, training opportunities, and human resource policies.

Table 10

Pearson Correlation Coefficients

Items	CD	WE	RR	WLB	TO	HRP	ET
CD	1.000						
WE	0.654**	1.000					
RR	0.375**	0.442**	1.0000				
WLB	0.140*	0.080	0.116	1.000			
TO	0.363**	0.281**	0.432**	0.239**	1.000		
HRP	0.235**	0.228**	0.420**	0.243**	0.773**	1.000	
ET	0.245**	0.386**	0.505**	0.148*	0.601**	0.588**	1.000

** Correlation is significant at 0.01 level of significance.

* Correlation is significant at 0.05 level of significance.

From the correlation table 10, it is found that there is no significant correlation between the work life balance and work environment as well as reward and recognition with 0.080 and 0.116 degree of correlation respectively. The highest degree of correlation was observed between

human resource planning and training opportunities with 0.773 degree of correlation coefficient.

The relationship between work life balance and career development and employee's retention in microfinance of Nepal after merger and acquisition are significant at 0.05 level of significance only and rest of the variables are significant at 0.01 degree of significance.

Correlation coefficient between dependent and independent variables have reflected satisfactory relations. Independent variables were found significantly related with dependent variable. In addition to this the validity of the findings of correlation can be proved through regression analysis.

Ranking shows the number of position of factors. It is easy to understand the priority of the factor for making decision.

Table 11

Ranking of Pearson Correlation Coefficients

Rank	Variable	Correlation
1	Training Opportunities	0.601
2	Human resource Policies	0.588
3	Reward and Recognition	0.505
4	Work Environment	0.386
5	Career Development	0.245
6	Work Life Balance	0.148

Table 11 shows that training opportunities is most influencing factor for the employee's retention in microfinance of Nepal after merger and acquisition followed by human resource planning, reward and recognition, work environment, career development and work life balance. All of the six independent variables are positively correlated with the employee's retention in microfinance of Nepal after merger and acquisition. The highest correlation coefficient is 0.601 with training opportunities independent variable, with the least correlation coefficient of 0.148 between employee's retention in microfinance of Nepal after merger and acquisition and work life balance.

4.4 Regression Analysis

The study covers six independent variables such as career development, work environment, reward and recognition, work life balance, training opportunities and human resource policies. The relationship between all these variables and dependent variable, which is employee's retention in microfinance of Nepal after merger and acquisition, is found to be positive and significant at 1 percent level of significance, as shown by the result of correlation analysis. One approach for examining the relationship between dependent and independent variables is multiple regression. A statistical technique called multiple regression analysis is used to forecast an unknown variable's value based on the known values of two or more variables. It is employed to calculate the impact of one or more independent variables on a variable that is dependent. Regression analysis is a set of statistical procedures used in statistical modeling to estimate the relationships between one or more independent variables also referred to as "predictors," "covariates," "explanatory variables," or "features" and a dependent variable, also known as the "outcome" or "response" variable.

Table 12
Result of Regression Analysis

Model	Beta	Std. Error	t-value	p-value
Constant		0.244	3.410	0.001
Career Development	-0.178	0.046	-2.843	0.005*
Work Environment	0.263	0.055	4.186	0.000*
Reward & Recognition	0.222	0.050	4.028	0.000*
Work Life Balance	-0.006	0.060	-0.134	0.893
Training Opportunity	0.317	0.064	4.189	0.000*
Human Resource Planning	0.233	0.062	3.176	0.002*

F= 39.917, Adjusted R Square = 0.484, F-Significance = 0.000

Table 12 represents the result of the regression model on employee's retention in microfinance of Nepal after merger and acquisition at 1 percent level of significant (F-significance < 0.01) with the value of F = 39.917.

Hence there is enough evidence, at the 1 percent level of significance, that there is a linear relationship of career development, work environment, reward and recognition, work life balance, training opportunities and human resource policies (independent variables) with employee's retention in Nepalese microfinance after merger and acquisition. Five identified variables (career development, work environment, reward and recognition, training opportunities and human resource policies) have been found significant at 1 percent level of significance with p-values less than 0.05. Beta coefficient of training opportunities variable is highest.

