IMPACT OF COMPENSATION MANAGEMENT ON EMPLOYEE JOB SATISFACTION OF NEPALESE COMMERCIAL BANKS

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master's Degree

By

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "Impact of Compensation Management on Employee Job Satisfaction of Nepalese Commercial Banks". The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor it has been proposed and presented as part of requirements for any other academic purposes.

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

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RECOMMENDATION

This is to certify that the Dissertation

Submitted By

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IMPACT OF COMPENSATION MANAGEMENT ON EMPLOYEE JOB SATISFACTION OF NEPALESE COMMERCIAL BANKS

Has been prepared as approved by this department in the prescribed format of the faculty of management. This Dissertation is forward for examination.

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APPROVAL SHEET

This thesis entitled **IMPACT OF COMPENSATION MANAGEMENT ON EMPLOYEE JOB SATISFACTION OF NEPALESE COMMERCIAL BANKS** was Presented by Mr. Abishek Subedi to the faculty of management, Tribhuvan University, in partial requirements for the degree of MBS (Master of Business studies) has been found satisfactory in scope and quality. Therefore, we accept this theory as part of the degree.

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REPORT OF RESEARCH COMMITTEE

Mr. Abishek Subedi has Defined a research proposal entitled **IMPACT OF COMPENSATION MANAGEMENT ON EMPLOYEE JOB SATISFACTION OF NEPALESE COMMERCIAL BANKS** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per the suggestion and guidance of Supervisor Mr. Tej Raj Pokharel and submits the dissertation for evaluation and Viva-voce examination.

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ABSTRACT

The primary purpose of this research was to examine the relationship between compensation management and employee outcome in terms of salary, bonus, promotion and job security. A survey questionnaire measuring salary, bonus, promotion and job security was administered to 191 employees working in 27 commercial banks currently serving in Nepal. After analyzing all the data related to the study, the survey showed significant correlation between compensation management practices and employees job satisfaction. The findings of current study should matter to organizations in terms of their practices regarding compensation management practices to enhance the level of job satisfaction of their employees. Practical implications of the findings with room for further scholars are discussed.

ABBREVIATIONS

ANOVA	Analysis of variance
Avg	Average
Approx.	Approximate
B	Bonus
EJS	Employee Job Satisfaction
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
HRP	Human Resource Planning
JS	Job Security
P	Promotion
R	Recognition
S	Salary
SEE	Standard Error of the Estimate
SPSS	Statistical Package for the Social Sciences
Std. Dev.	Standard Deviation
TD	Training and Development

CHAPTER- I
INTRODUCTION

1.1 Background of the study

Today, every organization concentrates more in acquiring and retaining the most competent and contemporary work force which helps them to achieve success. Job **satisfaction is defined as the level of contentment employees feel with their job.** Job satisfaction is one of the most widely studied concepts in the organizational behavior field, as it has been identified as a key job attitude related to the quality of the working context in any organization. It has been linked to important organizational variables, such as productivity, absenteeism and turnover (Lo et al., 2009). Job satisfaction is an attitude towards one's own job. It simply indicates one's contentment with the job. Cranny et al. (1992) stated that job satisfaction is the degree to which one enjoys doing his/her job. Ali and Anwar (2021) explained that Human Resource Management is getting more important in the business nowadays, because people and their knowledge are the most important aspects affecting the productivity of the company. One of the main aspects of Human Resource Management is the measurement of employee satisfaction.

The happier people are within their job, the more satisfied they are said to be. Mottaz (1987) stated that job satisfaction is a pleasurable positive emotional state as a result of work appraisal from one's job experiences. Parvin and Kabir (2011) explained job satisfaction as how content an individual is with his or her job. In this competitive world, the success or failure of any organization depends on vibrant and dynamic human resource. There are many studies on employee job satisfaction, they are all related to the aspects of employee satisfaction level. According to Oshwiki (2019), there are many differences in the working conditions, salaries paid, and incentives being offered by an organization at different levels are different, the job satisfaction level also differs among them. Hence the study for the enhancement of job satisfaction level among the employees has been remarkable. Odunlade (2012) explained job satisfaction as a pleasurable emotional state resulting from the appraisal of one's job or an affective reaction to one's job. Rivai (2009) stated that satisfaction is an evaluation to describe a person for feeling happy or unhappy, or satisfied or dissatisfied in work. Moreover, Mowday et al. (1982) opined that job satisfaction is an affective outcome variable, or an attitude that refers to the dimensions of satisfaction, relating both the job situation and work experiences. Job satisfaction is a primary affective reaction of

individuals to various facets of the job and job experiences (Igbaria & Guimares, 1993). Similarly, Lease (1998) stated that job satisfaction as the extent of an employee's affection toward his job within the organization.

