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Employee Retention in Nepal's Banking Sector: A Social Exchange Perspective on Prestige, Development, and Work-Life Balance

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Abstract. Employee retention has become a strategic priority for organizations seeking long-term competitiveness in service-intensive industries such as banking. Grounded in Social Exchange Theory, this study examines the determinants of employee retention in Nepal's commercial banks by assessing the influence of organizational prestige, training and development, career opportunities, work-life policies, and rewards. Data were collected from 397 employees across officer and assistant levels using a structured survey. Regression analysis revealed that organizational prestige ($\beta = 0.658$) was the strongest predictor of employee retention, followed by work-life policies ($\beta = 0.424$), training and development ($\beta = 0.210$), and career opportunities ($\beta = 0.197$). Unexpectedly, rewards exhibited a negative effect ($\beta = -0.449$), suggesting that monetary compensation functions primarily as a hygiene factor in this context rather than a motivator. These findings emphasize that employee retention strategies in Nepalese banks must move beyond traditional pay-focused models, placing greater emphasis on building organizational reputation, supportive work environments, and career development. This study contributes to cross-cultural retention research and offers actionable insights for human resource managers and policymakers in South Asia's growing financial service industry.

Keywords: Employee retention, social exchange theory, organizational prestige, human resources, Nepalese banking sector, service sector

1. Introduction

Human society has undergone significant transformation from the Stone Age to the contemporary era of technological advancements. The structure of corporate human resources has undoubtedly altered in recent years, and these changes are especially noticeable when considering the workforce's demographics, career goals, and other key factors. Constant shifts in the economy affect both organizational structures and the workforce, creating an atmosphere of uncertainty. Employee retention arises when workers remain with their existing company rather than actively seek alternative employment prospects (Abdulkadir et al., 2012). Work stability has decreased, and long-term employment is swiftly disappearing due to earlier ideas, such as an unstable market and organizational structure changes. The fact that job stability varies even in nations with open labor markets indicates the severity of the problem (Marinescu, 2018). It is impossible to overestimate the importance of a successful retention plan, and many centers focus on staff development. As a result, many workers now experience increased job insecurity and lower levels of overall commitment. Undoubtedly, the banking industry is one where the idea of staff retention has had a significant impact.

Business companies must focus on employee retention primarily through their vision, purpose, values, and policies to ensure skilled employee retention. Employee retention is the organization's collection of plans, policies, strategies, and decisions to keep its employees physically present or in terms of behavior and performance (Dahal et al., 2024; Gberevbie, 2010; Ghimire et al., 2024). As part of their human resource strategy, several firms have used this employee retention method to keep people on board for the benefit of the business. Retaining key employees is crucial to human resource management, particularly in banks, due to high turnover. Management's best action in this situation would be employee retention, defined as an organization's capacity to maintain its employees for a longer time, which becomes a process rather than a result (Bibi et al., 2018; Karki et al., 2023; Gurung et al., 2024).

Numerous rival businesses provide valuable employees with a 'cafeteria choice.' Employee turnover is a significant issue for companies since it significantly impedes their ability to operate. Productivity is one such effect that may be seen as a result of staff turnover. Employee retention has a substantial influence on a firm's productivity, which in turn fosters a relationship between the two. Employee turnover significantly impacts an organization's productivity and many other areas, making it a crucial issue for management, human resource specialists, and the psychologists who study these industrial trends (Bhattarai et al., 2020; Shrestha et al., 2023). Employee turnover and the difficulty of keeping them today rank among the most financially draining problems for corporate human resources, in addition to the direct productivity challenges. In the financial sector, this issue has taken up a significant amount of space internationally, and Nepal is no exception. The staff retention problem exists in Nepal just as much as globally. Nepalese firms, particularly in the banking industry, face increasing challenges in retaining experienced professionals. Banks face a challenge retaining employees, even though the banking industry is known for having more significant experience than other sectors. In these circumstances, the study examined and extended retention themes in the global banking industry, focusing on the Nepalese banking sector. It has addressed which variables have more significantly influenced the retention strategies used by the NCBs. Therefore, the study set the following objectives to address the issues raised: (i) to determine the retention strategies currently employed by the NCBs, and (ii) to assess the factors affecting employee retention in the NCBS and to examine how they influence the job process.

Specific orders have been incorporated into this examination. The introduction encompasses resources and retention concerns. The literature survey examines social exchange theory and other pertinent studies and establishes the hypotheses. The study design methodology, sample, and data collection are all described. The study is followed by the results and discussion, in which the findings are compared with recent research. In the final section, study limitations and future directions are included.

2. Literature Review

2.1. Social Exchange between Employees and Organization

Introduced by Thibaut and Kelley in 1959, the Social Exchange Theory (SET) focuses on positive acts and contributions being reciprocated. Gouldner (1960) and Blau (1964) expanded on this theory, a fundamental framework for explaining the interaction between workers and organizations. According to Gouldner (1960), social exchange is a pattern of exchanges in which both parties rely on one another and have faith in reciprocity because they share moral principles. In social systems, this kind of reciprocity promotes stability. By distinguishing social trade from economic transaction and emphasizing that social contacts are usually long-term, entail intangible or symbolic resources, and lack a set schedule for reciprocation, Blau (1964) developed this idea. Social exchanges depend on an implicit awareness of future commitments, which motivates both parties to fulfil their responsibilities based on mutual trust, in contrast to economic transactions, which are instantaneous and tangible.