Value of adjusted R square of 0.484 convey that the independent variables used under this study have been explained 48.40 percent variation in the perception of employees towards independent variables.

The four independent variables (work environment, reward and recognition, training opportunities and human resource policies) are positively associated with employees transfer, and significant association as their p-values are 0.000, 0.000, 0.000 and 0.002 respectively, being less than 0.05 for work environment, reward and recognition,

training opportunities and human resource policies, but work life balance is insignificant with p-value greater than 0.05. The four independent variables are positively associated with dependent variable (employee's retention), but their degree of association varies accordingly, while the career development and work life balance variables are observed negative.

4.5 Association of Employee's Retention with Demographic Characteristics of Respondents

Additionally, the study has attempted to investigate the effects of demographic traits on employee retention in Nepalese microfinance following mergers and acquisitions.

4.5.1 Association of Employees Retention with Gender

The t test, a parametric approach, was employed to see whether respondents who were male and female had different opinions about staff retention.

To know is there any difference between perception of male and female towards employee's retention, independent sample t-test was carried out. Following table presents the calculated result.

Table 13

Association of Employee's Retention by Gender

Gender	N	Mean	Std. Deviation
Male	140	3.8635	0.51967
Female	260	3.8491	0.43344

t-value = 0.291 and p-value < 0.05

Table 13 shows the Levene's test for equality of independent was carried out and to find whether opinions differs between male and female. Table 16 shows the p-value is less than 0.05, which indicates that the mean of opinions of both male and female are not significantly different. It indicates that perception of male and female respondents is very similar on employee's retention after merger and acquisition of microfinance institutions in Nepal.

4.5.2 Association of Employees Transfer across Age Group

This part of analysis has been focused on examining the perception towards employee's retention in Nepalese microfinance after merger and acquisition across different age group. One-way ANNOVA has been used to examine the association of employee's retention in Nepalese microfinance after merger and acquisition across different age group. Table 14 shows the concrete of result of this test.

Table 14

Employees Retention across Age Group

	Sum of Squares	Mean Square	F	Significance
Between Groups	0.435	0.109	0.436	0.0000
Within Groups	36.188	0.250		

Table 14 reflects the association of age group on employee's retention in Nepalese microfinance after merger and acquisition. Overall (F=0.436, $p < 0.01$) suggests that significance different has not been found across the different age group on employee's retention in Nepalese microfinance after merger and acquisition across different age group is significant at 1 percent level of significance ($p\text{-value} < 1$). The data has the sufficient evidence for establishing the similar opinion across the different age group of respondents regarding the employee's retention in Nepalese microfinance after merger and acquisition.

4.5.3 Association of Employees Retention across Educational Qualification

This part of analysis has focused on examining employee's retention in Nepalese microfinance after merger and acquisition across different educational qualification of employees. Table 15 shows the result of this test.

Table 15

Employees Transfer across Educational Qualification

	Sum of Squares	Mean Square	F	Significance
Between Groups	0.569	0.190	0.815	0.0051

Within Groups	36.054	0.247
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Table 15 reflects that the employee's retention in Nepalese microfinance after merger and acquisition across the educational qualification. Overall $F = 0.815$ and $p < 0.01$ suggest that significant difference between level of education has not been found across the employee's retention in Nepalese microfinance after merger and acquisition. Results of one-way ANNOVA test suggests that the respondent's opinion was not significantly different regarding employee's retention in Nepalese microfinance after merger and acquisition across different education level.

4.5.4 Association of Employees Retention across Position

This part of analysis has focused on examining employee's retention in Nepalese microfinance after merger and acquisition across position of employees. One-way ANNOVA has been used to examine the across respondents engaged in different position. Table 16 shows the concrete results.