Rose (2001) explained job satisfaction as a bi-dimensional concept consisting of intrinsic and extrinsic satisfaction dimensions. Intrinsic sources of satisfaction depend on the individual characteristics of the person, such as the ability to use initiative, relations with supervisors, or the work that the person actually performs; these are symbolic or qualitative facets of the job. Extrinsic sources of satisfaction are situational and depend on the environment, such as pay, promotion, or job security; these are financial and other material rewards or advantages of a job. Both extrinsic and intrinsic job facets should be represented, as equally as possible, in a composite measure of overall job satisfaction.

Compensation plays vital role to motivate employee to increases the job performance (Ivanceikh & Glueck, 1989). Organization pay directly influences to employee voluntary turnover employee compare to their pay available in other organization (Henman and Schwab et al., 1987). People stay or leave the company more reasons they satisfied with their job promotional opportunity and work environment (Mitchall & Holton et al., 1993). Compensation is output and the benefit that employee receive in the form of pay, wages and also same rewards like monetary exchange for the employee's to increases the performance (Holt,1993).

Abdullah et al. (2016) examined a study on the relationship between financial compensation and organizational commitment among workers in the Malaysian banking industry. The study found that there is a significant relationship between financial compensation such as salaries, bonuses and merit pay and organizational commitment. Besides that, merit-based pay is identified as the dominant factor in influencing the organizational commitment among the bank workers in the study. There is a positive effect of salary and bonus on employee performance and job satisfaction (Darma & Supriyanto, 2017). Salisu et al. (2015) concluded that salary has a significant influence on job satisfaction of private sector workers in Nigeria. However, Pouliakas

Shrivastava and Purang (2009) revealed that public sector bank employees have greater job satisfaction from job security. Lou and Yousef (1997) found that there is a

significant positive correlation between satisfactions with job security. Noah and Steve (2012) showed work environment in an organization increases level of job satisfaction that ultimately leads to achievement of organization goals. According to Huselid (1997), the employee performance, work practices and firm performance are related with each other. Arinanye (2015) found that organizational culture and organizational communication positively affected the performance of employees at the organizations in Uganda in one way or the other.

In the context of Nepal, Bista (2016) revealed that job security, pay, promotion potentialities and relationship with supervisors and peers have stood as top most significant variables of influencing job satisfaction in our Nepalese context. The study also concluded that there is no significant relationship between gender and job satisfaction. The result showed that job rotation dimensions (training, job performance and work experience) are positively related with employee motivation and job involvement of employees. Moreover, higher the level of training, job performance and work experience, higher would be the employee motivation and job involvement (Adhikari, 2016). Neupane et al. (2017) indicated that promotion is the direct way that an organization attempts to reach its customers. It is performed through the five elements of promotion mix including advertising, sales promotion, personal selling, public relations and direct marketing. According to Singh and Shrestha (2011), pay, job interest, leadership, career growth, working environment, job responsibility etc. serve as stimulators for employee satisfaction. Gautam (2016) revealed positive but not significant impact of job satisfaction on organizational performance. According to Mehta (2014), there is strong and positive relationship between the different human resources practices and employee satisfaction of employee but performance appraisal and promotion are not significant to the job and employee satisfaction. Panta (2020) examined a study on employee job satisfaction in the banking sector in Nepal from thesis of degree programme, centria university of applied sciences and found that various factors like promotion and rewards, safety and security, training and development programmes, working environment have significant impact on the employee's job satisfaction.

1.2 Problem Statement

Job satisfaction due to compensation management has been around for over a century, very little is known about why understanding of employee's reactions towards the

compensation should matter to any organization. In particular, this investigation inquires in to commercial banks of Nepal to explore these relationships. Hence, the main purpose of the research is to examine the relationship between compensation management on employee's job satisfaction in terms of salary, bonus, and job security, promotion.

