

Does Human Resource Management Practices Determine the Relationship with Employees' Commitment? An Empirical Study of Nepalese Banking Sector.

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Abstract

It could be said that organizational future almost lies in human resource quality and development planning to improve organizational effectiveness. Therefore, this paper has been intended to describe the connection between HRM practices and employee's commitment in commercial banks. For this, this examination has utilized a descriptive research design to look at relationship. The results of this study depict that among the various factors compensation management has strong connection with employee's commitment in commercial banks of Nepal. Hence, the paper concludes that human resource management practice as a breaking weapon should be needed to work according to evolving circumstances in Nepalese commercial banks.

Keywords: Employee, Practice, Employee Commitments, Commercial Banks, Nepal.

1. INTRODUCTION:

Human Resource is the main resource for any association, and it is a significant source of accomplishing competitive advantage. Overseeing Human Resources is an incredibly testing task when contrasted with overseeing capital or overseeing innovation. Human Resource Management (HRM) practices can be viewed as a set of internally coherent and steady practices focused toward fortifying and advancing representative skills, inspiration as well as responsibility (Elrehail et al., 2019). Authoritative responsibility is the strength of a person's identification and association with a specific organization (Steers, 1977). Organizational responsibility is the general strength of the person's relationship with, and inclusion in, a specific association. It comprises three factors: a powerful urge to remain an individual from the association;

a solid confidence in and acknowledgment of the qualities and objectives of the association; a preparation to apply impressive exertion for the benefit of the association (Armstrong, 2007). Organizational responsibility might be limited to incorporate representatives' connection to the associations because of consistency brought about by remuneration and discipline, alliance with the referent organization and internalization of the associations' objective and qualities as one's own (Roberts, et. al., 1999).

The achievement, endurance and contending force of the associations are attached to the responsibility of their individuals. For the individuals to be focused on their association, they have to be happy with their work. In other words, representatives' work fulfillment should be an essential prerequisite for their obligation to their association. Human resource management practices have a task to carry

out in building a feasible common connection among firms and their workers concerning shared trust and obligations. This relationship follows the "social exchange theory," in which workers offer their services to the associations in return of perks and different advantages that they get from the associations (Mehwish et al., 2019). The quickly changing environment pressurizes associations to receive reasonable HRM rehearses that broaden the determined degree of high performance. The connection between human resource management practice and worker perspectives including employees' fulfillment, reliability and efficiency has been a matter of investigation all throughout the world. Associations require employing perfect individuals for the perfect occupation at the perfect chance to snatch the organizational chances despite rivalry. Truth be told: the general execution of any association relies on how much human asset is effectively used. The achievement and sustainability of any association rely upon how adequately they oversee reasonable human resource practice in a particular culture, territory and circumstance. Consequently, this examination additionally aimed to evaluate the existing HRM practice and analyze the connection between human resource management practices and workers' authoritative responsibility in Nepalese commercial banks.

2. LITERATURE REVIEW:

Human Resource Management assumes an essential part in overseeing and arranging individuals concerning the support of solid work environment culture and the atmosphere, the methodologies to manage the issues identified with pay, execution of the executives, representative's enlistment, selection and training (Loganathan and Dharmaraj, 2017). HRM practices are viewed as a strategy for empowering workers' satisfaction with their positions (Mohammed et al., 2019). HRM practices are probably going to establish work conditions and atmosphere where representatives become exceptionally dedicated to the association and give a valiant effort to achieve the association's objectives (Cherif, 2020). Likewise, HRM practices are expected to improve workers'

mentalities, responsibility and their performance eventually (Cai et al., 2019).

Employee's commitment is that person's mental bond with their association. Extensively talking, employees who are focused on their associations can comprehend its authoritative objectives and missions and hence work appropriately (Brammer and Millington, 2007; Manetje Martins, 2009). Organizational commitment includes the workers' degrees of identification, inclusion and unwavering-ness (Devananda and Onahring, 2019). HRM practices have a huge and constructive outcome on workers' work performance (Faiza et al., 2019). Employees' commitment is viewed as a bond or connection to the association (Mizan, et al., 2013). If the workers are neither dedicated to organizational responsibility nor happy with their work, then the rate of turnover and absenteeism will be high (Murat et al., 2014). To guarantee employee's commitment, associations ought to embrace and use incentives and encourage them to boost up their responsibility (Mehwish et al., 2019).