Table 16

Association of Employees Retention across Position

	Sum of Squares	Mean Square	F	Significance
Between Groups	0.310	0.077	0.486	0.0001
Within Groups	36.313	0.250		

Table 16 reflects that the employee's retention in Nepalese microfinance after merger and acquisition across different position of employees. Overall $F = 0.486$ and $p < 0.01$ indicates that significant difference has not been found across the different position towards employee's retention in Nepalese microfinance after merger and acquisition. Results of one-way ANNOVA has suggest that the employee's retention in Nepalese microfinance after merger and acquisition across different position is insignificant at 1 percent level of significance. Which suggest that position does not differentiate on employee's retention in Nepalese microfinance after merger and acquisition.

Reliability and Validity

The questionnaires have been developed reviewing the literatures are good to proceed or not thus to measure the reliability there is a well-known approach known as Cronbach

alpha. According to Cavana et al., (2001), the value of Cronbach alpha with the range of greater than 0.70 is considered acceptable and good. The sample size of 400 undertaken needs to be sufficient and valid. In order to test that the value of Kaiser-Mayer-Olkin (KMO) between 0.50 and 1.00 which means the sample size undertaken is adequate. Thus, the factor analysis can be conducted if KMO value falls between 0.50 to 1.00.

Table 17

KMO and Bartlett's Test

Kaiser-Mayer-Olkin Measure of Sampling Adequacy		0.903
Bartlett's Test of Sphericity	Approx. Chi-Square	3935.049
	D.F.	225
	Sig.	0.000

The table 17 depicts the KMO and Bartlett's test. The KMO measure of sampling adequacy found to be 0.903 which is much greater than 0.50. Therefore, it indicates that, sample size is adequate. In addition, the factor analysis can also be done as the Baetlett's test of sphericity value is less than 0.00 representing significant value.

Table 18

Reliability Statistics

Overall Cronbach's Alpha 0.884		No. of Items 25
Variables	Cronbach's Alpha	Remarks
Mean-Career Development	0.859	Good
Mean-Work environment	0.862	Good
Mean-Rewards and Recognition	0.870	Good
Mean-Work Life Balance	0.852	Good
Mean-Training Opportunities	0.879	Good
Mean-Human Resource Policies	0.877	Good
Mean-Employees Transfer	0.865	Good

The value of Cronbach's alpha for all variables is greater than 0.85, representing much reliable data and results from the sample size of 400 is very acceptable to conclude the impact of independent variables over the dependent variable.

4.6 Findings

On the basis of survey outcomes, it has been observed that mean of male and female regarding employee's retention in Nepalese microfinance after merger and acquisition were 3.8635 and 3.8491. It shows that gender do not have influence in perception of employee's retention in Nepalese microfinance after merger and acquisition.

- a. It can be also inferred from the result of descriptive analysis that respondents are positive towards all the influencing factors since none of mean value of variable is found towards "Disagree" or "Strongly Disagree". Mean value are found somewhere between "Neutral" and "Agree". It shows training opportunities is the most influencing factor for employee's retention in Nepalese microfinance after merger and acquisition whereas employees retention is considered easy shown by variable work life balance. And human resource policy is also considered most influencing factor to employee's retention in Nepalese microfinance after merger and acquisition.
- b. Career development has highest standard deviation among six variables near to 1 which shows many of the employees feel career development is influencing factor for me and other feel it as immaterial for their retention in Nepalese microfinance after merger and acquisition.
- c. Correlation between human resource policy, training opportunity and employee's retention in Nepalese microfinance after merger and acquisition are nominal. These two variables are highly positive correlation, but work life balance is very low degree of positively correlated to employee's retention in Nepalese microfinance after merger and acquisition.
- d. Regression analysis results show that staff retention in Nepalese microfinance following mergers and acquisitions is positively impacted by the work environment, training opportunities, rewards and recognition, and human resource policy. A greater beta coefficient value indicates a more substantial training opportunity. Regression analysis results show that the most important factors in explaining staff retention in Nepalese microfinance following mergers and acquisitions are training opportunities and human resource policy.