The organization of study in this context has a formal system of analyzing job satisfaction annually but lacks an understanding of how assessing compensation reactions towards the system, in this context compensation can crucially impact the job satisfaction. Therefore, this study sheds light on why and how job satisfaction of employees should matter to the organizations.

Nepalese compensation management plays an important role in employee job satisfaction which develops motivation, potential, commitment and loyal towards the organization. In Nepal, there is research gap about the importance of compensation management and its impact on organization and job satisfaction of its employees so to describe that gap we are finding the impact of compensation management on employee job satisfaction of Nepalese commercial banks.

Employee satisfaction is a key factor in the organization as it affects the performance of the overall organization. Various organizations are struggling with internal challenges that negatively affect employee performance through job satisfaction. One of the biggest factors influencing employee satisfaction is proper compensation management (Thao& Hwang, 2015). An organization needs to address internal compensation system to be able to maintain satisfied employee. Neves and Eisenberger (2012) found that proper compensation system helps to maintain satisfied employees in an organization.

Nazir et al. (2015) found that financial rewards cause positive job satisfaction on employees and boosted their commitment and increased the output of the organization. However, a high level of employee dissatisfaction was recorded in employee compensation, the amount of work they perform and the amount of responsibilities they accept. Jehanzeb et al. (2012) indicated that motivation is positively related to the job satisfaction and rewards have a positive significant effect on job satisfaction. Njanja et al. (2013) found that cash bonus has no effect on employee performance. A

performance appraisal system is totally ineffective in practice due to the lack of approval from the end users (Roberts & Milgrom, 1990).

Springer (2011) revealed that there is no significant relationship of gender, salary, and stress with job performance for which managerial strategies should be applied to increase job motivation and job satisfaction. Deckop (1992) stated that employees' behavioral response to pay satisfaction or dissatisfaction are affected by the individual's emphasis on organizational pay satisfaction vs. career pay satisfaction. Hovekamp (1995) revealed that union presence had a significant negative relation to overall job satisfaction.

The above discussion shows that empirical evidences are not consistent. Therefore, in order to support one view or the other, there is a need to conduct this study. Hence, this study deals with the following issues in the context of compensation management on employee job satisfaction:

i. What is the current situation of compensation management and employee job satisfaction in Nepalese Commercial Banks?
ii. In what ways do compensation management affect employee job satisfaction in Nepalese Commercial Banks?
iii. Which of the factors of compensation management play an important role in employee job satisfaction?

1.3 Objectives of the study

The major objective of this study is to examine the impact of compensation management on employee job satisfaction in Nepalese commercial banks. The other specific objective of the study is mentioned follows:

i. To identify the current situation of compensation management and employee job satisfaction in Nepalese Commercial Banks.
ii. To examine the effect of compensation management on employee job satisfaction in Nepalese Commercial Banks.
iii. To analyze the most important factors of compensation management for employee job satisfaction in Nepalese Commercial Banks.

1.4 Hypotheses

The following research hypotheses are to be tested for examining the relationship between the variables using alternative hypothesis and if the alternatives hypothesis is rejected the null hypothesis will be denoted by the no significant relationship between variables.

H_1: Salary has a positive relationship with employee job satisfaction.
H_2: Bonus has a positive relationship with employee job satisfaction.
H_3: Promotion has a positive relationship with employee job satisfaction.
H_4: Job security has a positive relationship with employee job satisfaction.

1.5 Rationale of the study

Job compensation represents by far the most important and contentious element in the employment relationship, and is of equal interest to the employer and employee. To the employer because it represents a significant part of his costs, it is increasingly important to his employees' performance and to competitiveness, and affects his ability to recruit and retain a quality labor force.

The results of this study would go a long way to create awareness about the weaknesses in the implementation of this system and the suggested way forward. It is thereby hoped that this study will contribute constructively towards increasing organizations as well as the employees understanding and acceptance of the impact of compensation systems on individual performance and therefore the corporate performance in commercial banks.

The findings and recommendations of this study will provide a solid basis for banks to properly manage their compensation system and serve as an opportunity for the selected banks to improve performance with existing

workforce. The study is also to add to the knowledge of compensation management in the Nepalese corporate world and serve as reference for future studies.