Also, literature highlights that HR arrangements and practices are probably going to raise the degree of occupation fulfillment among representatives, which eventually encourages these representatives to be more dedicated to their association. Abdirahman (2015) found a positive connection between HRM practices and organizational commitment. HRM practices influence the results of any association, as they are probably going to shape workers' behaviors and mentalities (Norhasnina et al., 2018). Kaur (2014) in his review of 211 workers from the six textile industries in Punjab, India, showed that human resource practices positively affected the organizational commitment and job satisfaction of the representatives. Murat et al. (2014) found that there were positive connections between HRM practices (enlistment and determination, preparing and improvement, pay and advantages, execution examinations), work fulfillment and organizational commitment. Additionally, the investigation of Razzaq et al., (2017) showed that a HRM practice i.e., Career Practice Planning (CPP) and

compensation practice (CP) essentially affects employees' responsibility in the telecom area of Pakistan. In like manner, Abdulkadir et al. (2012) announced a huge impact of HRM practices i.e., career planning and performance appraisal on organizational commitment by carrying out their research in Nigerian banking context. In view of the referenced written works, it is discovered that HRM practice played a huge role to decide workers' responsibility towards his/her employer firm. However, as an agricultural country in south Asia, less examination has been done in Nepalese settings, especially in the banking area. Hence, this examination has been intended to inspect the connection between HRM practices and employees' commitment in Nepalese commercial banks.

METHODOLOGY:

This examination has utilized a descriptive research design to look at the relationship of human resource management practices with workers' organizational commitment in Nepalese commercial banks. To satisfy the stated objectives 300 questionnaire (based on the five-point Likert scale ranging from strongly agree-5, to strongly disagree-1) were appropriated to representatives of various business banks through personal visits and in google forms, out of which 260 usable surveys are chosen for the information examination as test for this investigation. Purposive sampling method was utilized according to the convenience of the specialist. This examination has used descriptive statistics, correlation, frequency tables and percentage analysis for data presentation and Cronbach's Alpha of all items have been utilized to test reliability. The gathered information was processed in Ms-exel and SPSS version 23. The values of Cronbach's Alpha are given in table 1.

Table 1: Reliability Statistics

Statements	Cronbach's Alpha	No. of Items
- Employee acquisition and development	0.88	4
- Employees' recognition	0.86	4
- Compensation management	0.86	4
- Job security	0.85	4
- Employees' commitment	0.84	6

Source: SPSS output

Table 1 shows the value of Cronbach's alpha for 22 statements related with HRM practices and employees' commitment in Nepalese commercial banks is greater than 0.7. It is considered acceptable when the coefficient of Cronbach's

alpha is greater or equal to 0.70 as a good indication of construct reliability (Nunnally, 1978). Similarly, the result shows that the acquired values of Alpha are greater than 0.70, which suggested that all items related to the construct are reliable and acceptable.

Table 2: Profile of respondents

Working Department	Gender of the Respondents				Total	%
	Male	%	Female	%		
HR Department	26	10.00	14	5.40	40	15.40
Customer Service Department	42	16.15	51	19.61	93	35.76
Remittance Department	30	11.54	21	8.08	42	19.62
Credit Department	43	16.54	12	4.61	64	21.15
Other Department	13	5.00	8	3.07	21	8.07
Total	154	59.23	106	40.77	260	100

Source: Field survey

Table 2 shows the respondent’s gender wise working department in Nepalese commercial banks which shows that majority of respondents are male (59.27%). It is found that the majority (37.76%) of respondents are from the customer service department among them 16.15% respondents are male and 19.61% respondents are female. Almost identical respondents from remittance and credit department (19.62% and 21.15%) but from the both of the department female respondents are comparatively lesser. Specially it displays that lesser participation (4.61%) female respondents form the credit department. Table also displays that overall participation from the HR department is 15.40% in which 10% are male and 5.40% are female respondents. It is also found that the participation from other departments’ bank employees is least in this study. The table indicated that the majority of male staffs are employed in the

credit and CSD department whereas the majority of female staffs represent from the CSD and remittance department.

3. RESULTS AND ANALYSIS

This research is concerned with human resource management practices and representatives' commitment in Nepalese commercial banks. This part of the study endeavors to investigate information related with various elements of HRM practices and employees' commitments. Detailed data are utilized to explain responses of bankers about various factors and Correlation Analysis to explain the relationship among the variables. Various tables are utilized to simplify the presentation of data introductions as depicted below.