- e. According to independent sample t-tests, there is no discernible difference in the retention of male and female staff in Nepalese microfinance following mergers and acquisitions. The outcome shows that there is no difference in the reactions and opinions of men and women.
- f. According to a one-way ANOVA, there is no discernible variation in employee retention in Nepalese microfinance across age groups following mergers and acquisitions. This indicates that there is no correlation between the replies given by employees of varying ages and their retention in Nepalese microfinance following mergers and acquisitions.
- g. Additionally, one-way ANOVA indicates that there is no significant difference between respondents with varying degrees of education, emphasizing that replies from staff members with varying educational backgrounds are consistent.
- h. Additionally, according to the one-way ANOVA, no significance has been identified across positions, suggesting that staff retention in Nepalese microfinance following mergers and acquisitions is unaffected by an employee's position.

4.7 Discussion

The findings of regression analysis reflect a positive effect of work environment, reward and recognition, training opportunities and human resource policies on employee's retention in Nepalese microfinance after merger and acquisition. The training opportunity has been found more significant as a higher value of beta coefficient. So, the results of regression analysis reveal that training opportunities and human resource policies are the most influential factor in explaining the employee's retention in Nepalese microfinance after merger and acquisition. The findings of this study is consistent with the results of Dangol, (2020), Rahman (2018) and Chen (2014). The findings are non-consistent with the result of Sattar and Ahmed (2014). These findings are also supported by Social Exchange Theory.

Career development has highest standard deviation among six variables near to 1 which shows many of the employees feel career development is influencing factor for me and other feel it as immaterial for their retention in Nepalese microfinance after merger and

acquisition. Correlation between human resource policy, training opportunity and employee's retention in Nepalese microfinance after merger and acquisition are nominal. These two variables are highly positive correlation, but work life balance is very low degree of positively correlated to employee's retention in Nepalese microfinance after merger and acquisition. It is consistent with the findings of Subha and Bhattacharya (2021), Gautam, (2020), Pandey and Chaulagain (2020), Biason (2019) and Sthapit & Shrestha (2018). This finding is not consistent with the results of Hassan (2018) and Pirzada (2013). The results are consistent with Herzberg's Motivation Hygiene Theory and Hackman and Oldham's (1976) Job Characteristics Model.

Demographic factors like; age, gender, educational background, position etc. also influenced the decision making of the employees regarding retention within the organization, especially after merger and acquisition of the microfinance institutions. These results are also consistent with the outcomes of the study by Soenanta et al., (2020), Mendis (2017), Biswakarma, (2016) and chen, (2014). This finding is not supported by the results of Elrehail et al., (2019) and Kundu and Lata (2107).

These studies also concluded that, retention of employees after merger and acquisition of financial institutions are largely dependent upon the demographic factors. The findings are consistent with the results of Alhmoud and Rjoub (2020), Sethunga (2018), Mngomezulu (2018), Mamun (2017) and Omollo et al, (2015).

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

Employees are becoming concerned to make timely decision regarding retention of employee's in Nepalese microfinance after merger and acquisition. Employee's retention in Nepalese microfinance after merger and acquisition is regarded as a big issue and it directly or indirectly affecting the performance of microfinance. The researchers of this paper have put in sincere efforts to get the accurate and useful findings for the employee's retention in Nepalese microfinance after merger and acquisition in the corporate world. Therefore, the need of the hour is that the banks has to identify the employee's attitude towards the employee's retention after merger and acquisition, and its impact on the performance of microfinance.

The researchers have made an earnest attempt to the employees of different microfinance to identify different dimensions on what employees prefer, which make them in deciding on retention in Nepalese microfinance after merger and acquisition. Also ideas on how to modify the performance or improve in quality of service, enhance the employees work performance. Finally, the employees need to devise strategies to suit the retention determining variables, mainly career development, work environment, reward and recognition, work life balance, training opportunities and human resource policies. There is greater potential in this research if the areas of research of this concept are widely spread across the entire banking sector of Nepal, the future researchers could be helpful both for the academicians as well as corporate bodies in this country.