According to conceptualizations of exchange theory, different resources may be exchanged. Social exchange ties are predicated on long-term, vague exchanges of material and immaterial commitments, while economic exchange relationships are predicated on rigid quid pro quo exchanges. Numerous instances of intangible resources, including acceptance, compliance, advice, support, and help, were given by Blau (1964). Imagine a situation in which an administrator assists and supports a worker. The social exchange hypothesis states that the employee must reciprocate these rewarding behaviours. The employee may respond to this duty by complying and acquiescing, or they may even help and promote their design. Like Mayer et al. (1995), Blau (1964) proposed accepting risk, assuming that activity will occur regardless of oversight or protections.

Some features of trustworthiness serve as valuable trade elements in social relationships, according to Colquitt et al. (2006). Following this viewpoint, qualities such as loyalty, shared ideals, and moral principles might function as intangible currencies. Blau (1964) defined the trade of status, information, acceptance, or support in many ways. Daily contacts, relationship-building activities, mentoring, counselling, and recognition programs are just a few of the workplace contexts in which Social Exchange Theory can promote a positive and active corporate culture (Alnaijm, 2021).

In contemporary corporate systems, maintaining employee happiness is essential to sustaining productivity (Asif & Gul, 2021; Shahi et al., 2022). Organizations can accomplish this by offering support for personal and family needs, fostering a flexible work environment with strong managerial support, and creating possibilities for professional growth. An organization's reputation substantially impacts staff engagement and dedication to corporate initiatives, as Dibua et al. (2021) further demonstrated. According to Ullah et al. (2021), job-related stress and industry growth expectations positively affect employee commitment and skill retention. In contrast, job responsibilities, executive communication, career advancement opportunities, and incentives negatively correlate with turnover. From this essence, workers are likelier to stick with a company when they believe they receive fair compensation for their efforts.

2.2. Factors Affecting Employee Retention

Needs are prioritized (Maslow, 1943). Specific needs inspire humans. People always prioritize their basic needs to live comfortably. Internal rather than external values motivate employees (Herzberg, 2005). Hedonistic behavior favors self-interest (Vroom, 1964). Muchinsky and Morrow (1980) found that organizational prestige is critical to retention. Psychological processes such as perception, imagination, and attitude formation impact workplace decisions.

Retention is the ability of a company to keep employees (Heery & Noon, 2001). Dissatisfaction with career prospects significantly impacts organizational turnover and employee retention. If a business wants to build strong and positive relationships with its employees, much work must be done on their behalf and for their benefit (Joshi et al., 2024; Khadka et al., 2024; Steel, 2002). By offering training, management communicates to employees that they value their loyalty and commitment to superior customer service (Babakus et al., 2003). The impact of non-work-related issues, including job stress, burnout, and work-life conflicts, as well as career traits that lead to employee turnover, on employees' intentions to leave the company. Retaining the hired employees to meet the organization's human resource needs is the subsequent phase of the talent competition (Dahal et al., 2022; Schuler et al., 2005). According to Ganesh and Indradevi (2015), companies should methodically use training to control staff members properly. Conversely, employees recognize that ongoing education and training drive career advancement and goal achievement. Therefore, businesses providing such chances inspire staff members to remain and advance. According to research, keeping employees and using employee retention methods, metrics, and approaches to reduce attrition rates is the most difficult challenge modern multinational organizations confront (Kar & Mishra, 2013). Gaining insight into talent retention across different work settings requires a thorough understanding of competitive and organizational dynamics and the influence of national culture (Allen et al., 2010).

According to Tabachnickk and Fidell (2011), compensation results in improved organizational performance, reduced turnover, and greater employee satisfaction. Paychecks are an instrument for emphasizing the significance and value of collaboration. When compensated adequately, employees are more likely to be invested in their work and committed to doing their best. In addition, it functions as a source of power and a means for employees to acquire needs and luxuries (Mullaney, 2002). Also mentioned were internal mobility policies (promotion) designed to increase retention rates. According to the social exchange theory (Redmond, 2015), social contact, such as acceptance, love, respect, admiration, beauty, dependability, and considering their points of view, is required to obtain benefits.

Employee Retention

Ahmad et al. (2017) found that gender did not affect respondents' plans to leave their jobs. Ansari and Bijalwan (2017) observed that employee tenure affects their motivation to stay, which helps teams function efficiently. Banks' ability to retain employees depends on whether they offer permanent employment, whether their values and beliefs match their employees, whether they treat employees fairly, and how well they create executive compensation and incentive programs that meet employees' expectations (Chiekezie et al., 2017). To retain desired employees, supervisors must offer opportunities to measure their productivity or give them autonomy and self-regulation (Khalid & Nawab, 2018). Promotions, awards, and career development are small but vital factors in job performance and satisfaction in banking and education (Ghimire et al., 2023; Zafar & Siddiqui, 2019). Hanai (2020) analyzed Tanzanian financial organizations' worker retention and compensation. The results showed that remuneration was a key to employee retention, concluding that equitable wages boost employee retention.

