

Human Resource Management and Job Satisfaction of Commercial Bank in Nepal

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Abstract

This study investigates the connection between job satisfaction and human resource management (HRM) practices in Nepali commercial banks. This study examines employee satisfaction in commercial banks in Butwal Sub-Metropolitan City using a descriptive and causal-comparative research approach. Descriptive research helps to systematically examine and describe the situation, while causal-comparative research looks at the relationship between dependent and independent variables after an event has taken place. A total population of 593 employees was targeted, and questionnaires, structured with a five-point Likert scale, were administered to 234 employees, yielding a 100% response rate. With correlation coefficients of 0.712 and 0.696, respectively, correlation analysis showed that the two most important factors influencing job satisfaction were pay and work environment. These findings highlight the critical importance of a positive workplace and competitive remuneration for enhancing employee well-being. The study offers practical implications, suggesting that organizations should focus on improving the work environment, reviewing compensation strategies, clarifying promotion pathways, enhancing performance appraisal systems, and tailoring training programs to better align with employee needs.

Key words: *Human resources management, Job Satisfaction, Performance Appraisal, Training & Development, Promotion Practice, Working Environment.*

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I. Introduction

Human resource management (HRM) encompasses recruitment, training, development, and motivational practices aimed at managing employees effectively. The evolving field of strategic HRM has become essential for organizational survival and prosperity in today's competitive global economy. As organizations face challenges like economic instability, they must adopt comprehensive HRM strategies to enhance employee career development, benefits, and overall job satisfaction (Dimba, 2010). HRM policies must align with broader organizational strategies to ensure employee well-being and performance.

Positive attitudes regarding one's work, or job satisfaction, are essential for both corporate performance and staff retention (Armstrong, 2006). Factors like salary, promotions, and work environment significantly influence job satisfaction. This study focuses on analyzing HRM practices in Nepal's commercial banks,

where job satisfaction is becoming a key area of organizational focus. Effective HRM practices are vital for improving employee attitudes and organizational outcomes, particularly in the competitive service sector.

In Nepalese commercial banks, HRM practices have evolved from operational efficiency to employee-centric strategies, especially since the 1990s when liberalization spurred growth in the banking industry. Initially, HRM focused on recruitment and selection, but with increased competition, the emphasis shifted to training, performance monitoring, and employee retention. Modern HR practices prioritize work-life balance, employee development, and engagement, supported by advancements in technology and strategic HR planning.

The service sector, where labor costs are significant and employees directly interact with customers, necessitates effective HRM for productivity and quality service. While

Western countries have extensively studied HRM in organizations, research on HR practices in Asian companies, including Nepal, remains limited. This study addresses this gap by examining how HRM practices impact employee satisfaction and organizational performance in Nepalese banks.

Globalization has intensified competition, emphasizing customer satisfaction, productivity, and organizational flexibility. In response, HRM practices in Nepalese banks have incorporated innovative strategies like flexible work arrangements, performance-based incentives, and health initiatives to attract and retain talent. In order to keep a competitive edge in the banking industry, these approaches seek to improve job happiness and employee engagement.

This study seeks to explore whether the HR practices in Nepalese banks, such as performance appraisals, training, compensation, and work environment,

effectively address employee satisfaction. Additionally, it investigates how these practices impact employee engagement and organizational performance. Banks may improve their HR strategies to promote corporate performance and employee well-being by comprehending these dynamics.

Objectives of the study

To accomplish the intended goals and objectives, organizations must effectively and efficiently manage their human resources. The study's primary goals are:

- To assess how employees' job satisfaction is correlated with performance reviews, training and development, compensation policies, promotion policies, and work environments.
- To examine how employee job satisfaction is impacted by performance reviews, training and development, compensation policies, promotion policies, and the workplace environment.