For this study descriptive research design is applied. The population for this study is employees of the Nepalese microfinance so purposive sampling technique is used to collect primary data from 400 respondents. Five-point likert scale questionnaire is used in collecting the data. 35% of respondents of this study are male and 65% are female. Training opportunities and human resource policies are the highest determining factor in the employee's retention in Nepalese microfinance after merger and acquisition while work life balance has less influence in employees transfer in banking business of Nepal.

Training opportunities and human resource policies has high level of significance in employee's retention in Nepalese microfinance after merger and acquisition.

There is no significant difference in between male and female employees, employees with different age group, different education level and different position, which concludes to no specific attributes for a employees retention in Nepalese microfinance after merger and acquisition.

5.2 Conclusion

The main aim of this project has been achieved which is to identify the relationship between different influencing variables and employee's retention in Nepalese microfinance after merger and acquisition. It can be concluded that there is a positive relationship between influencing variables and employee's retention in Nepalese microfinance after merger and acquisition, which is revealed through correlation. In the Kathmandu valley, employees are highly concern about the training opportunities and human resource policies as shown by the regression analysis. Conclusions can also be drawn that the training opportunities and human resource policies are the two most important factor compared to other factors in explaining the employee's retention in Nepalese microfinance after merger and acquisition, and with this second objectives also have been achieved. Furthermore, it can be concluded that there are no such big differences among the responses of participants belonging to different age group, gender, education, and position. In Kathmandu valley bank's employees give prior importance to the factors associated with the employee's retention in Nepalese microfinance after merger and acquisition. After taking everything into account, career development has benefited both the employers and the employees at the same time. This research has discussed about how employee's retention affected the financial performance of the microfinance of Nepal.

5.3 Implications

Managerial Implications

This study and its findings form a useful contribution to the body of knowledge regarding employee's retention in Nepalese microfinance after merger and acquisition. Its findings

can be validated in a larger context and subsequently generalized or considered applicable in different settings. The findings of this study hold important practical implications for employees searching for timely decision making regarding their retention within the organization. The findings of the study can be applied by the individuals to decide participating into retention in Nepalese microfinance after merger and acquisition. The general conclusion of this research is that a positive attitude of employees to different factors affecting employee's retention in Nepalese microfinance after merger and acquisition.

Implication of Further Study

The study confirmed that employee's retention in Nepalese microfinance after merger and acquisition can be motivated through various kinds of elements, including career development, work environment, reward and recognition, work life balance, training opportunities and human resource policies. Moreover, the structure provides new insights to understand how different employees respond to many of the variables offered by employer to participate in organizational retention, which may be vital for employees in order to optimize the use of strategies to take timely decisions. Besides receiving financial benefits during employee's retention, they have also received personal mental well-being. Moreover, the employees tend to feel safe to work in banking business. Therefore, employees have become wiser to decide more during inter organizational retention, which in turn assist the employer to achieve the agenda of the human resource management well within the organization after merger and acquisition.

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APPENDIX

Questionnaire

Dear Sir/Madam,

My Dissertation topic is “Employees Retention in Microfinance After Merger and Acquisition”. As a part of my Research I need to collect primary data from various sources. I request you to help me by filling the questionnaire attached hereby and help me in completing my research. This information in the form of answers is purely for my research and academic purpose only. I assure you that the information obtained from your end will be kept confidential. I express my sincere gratitude for sharing your valuable time and extending your cooperation in this regard.

Respondent’s profile

Name of respondent (Optional).....

Age: 20-25 (....) 26-30 (....) 31-35 (....) 36-40 (....) above 40 (....)

Gender: Male (....) female (....) others (....)

Educational level: S.E.E (....) Intermediate (....) Bachelor (....) Masters Degree (....)

Above Master Degree (...)

Position: Junior Assistant (....) Assistant (....) Officer (....) Manager (....)

Please indicate your opinion towards the following statements with a tick mark (√) in appropriate column below

1. Do your organization approached you to terminate from the job in this year?

a. Yes

b. No

2. Is there any evidence of curtailment in number of employees after merger and acquisition in your branch?

a. Yes

b. No

3. Impact of Employees Transfer on Banking Business

To what extent do you agree or disagree with the statements given below, it will be measured by 5-Point Likert Scale: 1= Strongly Disagree (SD); 2= Disagree (D); 3= Neutral (N); 4= Agree (A); 5= Strongly Agree (SA).