Ling et al. (2022) found that reward and job situation characteristics significantly impacted the retention of manufacturing employees, whereas compensation alone had a negligible impact on office workers. In another study, leadership, incentives and recognition, job satisfaction, compensation, corporate culture, and work-life balance contributed to employee retention (Singh & Mitwpu, 2022). Likewise, Al Jamil et al. (2002) identified a strong relationship between workload, job-related stress, and employees' intentions to leave their jobs. Golyama et al. (2022) conducted quantitative research revealing a positive correlation between opportunities and employee turnover. It was also demonstrated that there is a practical and reasonable connection between cash incentives and employee retention. While banks offer bonuses and other benefits, the majority of employees are dissatisfied with their pay, according to the study. The antecedent evidence established a meaningful and substantial relationship between employee retention and working conditions. Although there are differing opinions on what constitutes equitable treatment, it was also discovered that the work environment is remarkable due to collaboration, management support, and appropriate working equipment. Hassan (2022) utilized 250 participants to examine the relationship between human resource management (HRM) practices and employee turnover. Findings revealed that reward and recognition (R&R) techniques significantly and positively affected employee retention. In addition, the study showed that employment evaluations, career advancement, and developmental opportunities significantly affected employee retention. Now, businesses frequently modify their human resource management strategies to accommodate the diverse personal information of their employees (Lamberti et al., 2022).

Bharath (2023) stressed the need for a holistic worker retention strategy beyond financial incentives. The study used an applied qualitative methodology with a realistic viewpoint to gather retention methods and measures from 350 randomly selected healthcare employees and 36 purposefully selected healthcare specialists on pay and non-pay cheque variables that increase their intention to stay. Most respondents favored the hospital's non-paycheck features, which help retain personnel. In addition, age, marital status, and residence significantly affect retention. In another study, Rahaman et al. (2023) studied how bank staff retention affects Bangladeshi organizations. The study found that business culture, work happiness, training and development, and career growth positively and significantly impacted employee retention. Khatun et al. (2023) revealed no significant differences in employee retention based on gender. While remuneration and development opportunities influenced retention, pay policies had a more substantial impact than performance development initiatives.

Rewards and Employee Retention

After the work, employees receive monetary and non-monetary compensation in exchange for their contributions to an organisation. Employee motivation, satisfaction, and loyalty guide employee retention strategies. The role of rewards in influencing employee retention directly and indirectly affects employee satisfaction and loyalty (Asif & Nisar, 2022; Hassan, 2022). The relationship between rewards and employee retention has been extensively researched across various industries. Asif and Nisar (2022) discovered that rewards positively impact employee retention, particularly in private educational institutions where financial and non-financial incentives contribute to employee commitment. According to Hassan (2022), reward and compensation practices significantly positively impact employee retention in the Maldives' retail sector, as well as mediating the relationship between training and development and retention. Sorn et al. (2023) emphasised the importance of compensation in employee retention, claiming that employees who are paid competitively are more likely to stay with their companies. This is consistent with Herzberg's Two-Factor Theory, which identifies salary and career advancement as key hygiene factors influencing retention. To achieve long-term retention, organisations must complement rewards with job satisfaction, work-life balance, and opportunities for advancement.

Non-financial rewards also play an essential role in employee retention. Tang (2023) researched the retail industry and discovered that learning opportunities and recognition significantly impact employee commitment. This suggests that non-monetary benefits, such as professional development and recognition, increase job satisfaction and long-term engagement. Amadi et al. (2021) emphasised the strategic importance of reward systems in the banking industry, stating that well-structured reward mechanisms increase employee motivation and decrease turnover. They concluded that organisations must create competitive reward structures to retain their workforce effectively. Atalay and Dağıstan (2023) discovered that "quiet quitting" is not a new phenomenon but an ongoing issue linked to long-standing management theories such as motivation, commitment, and social exchange. This has practical implications for employers and HR practitioners to address this behaviour.

Berber and Gašić (2024) discovered that employee commitment partially mediates the relationship between compensation systems and turnover intentions in Serbian organisations. However, behavioural psychology is a significant concern for the HR system in today's organisations. Ward (2024) found that, despite both meaningful work and high compensation being highly valued, people tend to prefer high-salary jobs with low meaningfulness over low-salary jobs with high meaningfulness, with stronger preferences for higher pay in both hypothetical and current job evaluations. O'Hara and Reid (2024) found that nurses under 35 reported high levels of burnout and stress, primarily due to long-standing staffing issues rather than the COVID-19 pandemic, with young travel nurses exhibiting high turnover intentions comparable to older travel nurses. This demonstrates the importance of targeted retention and recruitment strategies in nursing, focusing on empathetic concern for human capital. Brim et al. (2024) found that while compensation and benefits are essential for retention, 70% of preventable turnover is driven by daily management-related issues such as poor manager interactions, organizational frustrations, limited career growth, and workload concerns. This directs the additional work required to define current employees' needs clearly. So, rewards are seen as determinant of employee retention, with both financial and non-financial incentives influencing employees' decisions to remain in an organization. Organisations prioritising reward and compensation strategies, career development opportunities, recognition, and work-life balance are more likely to retain top talent and achieve long-term success.

H1: Rewards to employees positively and significantly impact their retention.