1.6 Limitations of the study

For the completion of the study, some facts are to be considered as limitation of this study which are:

i. This study was totally based on the primary sources of data. Therefore, reliability might effect by the respondents' intention.
ii. Due to time, resource factor and current pandemic, only one sector was taken into consideration.
iii. The survey was conducted with the respondents of Kathmandu valley only.
iv. The data was gathered by using a questionnaire. A series of interview was carried out to verify the information. However, it was not undertaken in this study.

CHAPTER -II
LITERATURE REVIEW

A literature review is a critical analysis of a segment of published body of summary, classification and comparison of prior research, review of literature and theoretical articles. Literature found in terms of popular write-ups reports, studied, articles were reviewed. It is a way to discover what other research in the area of related problem has uncovered.

2.1 Introduction

This chapter provides conceptual framework of the study and deals with the review of empirical studies. The literature comprised in this chapter includes existing theoretical and conceptual knowledge related to impact of compensation management on employee job satisfaction in particular. Many studies have been conducted on the impact of compensation management on employee job satisfaction but the findings vary to a large extent. There are reviews and overviews of several literatures that describe impact of compensation management under different sub variables under employee job satisfaction.

2.2 Theoretical Review

A theoretical review is a critical analysis of a segment of a published body of knowledge through summary, classification and comparison of prior research, review of literature and theoretical articles. The literatures found in terms of popular write-ups, reports, studies/articles were reviewed. Studies which in fact demonstrate the relationship between compensation management and employee job satisfaction. A literature review is the concise overview of what have been studies, argued and established about the topic. It also entails about the major findings as well as reviewing the tools and techniques used by the previous studies.

2.2.1 Dependent Variable

Job satisfaction was showed as dependent variable of the study. This variable is adapted from the measurement instrument developed by Monga et al. (2015) where 20 items were rated on 5-point Likert response scale, ranging from 1) `strongly disagree` to 5) `strongly agree`. The 20 items included aspects of overall compensation variables. Sample items were " I feel my organization is paying me fair amount for the work I do." and I am satisfied as banks are providing good compensation package as

compared to other institutions' and so on. The responses to the items has been code such that high score will denote higher degree of satisfaction with compensation management.

2.2.2 Independent Variables

The very first independent variable in this study was salary. Measure of salary consist of 5 items that were rated in a 1 to 5 rating scale, ranging from 1) ' strongly disagree' to 5) 'strongly agree' based on the work of Sowmya and Panchanatham (2011). Sample item of salary includes, " I am satisfied with the salary provided by the bank " and ‘' Job satisfied with the salary that the banks offer" High score will indicate higher work performance among employee.

The second independent variable in the study was bonus. Measure of bonus consist of 5 items that were rated in a 5-point rating scale ranging from 1) 'strongly disagree' to 5) ' strongly agree'. This measure is extracted from the previous work of Sturman and Short (2000). Sample items of Bonus are, ‘Bonus in our bank is provided according to organizational profitability.' and " A performance incentive bonus scheme helps me to focus more on work’. The responses to the items were coded such that high scores reflect higher satisfaction due to bonus.

The third independent variable in the study was promotion. Measure of promotion consist of 5 items that were rated in a 5-point rating scale ranging from 1) 'strongly disagree' to 5) ' strongly agree'. This measure is extracted from the previous work of St
Khan et al. (2010). Sample items of Promotion are, ‘Regular promotion ensures me that I can attain my career objectives well in time' and " Every employee has opportunity to get promotion. The responses to the items were coded such that high scores reflect higher satisfaction due to promotion.

The final independent variable in the study was job security. Measure of job security consist of 5 items that were rated in a 5-point rating scale ranging from 1) 'strongly disagree' to 5) ' strongly agree'. This measure is extracted from the previous work of Lou and Yousef (1997). Sample items of job security are, ‘I will be able to keep my present job as long as I wish.' and " Regardless of economic conditions, I will have a job at my current company’. The responses to the items were coded such that high scores reflect higher satisfaction due to job security.

Salary

Salary is a fixed amount paid to workers for the service or work done (monthly salary, yearly salary and promotional salary increase) to white-collar workers, administrative, professional and executive employees (White and Drucker, 2000). Sowmya and Panchanatham (2011) stated that salary is one of the indispensable factor to decide the satisfaction level of the employees. Darma and Supriyanto (2017) found that there is a positive effect of salary on employee performance and job satisfaction. Likewise, Salisu et al. (2015) concluded that salary has a significant influence on job satisfaction of private sector workers in Nigeria. Similarly, Muguongo et al. (2015) found that the basic pay affects job satisfaction to a great extent.