Independent Variables	Level of Significance				
	SA (5)	A (4)	N (3)	D (2)	SD (1)
Career Development					
I feel career development is significant in Microfinance.					
Banking career is superior to other entity's employees.					
Career development is necessary for retention of employees.					
Career in banking business is my dream.					
Growth and development of employees career in banking is faster than other organizations.					
Work Environment					
Work environment is directly associated with performance of employees.					
My employer always provide me work environment during office time.					
External factors also to be considered in workplace.					
I prefer to work in familiar environment than into new circumstances.					
Work environment is subjective thing, which I can create in every situation.					

Reward and Recognition					
Our employer provides reward and recognition based on work performance.					
Rewards are only financial burdens to the microfinance.					
Employees are motivated into their job responsibilities due to rewards.					
I think, it is unnecessary to provide rewards and recognitions in microfinance business.					
Reward are recognized by higher level employees only.					
Work Life Balance					
Work life balance is largely affected to banking employees.					
It is difficult to balance work and life in banking career.					
I feel, my work life balance is well after working in this microfinance.					
Employees of the microfinance business are focused to balance their work and life.					
Microfinance career is not satisfying as felt in the society.					
Training Opportunities					
Training to the employees helps to enhance their capability.					
Training opportunities are required for growth of banking activities.					
We can share work experiences with the help of trainings.					
Our microfinance organize training opportunities frequently.					

Retention of employee is possible only due to training after merger and acquisition.					
Human Resource Policies					
Employee retention is a part of organization's human resource policy.					
Our microfinance update the human resource policy time to time as per globally accepted practice.					
Employees in our microfinance are appointed and retained as per the human resource policy.					
Human resource policies are the backbone of the organization.					
Every organization must formulate their own HR policies					
Dependent Variable					
Employees Retention					
I think, employees retention is necessary in banking business.					
Retention of employees after merger and acquisition helps to enhance their performance.					
Employees transfer sometime creates harassment to job.					
I prefer to work in existing responsibility than new Job.					
Frequent termination from job affects my work concentration.					

(Source: Adhikari, 2020)

Thank you for your participation.....

EMPLOYEES RETENTION IN MICROFINANCE AFTER MERGE...

By: Pratikshya Aryal

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ABSTRACT The main objectives of this research is to identify the relationship between different influencing variables and employee's retention in Nepalese microfinance after merger and acquisition. It can be concluded that there is a positive relationship between influencing variables and employee's retention in Nepalese microfinance after merger and acquisition, which is revealed through correlation. In the Kathmandu valley, employees are highly concern about the training opportunities and human resource policies as shown by the regression analysis. Conclusions can also be drawn that the training opportunities and human resource policies are the two most important factor compared to other factors in explaining the employee's retention in Nepalese microfinance after merger and acquisition, and with this second objectives also have been achieved. The four independent variables (work environment, reward and recognition, training opportunities and human resource policies) are positively associated with employees transfer, and significant association as their p-values are 0.000, 0.000, 0.000 and 0.002 respectively, being less than 0.05 for work environment, reward and recognition, training opportunities and human resource policies, but work life balance is insignificant with p-value greater than 0.05. The four independent variables are positively associated with dependent variable (employee's retention), but their degree of association varies accordingly, while the career development and work life balance variables are observed negative. Independent sample t-tests reveals that significant difference does not exist due to gender, age, education and occupation of employees for employee's retention in Nepalese microfinance after merger and acquisition. Keywords: ER, CD, WE, RR, WLB, TO and HRP. CHAPTER I INTRODUCTION 1.1 Backgrounds of the Study Retention of employees in an organization in today's dynamic competitive business environment is an important function of Human Resource Management (HRM). With the increase in brain drain, retention of the talented employees has become the crucial issue for the business houses. One of the most important