Training and Development and Employee Retention

Companies are designing and incorporating structured programs to enhance employees' skills, knowledge, and competencies. This action enables their employees to perform better in roles or prepare for future responsibilities. Trainings are regarded as an essential tool for improving employee retention. Islam et al. (2024) conducted a study focusing on millennial employee retention within the tourism industry. Their findings revealed that HR practices such as compensation and training and development significantly influence employee retention. However, employee participation in decision-making was found to have a weaker effect. Similarly, Mampuru et al. (2024) demonstrated that well-designed training programs lead to greater job satisfaction, which in turn enhances employee loyalty and reduces turnover. By tailoring training initiatives to address the specific needs of academic staff, universities can foster a more engaged and committed workforce. This not only benefits individual employees but also strengthens the institution's reputation and overall success. The well-designed training programs have the strategic value of targeted development programs. Abubakar et al. (2022) explored the role of human capital development, including training and career planning, in employee retention. This exploration shows that training and development positively predict employee motivation, workplace flexibility, and work-life balance—all critical factors for retaining talent. These findings reinforce the idea that HR practices aimed at fostering employee growth and creating supportive work environments are essential for minimizing turnover rates. Phina et al. (2022) found that training and development, as well as compensation, have a statistically significant influence on employee retention in microfinance banks in Anambra State.

In contrast, Al-Wareth Alrazehi et al. (2022) conducted research in the banking sector in Yemen, where they found that while training and development do not directly impact employee retention, they significantly influence job satisfaction, which mediates retention outcomes. Although direct investments in training may not always yield immediate retention benefits, enhancing job satisfaction through such interventions plays an essential role in retaining employees. Elsafty and Oraby (2022) indicated that well-structured training programs are a significant factor in enhancing retention by positively affecting job satisfaction. Employees who perceive that their employers are invested in their professional growth are more likely to remain with the organization. This reinforces the notion that training initiatives should be prioritized as a strategic tool for achieving long-term employee retention and organizational success. Bharadwaj (2023) revealed that training and development contribute to organizational identification, which in turn influences retention. Bhakuni and Saxena (2022) showed that when organizations invest in employee development, it leads to higher levels of engagement, job satisfaction, and ultimately retention. It's seen that whether through direct HR practices or mediated by factors such as job satisfaction and organizational identification, investing in employee development programs is essential for improving retention. Organizations that prioritize these strategies not only reduce turnover rates but also cultivate a motivated workforce.

H2: Training and development contribute positively and significantly to employee retention.

Career Opportunities and Employee Retention

Individuals career opportunities is potential for their job advancement within an organization. Employees often desirable to take on new challenges, and achieve personal and professional growth. These opportunities are closely linked to employee retention. Sorn et al. (2021) argue that career development programs significantly enhance retention by improving job satisfaction. Employees who see a path for progression are less likely to leave the organization. Similarly, Ghani et al. (2022) discovered that career advancement opportunities were critical in reducing turnover in the hospitality sector, where employees who felt supported in their growth were more likely to remain in their positions. Thwin et al. (2022) show that employees who had access to career advancement programs showed higher job satisfaction and were more inclined to stay with the organization. However, not all studies agree on the relationship between career opportunities and retention. A study by Frimayasa (2021) found that in the context of PT Telkom Witel Tangerang BSD, career development opportunities did not significantly impact employee retention. This study emphasized that factors such as compensation played a more direct role in employee retention, suggesting that in some industries, the desire for career growth may be secondary to financial incentives. Differences in industry contexts may explain the contradiction in findings. The contradictory findings raise important questions about the role of career opportunities in employee retention across different sectors. In the context of Nepalese commercial banks, the relationship between career opportunities and retention may be influenced by both career growth potential and compensation packages. Herzberg's Two-Factor Theory also suggests that career growth is a motivator factor; career opportunities could enhance retention.

H3: Career advancement opportunities play a crucial and significant role in retaining employees.

Work-Life Policies and Employee Retention

Work-life policies are initiatives and practices developed by organisations to assist employees in balancing their professional responsibilities and personal commitments. Flexible working hours, remote work options, parental leave, wellness programs, and a positive work environment are all examples of good policies. Sorn et al. (2021) emphasised that work-life balance, career development, and compensation significantly impact employee retention. Suprayitno (2021) discovered that organisations that provided flexible work arrangements and career opportunities had higher retention rates. In the hospitality industry, Bilqees Ghani et al. (2022) demonstrated that creating a positive work environment through work-life policies reduces turnover by addressing employee burnout and dissatisfaction. On the other hand, some studies produce conflicting results. Frimayasa (2021) discovered that while compensation significantly affected retention, work-life policies and career development had no direct impact. This implies that the impact of work-life policies may differ depending on the organisational context and industry. According to Khatun et al. (2021), while work-life policies help to increase job satisfaction, compensation is still the most crucial factor in retaining employees in Bangladesh's banking sector. However, Alblihed and Alzghaibi (2022) discovered that a work-life imbalance significantly increases turnover intentions among frontline healthcare workers during the COVID-19 pandemic. According to Social Exchange Theory, employees should reciprocate organisational support with loyalty and commitment. The Person-Environment Fit Theory, discussed by Saufi et al. (2023), states that sustainable work-life balance improves person-environment fit, reducing turnover intentions. Companies' retention policies would not only address employee burnout, but would also position banks as forward-thinking employers capable of meeting the needs of the modern workforce. Companies can improve their employees' career development opportunities by integrating work-life policies (Thwin et al., 2022). Thus, theoretically and empirically, it is assumed that Nepalese banks can create a retention strategy that balances short-term satisfaction with long-term loyalty.