Table 3: Descriptive Statistics on Employee Acquisition and Development Practice

S.N.	Statements	N	Mean (M)	Std. Deviation (SD)
1.	The recruitment and selection process in this bank is unbiased.	260	3.44	0.74
2.	Selection process is based on the merit system.	260	3.28	0.77
3.	A special committee recruits and selects the employee for this bank.	260	3.57	0.82
4.	This bank organizes training and development programs regularly.	260	3.76	0.83

Source: Field survey

Table 3 shows the perception of respondents towards employee acquisition and development practice in Nepalese commercial banks. The table displays that respondents are agreed (M=3.44) that employee’s recruitment and selection process is unbiased in their banks. Table also shows that the respondents agreed (M=3.28) that the employee’s selection process is based on the merit system in their banks. The majority of respondents also

agreed (M=3.57) that a panel of experts use to select the employee for their respective banks. Table also shows that respondents agreed their banks regularly organize training and development programs for their employees. The table describes that the majority of responses are in the range of agreed view which indicated that the bank staff are in favor of employee acquisition and development practices of their respective banks.

Table 4: Descriptive Statistics on Employees’ Recognition

S.N.	Statements	N	Mean (M)	Std. Deviation (SD)
1.	I can put my ideas in staff’s meetings.	260	3.45	0.67
2.	Bank considers my suggestion to solve the problems.	260	3.34	0.73
3.	I have represented my department in many formal meetings.	260	3.12	1.22
4.	My seniors treat me with respect.	260	3.66	0.58

Source: Field survey

Table 4 shows the perception of respondents towards the employees’ recognition in their respective banks. Table shows that the majority (M=3.45) of respondents allowed and feels comfortable to share their ideas in their staff’s meetings. Table also depicts the respondents’ agreed (M=3.34) view that banks have considered respondents suggestions to solve the problems but it has found deviation (SD=1.22) on responses on

whether respondents represented their department in formal meetings or not where overall responses in this were near to neutral. Table displays that the majority (M=3.66) of respondents feel that they are respected by their seniors in the banks. Table describes that the majority of respondents feels that they are recognized by their banks besides that few respondents have felt that lack of opportunity to represent their departments in the formal meetings.

Table 5: Descriptive Statistics on Compensation Management

S.N.	Statements	N	Mean (M)	Std. Deviation (SD)
1.	I am satisfied with the salary of the bank.	260	3.78	0.79
2.	The bank has provided an insurance facility to me.	260	3.24	0.86
3.	I get timely bonus from the bank	260	3.55	0.67

4.	The retirement benefits of this bank are attractive.	260	3.47	0.92
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Source: Field survey

Table 5 shows the respondent’s perception towards compensation practices adopted by their respective banks. It shows that the majority (M=3.78) of respondents are satisfied with the salary provided by their banks. They also agreed (M=3.55) that their banks have provided timely bonus to them. The table depicts that respondents are agreed (M=3.24) views on insurance facilities provided by their banks. Table showing the majority (M=3.47)

of respondents are satisfied with retirement benefits provided by banks but deviation (SD=0.92) is seen in few responses. The findings of the table indicated that the majority of respondents are in favor of existing compensation management practices adopted by the Nepalese commercial banks in which few banks may have differences in compensation practice which is represented by standard deviation.

Table 6: Descriptive Statistics on Job Security

S.N.	Statements	N	Mean (M)	Std. Deviation (SD)
1.	Employees’ that perform modestly do not get fired.	260	3.43	0.77
2.	The bank has specified procedures to fire employees if any.	260	3.68	0.65
3.	I am assured with my job security at a certain level of my job performance.	260	3.84	0.69
4.	The bank is conscious of employees’ job security.	260	3.78	0.84

Source: Field survey

Table 6 shows the respondents’ perception on job security in their respective banks. Table described that the majority (M=3.68) of respondents’ shows their agreement that their banks have specific procedures to hire and fire the employees. Table

also shows agreed (3.84) of respondents’ that employees with some certain level of work performance have secured their jobs. Table indicated that Nepalese commercial banks are conscious towards the job security of their staffs.