Bonus

Milkovich and Newman (1999) stated that bonus is a part of an individual's compensation that is not guaranteed, and are usually paid in recognition of some goal achievement. Darma and Supriyanto (2017) revealed that there is a positive association between bonus and job satisfaction. However, Sturman and Short (2000) concluded that bonus payment constitutes an additional dimension of job satisfaction that fits into the framework of the PSQ. Likewise, Mikulić et al. (2013) found that bonus has positive relationship with job satisfaction and organizational commitment.

Promotion

Lazear (1986) stated that the movement of an employee upward in the hierarchy of the organization leads to enhancement of responsibility, rank and an improved compensation package is a promotion. Neog and Barua (2014) stated that promotion is

one of the very important factors for determining employee’s job satisfaction. Rai (2012) found that there is a positive correlation between job satisfaction and promotional opportunities are positively correlated. Khan et al. (2010) concluded that promotion has a positive relationship with job satisfaction. Anik et al. (2013) concluded that promotion is positively correlated with increase employee satisfaction and team performance.

Job security

Meltz et al. (1989) defined job security broadly as individual remains employed with the same organization with no diminution of seniority, pay, pension rights, etc. Cheema et al. (2013) found that there is a positive significant relationship between job security and employee job satisfaction. Shrivastava and Purang (2009) concluded that public sector bank employees has greater job satisfaction from job security. Lou and Yousef (1997) concluded that there is a significant positive correlation between satisfactions with job security. Raziq and Maulabakhsh (2015) concluded that top management has significant positive relation with job security and job satisfaction. Koustelios et al. (2003) showed statistically significant positive correlation between job security and job satisfaction.

2.3 Empirical Review

The literature review has been organized as under:

i. Review of major literature
ii. Review of recent studies
iii. Review of Nepalese studies

2.3.1 Review of major literature

The Table 2.1 shows the summary of major literature regarding the impact of compensation management on employee job satisfaction in commercial banks.

Table 2.1

Review of major literature

Studies	Major finding
Agyapong et al. (2013)	There is positive relationship of reward and compensations, work life balance, good image and safe working environment, organizational justice, job security with employee retention.
Khan et al. (2013)	Extrinsic rewards were found to be significantly and positively correlated with employees' performance.
Cheema et al. (2013)	Career advancement, effective communication channels and job security has positively significant relation with job satisfaction.
Saleem et al. (2012)	Job environment, expectation from job and employee Motivation at work place affect job satisfaction of bankers.
Apeyusi (2012)	There is a positive relationship between reward and corporate performance.
Aktar et al. (2012)	There is a statistical significant relationship between reward and employee work performance.

Aamir et al. (2012)	Reward management has an intense direct positive relationship with employee motivation level.
Kosteas (2011)	Promotions can serve as an important mechanism for employers to keep their workers happy and to reduce turnover.
Naveed et al.	Promotion has a modest and positive effect on job satisfaction
(2011)	
Safwan (2011)	Retaining employees and compensations are positively correlated with each other.
Ghazanfar et al. (2011)	Compensation has a positive and significant effect on work motivation.
Ahmed et al. (2010)	Salary, promotion and training positively are the most important factors contributing to job satisfaction.
Nazrul et al. (2009)	Salary, efficiency in work, fringe supervision, and co-worker relation are the most important factors contributing to job satisfaction.
Cropanzano et al. (2007)	Psychological factors had direct impact on the employee performance of an organization.
Hayward (2005)	Leadership and emotional intelligence like training and development, employee motivation, career development program are the predictor of employee performance.
Roberts (2005)	There is a positive relationship between rewards, recognition and motivation.
Loveman (1998)	Employee motivation, training and development, career development program performance appraisal, working environment and compensation and direct relation and positive impact on the employee performance of an organization.
Wheeless et al.(1990)	Job satisfaction was most strongly and positively related to communication satisfaction with supervisor and supervisor's receptivity to information.