H4: Work-life balance policies have a meaningful and positive impact on employee retention.

Organizational Prestige and Employee Retention

In business, an organization's reputation and perceived status within its industry and among stakeholders are interpreted as the firm's prestige. Akgunduz and Bardakoglu (2015) found that perceived organisational prestige and identification significantly impact hotel employees' turnover intentions, with psychological empowerment acting as a mediating factor. Kundiet al. (2018) determined that perceived career opportunity negatively predicts employees' turnover intentions via affective commitment. In contrast, the conditional effect of perceived organisational prestige on this mediation was non-significant, indicating that employees prioritise career growth over organisational prestige. Nezhina et al. (2021) showed that government employees' perceptions of government image and organisational prestige significantly impact their job satisfaction and decisions to stay in government jobs. Ojedokun et al. (2015) discovered that perceived external prestige predicts organisational commitment and partially mediates the relationship between work-life quality and organisational commitment among Ghanaian public sector employees. Pokharel (2024) noted that compensation, career opportunities, organisational prestige, supervisor support, and work-life balance are key determinants of employee retention intention in Nepalese commercial banks, highlighting the importance of strategic human resource management in addressing these factors. In Nepal, Kandel (2024) discovered that compensation, career opportunities, and organisational prestige all have a significant impact on employee retention in Nepalese commercial banks, with compensation being critical for lower-level staff, career opportunities for highly educated employees, and organisational prestige attracting new hires. Berguig and Badlaoui (2024) reported that compensation and benefits, as well as colleague support, significantly reduce auditor turnover intention. In contrast, work-life balance, organisational prestige, and workload pressure had no significant effect. This leads to the following assumption in Nepal's commercial banking industry.

H5: Organizational prestige and reputation significantly enhance employee retention.

Figure 1 presents the study’s conceptual framework based on the review of literature.

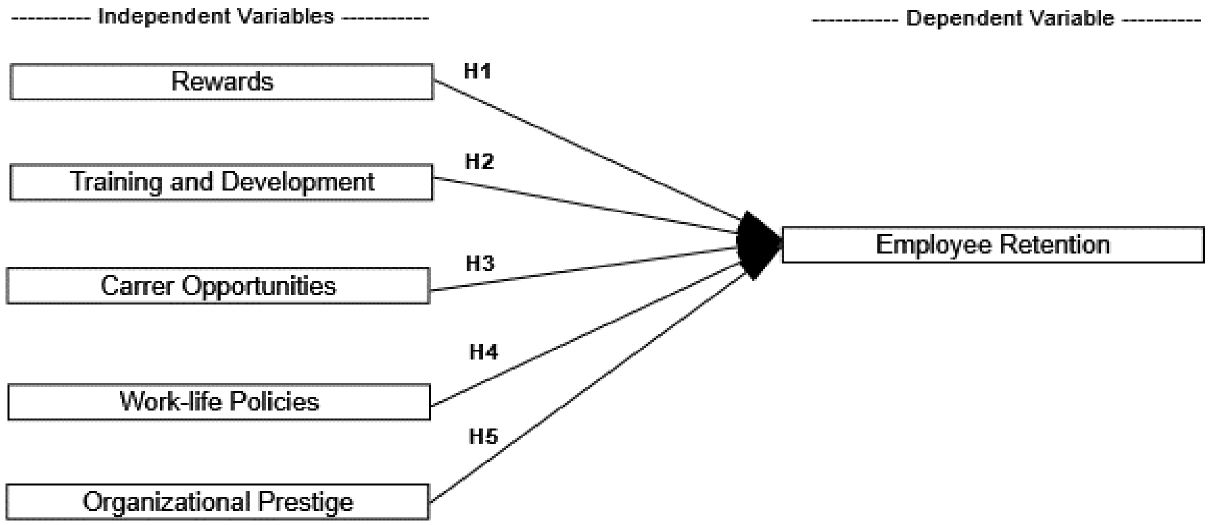

Fig. 1: Research Framework

3. Methodology

3.1. Research Design

This research employed a descriptive and causal-comparative approach to analyze the nature and strength of causal relationships among the variables.

3.2. Population and Sample

The target population for this study comprised officers and assistant-level employees in NCBs. A non-probability sampling framework and a convenience sampling strategy were used to gather data from the intended participants. Based on the generalized sampling frame by Krejcie and Morgan (1970), a sample size of 384 was necessary at a 95% confidence level with a 5% margin of error. The study stratified participants into officer- and assistant-level employees to ensure adequate representation, ultimately collecting 397 responses.

3.3. Nature of Data

The primary data source for this study was a sample of respondents selected from a closed-ended survey questionnaire. The questionnaire was developed through an intense literature review, and the available literature related to the study's variables was searched and included.