Table 7: Descriptive Statistics on Employees’ Commitment

S.N.	Statements	N	Mean (M)	Std. Deviation (SD)
1.	I feel proud to tell others that I am part of this bank.	260	3.92	0.65
2.	This organization deserves my loyalty.	260	3.89	0.73
3.	I really feel this organization’s problems are my own.	260	3.53	0.82
4.	I would be happy to spend the rest of my career in this bank.	260	3.24	0.58

5.	I would not leave my organization right now because I have a sense of obligation to the people on it.	260	3.38	0.55
6.	I feel responsible to remain with my employer.	260	3.84	0.72

Source: Field survey

Table 7 shows the employees’ commitment towards their organization with use of various statements related to checking what the feelings of respondents are towards their respective banks. Table shows that the majority (3.92) of respondents feels being a member of their respective banks as a matter of pride. It also shows that most of (M=3.89) the respondents are loyal towards their banks. Table also displays that average (M=3.53 &

M=3.24) respondents feel that their banks’ problems are their own and they would be happy to spend their career in the same bank. Table also describes that the majority (M=3.84 & M=3.38) respondents feel that they have some sense of responsibility towards their banks and they would not leave their respective banks in existing situations.

Table 7: Correlation between HRM Practices and Employees’ Commitment

Variables	Employee Acquisition & Development	Employees’ Recognition	Compensation Management	Job security	Employees’ Commitment
Employee Acquisition & Development	1				
Employees’ Recognition	.26	1			
Compensation Management	.25	.38	1		
Job security	.32	.33	.35	1	
Employees’ Commitment	.43**	.53**	.66**	.57**	1

Source: Field survey

Note:

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

Table 7 shows Pearson’s correlation coefficients which indicated that there exists a positive relationship between dependent and independent variables. The highest positive correlation can be seen between compensation management and employees’ commitment (r=0.66). Similarly, it is also found positive association (r= 0.57 & r=0.53) of job security and employees’ recognition with employees’ commitment. However, it is found positive but comparatively lower correlation (r=.43) between employees’ acquisition & development with employees’ commitment. These results indicated that employees recruited with

proper procedures and timely organization of training and development programs makes them more competent and committed towards their banks. It also described the respect and recognizing the presence of employees in banks also associated with employees’ commitment. Similarly, tables also explain that secure nature of job and good monetary compensation in the job has highly correlated with their level employees’ commitments.

4. Discussion and Conclusion:

The empirical studies show that HRM practices have a critical positive connection with employees' commitment other than the nature of the association. Moreover, the principal motivation behind this investigation is to analyze the contribution of human resource management practices on workers' commitment in the sector of banking in Nepal. The investigation saw that the dominant part of male staff in banks are occupied in the credit department as compared to female staff. It found out that the dominant part of the respondents who were the banks' staff were happy with HRM practices i.e., employee procurement and advancement, authoritative culture and workers' acknowledgment, compensation management and Job security policy adopted by Nepalese commercial banks. The examination investigates that employee acquisition and development, organizational culture and employees' recognition, compensation management and Job security policy has positive association with employees' commitment in Nepalese commercial banks which is similar with the investigation of Al-Abadi (2018) indicating that HR management practices (staffing, preparing and advancement, remuneration, and performance appraisal) had a critical and constructive outcome on the employees' commitment of commercial Banks in Jordan. Similarly, Cherif (2020) found that human resource management practice correlated positively with job satisfaction and organizational commitment. Then again, employee occupation fulfillment was discovered to be positively connected with organizational commitment as well. In a similar line, Mizanur et al. (2013) found that there were positive connections among explicit human resource practices, job contentment and organizational commitment in the financial area of Bangladesh. This study finds that among the various factors of human resources management practices compensation management practices has strong connection with employees' commitment in Nepalese commercial banks. This investigation classifies human resource management practices as ground-breaking weapons to make employees more dedicated towards their working establishments through understanding the possibility, necessities and abilities of the workers.

Hence, the knowledge obtained through this research can be valuable to future academicians and concerned experts for their future studies in HRM practices. This examination will be important to banking organizations in giving a premise to re-surveying their HRM rehearsals according to the evolving circumstance, analysts and academicians. The executives of banks may use the findings of the study in updating their HRM practices. Similarly, academicians will also find the study useful in adding to the existing literature on human resource management practices. Hence, the study concludes that there is still a considerable area for further research and further improvements in the concerned areas. To be precise, the study has genuinely tried to assess and analyze the contribution of human resource management practices in employees' commitment in Nepalese commercial banks.

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