II. Review of Literature

Kundu and Malhan (2007) examined the HRM procedures used by the insurance firms in India using the information gathered from 218 respondents. Respondents were selected from four insurance companies (two international and two Indian) in order to examine the HRM procedures employed in the sample organizations. using factor analysis and ANOVA data analysis tools. The main HRM techniques employed by insurance businesses in India were found to be benefits and training initiatives, selection processes, and regulations controlling performance reviews and hiring tactics. Furthermore, it was found that two of the most important HRM techniques used by insurance businesses were workforce diversity and competitive compensation policies.

Adhikari and Gautam (2010) conducted a

comprehensive study to evaluate the implementation of quality of work life (QWL) provisions in Nepalese workplaces and to gauge the expectations of union leaders regarding QWL. The research involved a thorough review of three key labor laws, followed by a questionnaire survey administered to union leaders. The findings of the study highlighted a concerning trend of deteriorating QWL conditions in Nepalese workplaces. To address this issue, the researchers emphasized the crucial role of government, employers, and union leaders in collaborating to implement effective QWL initiatives. By prioritizing QWL, organizations can create a more harmonious industrial relations environment, enhance employee satisfaction and productivity, and ultimately contribute to the overall well-being

of the workforce.

The study by Raj Adhikari, D. (2010) focuses on the critical role of human resource development (HRD) and performance management (PM) in enhancing organizational competitiveness in Nepal. The authors highlight the need for a strong link between organizational objectives and employee development to improve overall performance. By developing a four-column model, the study provides a framework for integrating HRD and PM practices, which can help Nepalese organizations address their specific challenges and achieve sustainable growth.

In addition to job satisfaction and turnover, Mudor (2011) offers a conceptual framework that examines the links between three Human Resource Management (HRM) activities: supervision, job training, and pay practices. Because low job satisfaction might result in greater resignation rates, the study emphasizes the critical role that job satisfaction plays in influencing employee turnover. The results show a favorable and strong correlation between job satisfaction and HRM practices. On the other hand, there is a negative and strong correlation between turnover and both HRM practices and job satisfaction. The findings also show that work satisfaction and HRM procedures are powerful indicators of turnover.

Maharjan (2012) used a convenience sampling technique to investigate the connection between teachers' job satisfaction and work motivation. Only 112 of the 150 surveys that were distributed could be analyzed. The study, which was carried out in Nepal, discovered a favorable relationship between teachers' job satisfaction and motivation. The results also indicated that school administrators should raise teacher pay scales to reflect rising market prices in order to increase teacher motivation. Overall, the

study found that instructors were content with their positions and inspired by their work.

The strategic human resource development elements impacting the assessment of induction training efficacy in Nepali banks were examined by Sthapit (2012). A recent survey of 104 low- and middle-level managers from Nepalese development banks served as the basis for the study. The empirical results showed that strategic considerations had a major impact on training efficacy, emphasizing the part that strategic human resource development plays in determining how induction training is evaluated. The findings also highlighted how crucial it is to give human resource managers and professionals strategic insights when creating and executing induction programs that successfully educate and grow staff members on a range of topics, including the company, work culture, and expectations.

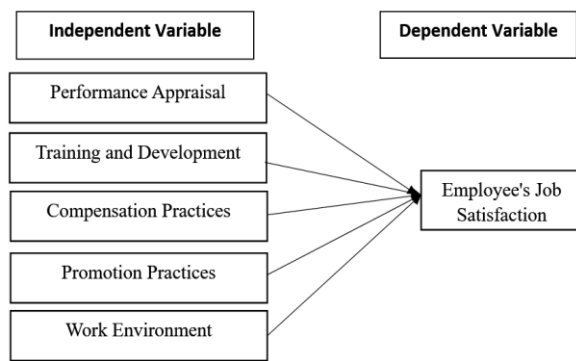
Gurung and Choi (2019) explored the current state of human resource management (HRM) practices in Nepalese organizations. Their study revealed that Nepalese organizations are increasingly adopting global HR practices while simultaneously incorporating local cultural nuances. The researchers found that HR departments in Nepal are playing a crucial role in strategic decision-making, talent management, and organizational development. The study also highlighted the evolving role of HR professionals in Nepalese organizations, as they are expected to become strategic partners with management to drive organizational success.