3.4. Instrument

Chatzoudes (2022) analyzed rewards for employee retention via a five-point Likert-type scale (1= = strongly disagree to 5 = strongly agree). This study used six questions and an earlier scale for measurement variables. Presbitero et al. (2016), as cited in Chatzoudes (2022), used five questions to measure the retention effect based on career opportunities. The study modified and used six items to determine employee retention and career opportunities. Research from the past, such as Chew and Chan (2008) and Elsafty and Oraby (2022), has shown that training and development as a human resource activity positively impacts workers' attitudes and commitment to the company. Therefore, the study used an eight-item scale to measure the impact on retention development. Five items for the work-life policies were adopted from Pare et al. (2001) and used to measure retention. Retention is considered an all-around module of an organization's human resources strategies. Eleven items for employee retention were adopted from Kyndt et al. (2009). The response format for these measures also included a five-point Likert-type scale (1= strongly disagree to 5= strongly agree). The study used six items to measure the organizational prestige quoted by Hausknecht et al. (2009) and Chatzoudes (2022). Based on the literature, the study developed the data collection instrument as presented in Table 1.

Table 1. The Instrument

Sections of the Questionnaire	Qs	Measurement Scale	Remarks
Group A: Demographic Information	5	Various	-
Group B: Employee Retention	11		
Group C: Rewards	6		1 = Strongly disagree
Group D: Training and Development	8	Five-point	to
Group E: Career Opportunities	6	Likert-type	5 = Strongly agree
Group F: Work-Life Policies	5	Scale	
Group G: Organizational Prestige	6		
Total	47		

3.5. The Respondents

The study collected 397 responses from the working representatives of the NCBs. Table 2 presents the general and demographic characteristics of the respondents.

Table 2. The Respondents

	Nos	%		Nos	%
Job position:			*Education:*		
Assistant	226	56.9	Undergraduates	221	55.7
Officers and above	171	43.1	Graduates	176	44.3
Sex:			*Experience in Years:*		
Female	176	44.3	0 – 5 Yrs.	189	47.6
Male	221	55.7	6 – 10 Yrs.	62	15.6
Age group:			11 – 15 Yrs.	65	16.4
30 Yrs. and below	223	56.2	15 Yrs. and above	81	20.4
31 – 40 Yrs.	81	20.4			
41 – 50 Yrs.	66	16.6			
51 Yrs. and above	27	6.8			
Total of each section	397	100.0	Total of each section	397	100.0

Table 2 reveals that most respondents were male and more engaged with the study than their counterparts. Regarding the age group, more than 50 % of the respondents were below 30 years of age, indicating the youngsters' domination in the NCBs' human resources. Regarding education status, most undergraduates were engaged in the Nepalese banking sector. Therefore, more assistant-level employees with five years or less experience in the banking sector participated in the study.

3.6 Reliability and Validity

Cronbach's alpha was employed to evaluate the internal consistency of the measurement variables, determining the reliability of the observed variables in reflecting the underlying constructs. Table 3 presents the calculated Cronbach's alpha values for the observed and retained variables, indicating the strength of their interrelationships.

Table 3. The Reliability Statistics

Constructs	Observed Variables		Retained Variables	
	No of Variables	Alpha Value	No of Variables	Alpha Value
Rewards	6	0.381	3	0.702
Training and Development	8	0.769	3	0.977
Career Opportunities	6	0.657	5	0.746
Work-Life Policies	5	0.482	3	0.786
Organizational Prestige	6	0.466	3	0.791
Employee Retention	11	0.908	10	0.936
Total number of variables	42		27	

The reliability statistics promoted 27 variables to proceed with further analysis since such variables yielded a higher alpha value than the cut-off value of 0.70, as Hair et al. (2006) suggested, with the respective constructs. The study used Heterotrait-Monotrait (HTMT) ratio of correlations to assess the independent constructs' discriminant validity before evaluating the hypothesized paths' significance.

As suggested by Hair et al. (2006), a Cronbach's Alpha value of 0.70 or above indicates acceptable reliability. Constructs with alpha values below this threshold were refined by removing poorly performing items. After refinement, 27 variables were retained for further analysis as they met the reliability criteria. The study employed a quantitative approach, and the survey instrument was pre-tested with a small pilot group from commercial banks to identify unclear or ambiguous items. Based on the feedback and initial reliability outcomes, redundant and low-loading items were removed to enhance internal consistency.

Nonetheless, methodological rigour would be further enhanced by increased openness about the sampling procedure and the rationale behind it. Whether probability or non-probability sampling was employed, as well as how the sample size was established in relation to the bank employee population, should be made clear in the study. By using the Heterotrait-Monotrait (HTMT) ratio of correlations, the discriminant validity between independent constructs was evaluated. When compared to more conventional techniques such as the Fornell-Larcker criterion, the HTMT approach yields a more reliable estimate of discriminant validity. In order to examine the significance of proposed structural paths, this step made sure that the constructs were empirically distinct.

Table 4. HTMT Ratios of Correlations of the Independent Constructs

	REW	TD	CO	WLP	OP
Rewards [REW]	-				
Training and Development [TD]	0.852	-			
Career Opportunities [CO]	0.889	0.835	-		
Work-Life Policies [WLP]	0.893	0.798	0.806	-	
Organizational Prestige [OP]	0.826	0.832	0.783	0.751	-

The average correlations between indicators and their corresponding constructs are evaluated using the HTMT criterion. According to Henseler et al. (2015), discriminant validity levels below 0.90 are acceptable. Discriminant validity between the reflective independent constructs was established since all the HTMT values were less than 0.90, as indicated in Table 4.

4. Results

Table 5 presents descriptive statistics of rewards, training and development, career opportunities, work-life policies, organizational prestige, and employee retention to determine the retention effect.