Agyapong et al. (2013) studied factors influencing the retention of customers of Ghana Commercial Bank. The study was based on primary data. The study adopted convenience sampling because of confidentiality and the busy nature of employees who work in banks to obtain the one hundred and six (106) employees for the study. Structured questionnaire was used for data collection and a census study has been done. Descriptive statistics-based frequency tables and graphs were used in the study to provide information on demographic variables. The results are investigated in terms of descriptive statistics followed by inferential statistics on the variables. The study found that there is positive relationship between reward and compensations, work life balance, good image and safe working environment, organizational justice, job security, to employee retention.

Khan et al. (2013) analyzed the influence of intrinsic and extrinsic rewards on employee performance. The study aimed to investigate different factors determining intrinsic and extrinsic rewards in the light of Herzberg’s two factor theory and their

impact on banking employees' job satisfaction. The study was based on primary data. Data were collected through short form of the Minnesota satisfaction questionnaire (MSQ) with the sample of 165 employees. Software that has been used for data analysis is SPSS v. 16.0. Both descriptive and inferential statistics were used to analyze the data. Pearson correlation coefficients were computed to find the relationship among variables. The study found that the intrinsic rewards were significantly and positively correlated to employees' performance such as security, ability utilization, social service, variety, moral values, activity, and authority. On the other hand, the extrinsic rewards that were found to be significantly and positively correlated to employees' performance were recognition, supervision-human relations, and advancement. The study also found that equal implementation of HR policies on rewarding employees for enhancing their level of satisfaction at work should be ensured.

Cheema et al. (2013) examined the impact of non-monetary rewards on employees' motivation. The study was conducted to measure the impact of non-monetary rewards on employees‟ motivation in different banks in Karachi, Pakistan. The study was based on primary data. The study follows a quantitative approach to achieve the objectives of this study, which is descriptive in nature. There are five independent variables taken for this study: training, recognition for performance, opportunities for career advancement, effective communication channels and job security to identify their impact over employees' job related motivation. A standardized and well-structured questionnaire was used to gauge the responses on a five-point scale. Questionnaire was sent to 550 respondents through e-mail and in printed form. Data were analyzed using Statistical Package for the Social Sciences (SPSS). The descriptive statistics were calculated and graphical illustrations were used to provide information on key demographic variables. The study confirmed the existence of positive significant relationship between three of the five non-monetary rewards. The two independent variables i.e., training and performance recognition have not been found significant.

Saleem et al. (2012) examined the factors affecting job satisfaction of Pakistani bankers. Pakistani banking sector has emerged as key contributor to the economy in service sector since last decade, which may not be possible without extraordinary performance of the satisfied employees. Thus, the main objective of the paper is to

find out factors affecting satisfaction level of bankers and identify reasons of such substantial growth of banking sector in Pakistan. The study was based on primary data. Consequently, the study also measures the effects of motivation, environment and expectation from job in banking industry which are subsets of commitment to the job satisfaction. Questionnaire was used for data collection to quantify the variables of interest. Target population consists of the cashier, officers and managers of banks in Lahore. 200 questionnaires were sent through mails and emails out of which 103 were returned with 51 % response rate. Data is collected from banks located at Lahore Pakistan. Overall result concludes that job environment, Expectation from job and employee motivation at work place affect job satisfaction of banker.

Apeyusi (2012) investigated on the impact of reward systems on corporate performance aimed at providing an objective view of organizations reward systems and its impact on corporate performance of Ghana Commercial Bank Ltd. The study was based on primary data. (The study gathered data from two main sources namely secondary and primary sources. Simple random sampling technique was employed in selecting 200 out of the total of 900 employees. The two main techniques employed in gathering the primary data were questionnaire survey and interviews. Secondary data sources were financial statements, collective bargaining agreements, and senior staff conditions of service, newspapers and manuals on the subject matter which gave the researcher information about the performance of GCB. Microsoft excel was employed analyzing the data where findings were presented in bar graphs. The study concluded that there was a positive relationship between reward and corporate performance. The study also found that majority of respondents indicated that reward stimulates them to work harder and they are prepared to work harder if they are given more incentives or paid more. A major problem encountered by the study during the data collection process was the reluctance of respondents to answer the questionnaire.