Theoretical Framework and Definitions of variables

The connection between Nepali commercial banks' employees' job satisfaction and HRM. The following theoretical framework, which may be empirically tested, is derived from the research reviewed above:

Figure 1

Theoretical Framework



Note. Adopted from (Locke, 1976, Carrol & Scheider, 1982, Kabir & Parvin, 2011, Lamba & Chaudhary, 2013, Asgarova, 2019)

Dependent Variable

A person's feelings about their work, whether favorable or negative, are referred to as employee satisfaction. A component of total pleasure is job satisfaction. According to Locke (1976), job satisfaction is a pleasant or upbeat emotional state brought on by an evaluation of one's work or work-related experiences.

Independent Variable

Important independent factors affecting organizational outcomes include performance reviews, training and development, pay and

promotion policies, and the workplace culture. Performance appraisal involves identifying, observing, measuring, and developing employee performance, offering constructive feedback, and utilizing evaluations for promotions, raises, and career development (Carrol & Scheider, 1982; Boswell & Boudreau, 2002). Training and development programs enhance employees' skills and knowledge, supporting their career growth and job satisfaction (Asgarova, 2019). Compensation practices, encompassing financial and non-financial rewards, ensure fair remuneration, recognizing contributions and boosting employees' sense of value and satisfaction (Kabir & Parvin, 2011). Promotion practices elevate employees to higher roles based on performance or rank, improving morale, fostering competition, and motivating skill development (Lamba & Chaudhary, 2013). Last but not least, a supportive workplace that is marked by favorable social, psychological, and physical circumstances encourages cooperation, communication, and a good work-life balance, which raises employee loyalty and job satisfaction (Kabir & Parvin, 2011).

III. Research methodology

This study examines the job satisfaction of workers at commercial banks in the Butwal sub-metropolitan city using a descriptive and causal-comparative research approach. While causal-comparative research design examines the relationships between dependent and independent variables after actions or events have already occurred, descriptive research design methodically investigates issues to explain settings, behaviors, or occurrences. Structured questionnaires were used to gather primary data from a wide range of these banks' personnel.

With replies ranging from 5 (strongly agree) to 1 (strongly disagree), the surveys, which were created using a five-point Likert scale, gathered opinions on HRM procedures and employee satisfaction. Cochran's formula was used to calculate the sample size of 234 out of the 593 employees that made up the study's population (Cochran, 1977).

The relative significance of each of the three factors in relation to commercial bank employees' job satisfaction is ascertained using a multivariate regression model. The following is the regression model:

$$Y = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where, Y = Employee's Job Satisfaction (EJS)
 A = Constant Term,

$\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are the slopes of the five variables

X_1 : Performance Appraisal, X_2 : Training & Development,

X_3 : Compensation Practices, X_4 : Promotion Practices, X_5 : Work Environment

e : Error term

IV. Results and Conclusion

Demographic Information

The demographic analysis of respondents from commercial banks in Butwal sub-metropolitan city highlights key characteristics, including age, gender, qualifications, job positions, and work experience. Most respondents (76.9%) are aged 26-35, with a near-equal gender distribution of males (50.4%) and females (49.6%). Educationally, 73.9% hold Master's degrees, 26.1% have a Bachelor's or lower, and none have an M.Phil. or above. Job roles are primarily at the assistant level (61.1%), followed by officer (36.3%) and managerial positions (2.6%). Regarding work experience, 77.8% have up to 10 years, 20.5% have 11-15 years, and only 1.7% exceed 16 years, reflecting a predominantly early-to-mid-career workforce. These results highlight how crucial it is to implement focused tactics that support a range of career stages, encourage retention, and raise employee happiness among various demographic groups.