Table 5. Descriptive Statistics (N = 397)

Variables	Minimum	Maximum	Mean	Std. Deviation
Reward	1.00	5.00	3.684	1.034
Training and Development	1.00	5.00	3.616	1.322
Career Opportunities	1.20	5.00	3.725	0.836
Work-Life Policies	1.00	5.00	3.786	1.077
Organizational Prestige	1.00	5.00	3.664	1.059
Employee Retention	1.00	5.00	3.789	0.958

The study's average mean retention factor values on the five-point Likert-type scale were higher than 3.0, indicating a good strength of latent measures. Table 6 illustrates the relationship between employee retention and retention factors, showing their correlation coefficient.

Table 6. Relationship of Employee Retention and Its Determinants

Variables	Employee Retention	Rewards	Training and development	Career Opportunities	Work-life Policies	Organizational Prestige
Employee Retention	1	0.805**	.623**	.847**	.828**	.881**

***. Correlation is significant at the 0.01 level (2-tailed.)*

As Table 6 shows, the correlations between employee retention and its determinants are positive and significant at the 0.01 level (2-tailed).

By getting an aggregate value of the observed variables within the construct, multiple regression analysis was conducted, with employee retention as a dependent variable and rewards, training and developments, career opportunities, work-life policies, and organizational prestige as independent variables. The regression model of employee retention is presented in Figure 2, and the coefficient is in Table 7.

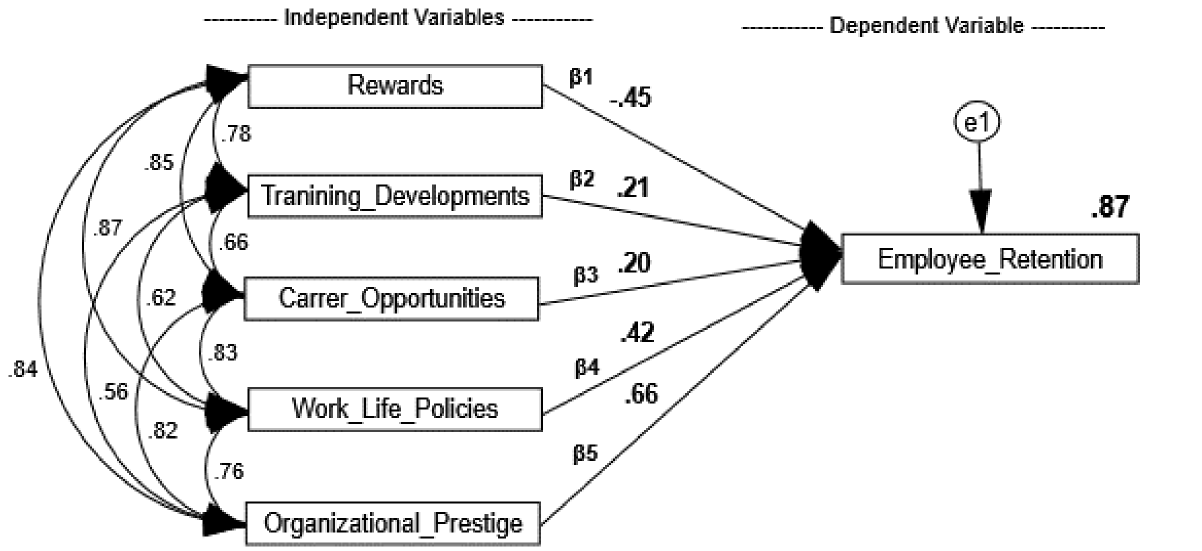

Fig.2: Regression model of employee retention

Figure 2 shows that the predictors (rewards, training and developments, career opportunities, work-life policies, and organizational prestige) account for approximately 87 % of the variability in employee retention.

Table 7. The Regression Coefficient of the Employee Retention Model

	Indicators	Regression Coefficients: Unstandardized	Regression Coefficients: Standardized	Std. errors	Critical ratios	p-value	Remarks on Hypotheses
	Intercepts	0.321		0.081	3.959	***	-
H1	Rewards ---> Employee retention	- 0.416	- 0.449	0.055	- 7.617	***	Rejected
H2	Training and developments ---> Employee retention	0.152	0.210	0.023	6.611	***	Accepted
H3	Career opportunities ---> Employee retention	0.225	0.197	0.046	4.879	***	Accepted
H4	Work-life policies ---> Employee retention	0.377	0.424	0.036	10.387	***	Accepted
H5	Organizational prestige ---> Employee retention	0.596	0.658	0.035	17.071	***	Accepted

**** = Significant at 0.01 level*

The overall regression model successfully predicted the outcome variables and showed statistical significance. The model demonstrated the independent influence of multiple factors on employee retention and offered an ideal fit for the data.

5. Discussions

This study sought to identify the prevalent retention practices of NCBs. Its findings are consistent with Dibua et al. (2021), who revealed that perceived organizational prestige predicts employee commitment and loyalty to a firm's direction. According to the study, an organization's prestige is more relevant for retention factors for the employees of NCBs. The prestige associated with a company can contribute to a sense of pride, loyalty, and attachment among employees. Moreover, prestigious organizations often provide enhanced career advancement opportunities, competitive compensation and benefits, stability, security, and networking prospects, further contributing to employee retention. However, it is essential to note that organizational prestige is not the sole determining factor in employee retention. Other aspects, such as work-life balance, training and development opportunities, and career opportunities, also play crucial roles.

