

EMPLOYEE RETENTION STRATEGIES AND PERFORMANCE IN NEPAL

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Abstract

This paper aims to examine the relationship between retention strategies and employee performance in financial sector organizations of Nepal. The descriptive research design was adopted in this research. The study used a purposive sampling method to identify ten financial institutions including five commercial banks and five insurance companies of Nepal, while a random sampling technique was used to select 250 employees from these organizations. Primary data was collected with survey questionnaires from 180 respondents with a 72% response rate. This study finds that there is positive and significant relationship between retention strategies and employee performance. Nepalese financial sector organizations have been doing well in the implementation of various human resources management practices like compensation, job characteristics, training and development opportunities, supervisor support and career opportunities as the retention strategies. So, results of this study can be used by managers as to how to retain best-talented employees and enhance their performance level.

Keywords: Employee, Retention strategies, Performance, Financial sector.

Introduction

The financial sector is one of the important sectors in the Nepalese economy in terms of employment, capital investment, and scope of activities. This sector is perhaps a highly important area of research in terms of employee retention and performance perspectives. So, this study will focus on retention factors and job performance perspectives of employees of the financial sector (including commercial banks and insurance companies) of Nepal. Retaining talent, competent, and skillful employees remains a primary concern for many organizations today.

Employees are the key valuable resources of any business organization (Kossivi, Xu & Kalgora, 2016). They are always the key assets for organizational success. Organizations not only need to attract the best talents but also need to retain and protect them for a long period of time. Because of many issues such as globalization and skillful employees, competition is becoming keener and keener in most of the industries. There is no exception to banking and insurance companies. This situation also affects the labor market in the sense that business organizations' demand in human resources to remain the competition in their respective industries is higher. The toughest issue and challenge that today's organizations come across is not only how to manage the people but also how to keep them on the job as long as possible