Test of Reliability

The stability and uniformity of measurements or outcomes over time and under various circumstances is referred to as reliability. It assesses whether the results can be reliably repeated. Reliability was measured in this study using the Cronbach's Alpha Coefficient, which explicitly evaluated the internal consistency of a set of scale or test items.

Table 1

Reliability Statistics

S.N.	Variables	Cronbach's Alpha
1	Performance Appraisal	0.782
2	Training & Development	0.857
3	Compensation Practices	0.862
4	Promotion Practices	0.775
5	Work Environment	0.850
6	Employee's Job Satisfaction	0.879

Table 2

Descriptive Statistics

	N	Mean	Std. Deviation
Performance Appraisal	234	3.72	0.693
Training and development	234	3.87	0.692
Compensation	234	3.68	0.785
Promotion	234	3.68	0.703
Working Environment	234	3.78	0.729
Employees Job Satisfaction	234	3.68	0.775

Table 3

Correlations

	PA	TD	COM	PR	WE	EJS
PA	1					
TD	.456**	1				

COM	.575**	.591**	1		
PR	.485**	.548**	.727**	1	
WE	.463**	.690**	.625**	.577**	1
EJS	.511**	.552**	.696**	.635**	.712**

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

Table 3 presents the correlation coefficients of Employees' Job Satisfaction(EJS) with Performance Appraisal(PA), Training and Development(TD), Compensation(COM), Promotion(PR), and Working Environment(WE). Employees' Job Satisfaction demonstrates a strong positive correlation with the Working Environment ($r = 0.712$) and Compensation ($r = 0.696$), both significant at the 0.01 level, indicating that improvements in the working environment and compensation significantly enhance job satisfaction. Similarly, it shows a moderate positive correlation with Promotion ($r = 0.635$), also at the 0.01 level, suggesting that better promotion opportunities contribute to employee satisfaction. Training and Development and Performance Appraisal have moderate correlations with Employees' Job Satisfaction at $r = 0.552$ and $r = 0.511$ respectively, indicating that while these factors are important, they have a comparatively smaller impact on job satisfaction.

Regression Analysis

The impact of independent factors on dependent variables and their statistical significance are assessed using regression analysis. To assess the model's research hypotheses, linear regression with a robust standard error was used. It is a technique for identifying the unknown parameters in a linear regression model. It is applied when the variances of the data are not equal or when

there is a certain degree of correlation between the observations.

Table 4
Model Summary

Model	R	Adjusted R	Std. Error of the Estimate
1	R Square	Square	
1	.791 ^a	.626	.479

a. Dependent variable: Employee's Job Satisfaction

Table 4 illustrates how employee job satisfaction relates to commercial banks in Butwal's performance appraisal, training and development, compensation, promotion, and working environment. The R^2 value is 0.626. This indicates that 62.60% of the independent variable is explained by the dependent variable.

Table 5
ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	87.201	5	17.440	76.037	.000 ^b
Residual	52.066	227	0.229		
Total	139.267	232			

a. Dependent Variable: Employees Job Satisfaction

b. Predictors: (Constant), Working Environment, Performance Appraisal, Promotion, Training and development, Compensation

According to Table 5, the P-value is less than 0.01 at 0.000. This suggests that the working environment, performance reviews, promotions, training and development, and pay all have a substantial impact on how

satisfied individuals are with their jobs. The fitted model or R square is significant, as shown by the ANOVA table ($F(5, 227) = 76.037, p < 0.001$). This indicates that the model fits well.