Accordingly, work-life balance and other elements help retain employees (Singh & Mitwpu, 2022). Similarly, this study finds that work-life balance is key to employee retention. Maintaining a healthy work-life balance is highly valued by employees, and it can significantly impact their decision to stay with a company. As a result, companies are more inclined to acknowledge and give priority to staff retention. According to the report, training and development initiatives significantly impact organizational employee retention. Workers who have access to programs for training and development believe their employer values them. These initiatives show that the business cares about its staff's long-term prosperity and professional development. Organizations enable people to execute their jobs more efficiently and experience personal and professional growth by providing opportunities to learn new things, develop new skills, and improve their current ones. The findings of Rahman et al. (2023), who discovered that career advancement, training and development, and other elements have a favourable and significant impact on employee retention, align with this outcome.

In contrast to previous research that indicated a strong positive effect of compensation on retention (Asif and Nisar, 2022; Hassan, 2022; Sorn et al., 2023), this study found no significant or even negative relationship between rewards and employee retention. This finding stands out as unexpected and noteworthy. This seeming paradox may have its roots in Nepal's cultural and institutional setting, where considerations of professional advancement, prestige, and job stability are frequently given more weight than monetary rewards. The motivational value of monetary rewards in Nepalese banking institutions may be diminished because of standardised structures or unmet employee expectations; employees may also perceive these rewards as inadequate, inconsistent, or less impactful (Amadi et al., 2021; Dahal et al., 2023; Tang, 2023). Moreover, in collectivist cultures like Nepal, financial incentives may not be as crucial as intrinsic motivators like meaningful work, career development, and supportive environments (Ward, 2024; Brim et al., 2024). To retain employees, this study adds to the existing literature by stressing the need for a context-sensitive strategy that incorporates both monetary and non-monetary incentives.

Opportunities for career growth were also found to be a key influence in employee retention in this study. Workers are more likely to stay involved and dedicated if they believe the company has growth, promotion, and development prospects. Similarly, Hassan (2022) pointed out that professional growth and promotion opportunities were crucial for keeping employees on board. However, this study discovered that pay has little bearing on employee retention. The results of this study ran counter to those of Babagana and Dungus (2015), who found a relationship between performance and compensation. Rewards may not be the main factor influencing long-term retention, even though they might give workers temporary motivation and recognition. As a result, the study found that their direct impact on staff retention may differ and be negligible compared to other aspects. Similarly, Ling et al. (2022) discovered that whereas remuneration alone had little influence on office workers, reward and working situation features considerably impacted the retention of manufacturing personnel.

6. Conclusion

This study demonstrates that employee retention in Nepalese commercial banks is shaped far more by organizational prestige, work-life balance, training and development, and career advancement opportunities than by traditional compensation-based incentives. Employees are more likely to remain with organizations that provide them with a sense of pride and belonging, foster supportive work environments, and invest meaningfully in their personal and professional growth. In contrast, financial rewards and compensation—long assumed to be central to retention—exerted little or even negative influence in this context. These finding challenges conventional wisdom and indicate that within the Nepalese banking industry, and potentially other South Asian service sectors, non-financial and intrinsic motivators serve as the actual anchors of long-term employee commitment.

Theoretically, these results reinforce and extend Social Exchange Theory by showing that prestige, trust, recognition, and supportive organizational practices function as powerful “social currencies” in sustaining the employee–organization relationship. Retention is therefore not simply the result of transactional exchanges but emerges from reciprocal, long-term commitments that integrate both economic and psychological elements. From a practical perspective, banks in Nepal and similar service-oriented industries must embed retention strategies into their core human resource practices by institutionalizing work-life balance, creating transparent and achievable career pathways, and treating training and development as strategic investments in human capital rather than optional perks. Work-life balance must move beyond policy documents and be enacted daily through flexible scheduling, wellness initiatives, and supportive leadership behaviors. Career development should be actively promoted through internal mobility programs, mentoring systems, and continuous performance feedback to reinforce employees’ sense of growth and advancement.

While these findings provide important insights, the study is not without limitations. Its cross-sectional design restricts causal inference, making it challenging to capture the dynamic nature of employee attitudes and organizational practices over time. Furthermore, the sample was confined to Nepalese commercial banks, which may limit the generalizability of the results across industries or cultural contexts. To address these constraints, future research should adopt longitudinal approaches to observe retention dynamics across different phases of employment, as well as mixed methods designs that combine survey data with objective organizational metrics such as turnover rates or performance records. Comparative studies across different South Asian countries and service industries—such as insurance, ICT, and hospitality—would also provide valuable cross-cultural validation. In addition, with the rise of digital HR platforms, future investigations should consider the role of HR analytics, AI-enabled employee monitoring, and well-being technologies in shaping modern retention practices.

In conclusion, this study reveals a paradigm shift in retention strategies within Nepal’s banking sector: from compensation-driven approaches to prestige-, development-, and culture-driven models. Organizations that cultivate reputation, prioritize employee well-being, and invest in learning and growth opportunities are more likely to retain top talent, reduce costly turnover, and build sustainable competitive advantage. By adopting a holistic, human-centered retention strategy, banks can not only strengthen employee loyalty but also enhance organizational performance and resilience in the increasingly competitive global service economy.

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