Table 6

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	0.080	0.214		0.374	0.709
Performance Appraisal	0.100	0.057	0.090	1.771	0.078
Training and development	-0.044	0.066	-0.039	-0.658	0.511
Compensation	0.282	0.066	0.285	4.244	0.000
Promotion	0.175	0.067	0.158	2.589	0.010
Working Environment	0.454	0.065	0.427	6.997	0.000

a. Dependent Variable: Employees Job Satisfaction

The findings of a regression analysis utilizing a linear regression model and primary data

V. Discussion

This study's main goal was to investigate the ways in which particular organizational elements such as performance reviews, training and development, pay, promotion procedures, and workplace culture affect

gathered from 234 respondents who are now employed by commercial banks are shown in Table 6.

$$Y = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

$$Y = 0.080 + 0.220X_1 - 0.044X_2 + 0.282X_3 + 0.175X_4 + 0.454X_5 + e$$

Summary of hypothesis

Table 7

Hypothesis Test

	t-value	Sig.	Alpha	Results
Performance Appraisal	1.771	0.078	0.05	Not Sig.
Training & Development	-0.658	0.511	0.05	Not Sig.
Compensation Practices	4.244	0	0.05	Sig.
Promotion Practices	2.589	0.01	0.05	Sig.
Work Environment	6.997	0	0.05	Sig.
N = 234				

The work environment, promotion procedures, and compensation policies were the only three of the five factors that exhibited significant associations; training and development and performance reviews did not approach statistical significance at the 0.05 level. This implies that while performance reviews and training might not have as much of an impact on this sample ($N = 234$), the organization's pay, promotions, and work environment characteristics are more strongly linked to the result being measured.

workers' job satisfaction. Enhancing employee wellbeing and organizational success requires an understanding of the dynamics of these interactions, which the findings provide.

The study's findings demonstrated a robust and favorable correlation between HRM procedures and worker job satisfaction. Employee satisfaction levels were found to be highly influenced by a number of factors, including hiring and selection procedures, training and development, performance reviews, promotion policies, and pay. These results are in line with past studies that shown that employees are more satisfied with their jobs when HRM procedures are properly applied.

A significant combined effect of the independent variables on employee happiness was indicated by the regression model, which accounted for 62.6% of the variance in work satisfaction. This implies that employees' views regarding their occupations are significantly impacted by the HRM methods examined in this study. Additionally, the dependability of the results was strengthened by the ANOVA analysis, which validated the validity of the study model. According to Jackson and Schuler's (1992) earlier research, HRM practices significantly and favorably affect employee satisfaction. These results are in line with those of Koc (2014), who also highlighted the significance of HRM procedures including hiring, training, pay, and performance reviews in raising employee satisfaction and organizational loyalty.

The idea that HRM practices have a favorable relationship with job satisfaction and

VI. Conclusion

In conclusion, this study found that performance appraisal, training and development, compensation, promotion, and work environment positively influence employees' job satisfaction, with the work environment and compensation having the strongest impact. A supportive environment and fair pay significantly boost employee happiness and productivity, while clear

employee commitment is further supported by study by Amah and Oyetunde (2019). In line with the findings of Mondejar and Asio (2022), respondents in this study stated that elements including job stability, recognition, possibilities for growth, and a favorable work environment greatly influenced their total job satisfaction.

Furthermore, research by Lim and Ling (2012) and Majumder (2012) emphasized the significance of positive working environments and connections with managers in raising job satisfaction. This supports the results of the current study, which show that employee engagement and satisfaction depend heavily on a supportive work environment. Sypniewska et al. (2023) also underlined the beneficial effects of employee participation in decision-making processes on retention and work satisfaction.

Addressing such issues with compensation equity is crucial, though. According to Petrescu and Simmons (2008), both total job happiness and pay satisfaction may significantly decline as a result of an unfair compensation structure. In order to prevent any negative consequences on employee morale, firms must make sure that their remuneration policies are equitable, even though HRM practices can have a good impact on job satisfaction.

promotion opportunities further motivate employees. However, performance appraisal and training practices need improvement to have a greater effect. Commercial banks in Nepal should prioritize creating a happy workplace, paying employees fairly, and offering possibilities for clear career advancement in order to increase employee satisfaction. Future studies might examine

how leadership, culture, and technology affect employee happiness. By tackling these issues and improving other HR procedures, banks

can create a motivated workforce and boost overall performance.

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