Aktar et al. (2012) investigated the impact of rewards on employee performance in commercial banks of Bangladesh. Both primary and secondary data are used for the study. Primary data collected through the questionnaire which was designed on the basis of objectives and hypotheses. A total of 200 questionnaires were distributed to employees of the commercial banks and a total of 180 employees were randomly selected from 12 listed commercial banks in Bangladesh which comprised of 2 government commercial banks and 10 non- government commercial banks.

Descriptive statistics based frequency tables and graphs were used in the study to provide information on demographic variables. The results are investigated in terms of descriptive statistics followed by inferential statistics on the variables. Descriptive and Pearson correlation analysis were used for data analysis. A well-known statistical package SPSS (Statistical Package for Social Sciences) version16.0 was used in order to analyze the data. The results indicated that there is a statistical significant relationship between all of the independent variables with dependent variable, i.e., employee work performance. All the independent variables also have a positive influence on employee work performance.

Aamir et al. (2012) conducted a study on the compensation methods and employee' motivation. The study was based on primary data. Primary and secondary method of data collection is used to collect data. Primary data are collected through interviews from 80 employees whereas secondary data are collected from annual reports etc. The interview responses were analyzed using Likert technique. Pearson correlation coefficients were calculated to find the relationship between the extrinsic and intrinsic factors and employees' motivation. The study showed that the employees were motivated both by extrinsic and intrinsic rewards. However, the study also shows that extrinsic factors were more important than intrinsic factors. The study also found that the reward management has an intense direct positive relationship with employee motivation level.

Khawaja et al. (2012) examined the impact of rewards and motivation on job satisfaction in banking sector of Saudi Arabia. The major objective of the study was to examine the satisfaction factors for employees. The study used both primary and secondary data. Primary data was collected by structured questionnaire and secondary data was collected by journals, past reports, annual reports etc. The collected data were processed by using various tools like bar diagram, pie chart, regression etc. The study concluded that concluded that degree of rewards, motivation and job satisfaction of employees has a strong relationship in the banking sector of Saudi Arabia further it has been found that employees in banking sector give more importance to economic or financial rewards.

Kosteas (2011) examined the impact of promotions and promotion expectations on job satisfaction using the 1996-2006 waves of the NLSY79 dataset. Thus, the effect of promotion receipt on job satisfaction is independent from any accompanying wage

increase. The study was based on primary data. This finding indicated that employers may be able to use promotions as another mechanism to raise worker satisfaction. Workers who believe a promotion is possible in the next two years also report higher job satisfaction. Furthermore, the effect of promotion receipt and promotion expectations does not depend on whether the respondent believed a promotion was possible over the past two years. The findings suggested that the effect of promotions on job satisfaction does not depend on fulfilling the worker's expectations.

Naveed et al. (2011) examined whether promotion can predict job satisfaction or not in employees of glass industry in Lahore (Pakistan). A Likert–type questionnaire is designed to find the predictability of job satisfaction due to promotion. The study was based on primary data. The proportionate stratified random sampling is used due to the presence of significant difference in the sizes of the sampled companies. Four glass companies are selected on proportionate stratified random basis. The population for the study is all the employees working in glass industry in Lahore and there are approximately 1500 employees. A total 200 questionnaires were administered through human resource managers, out of which 156 filled in questionnaires are received back and then the data is analyzed. This is followed by an analysis using the SPSS 17 software to find the prediction of promotion for job satisfaction. The study showed that promotion had modest and positive effect on job satisfaction. This explains that elements like length of service, ability and skills which are the determinants of promotion has moderate effect on enhancing the job satisfaction level of employees. The employees look forward to management to be supportive in climbing up their professional ladder.

Safwan (2011) assessed the employee retention relationship to training and development: A compensation perspective. The study was based on primary data. Descriptive method was used for this study. The numbers of respondents in our study are 330. For analysis we used the structural equation modeling technique with the use of AMOS 18.0. In this study, we used compensation as the mediating variable between the training and retention of employees. The study concluded that retaining employee's long term, after their training and development has been completed, without increasing their compensations is not as favorable as when compensation is increased to reflect the completion ability to apply their field related skills and capabilities.

Ahmed et al. (2010) investigated the effects of motivational factors on employee's job satisfaction a case study of University of the Punjab, Pakistan. The study was based on primary data. The primary data were collected from employees inside Punjab through questionnaire method. Only a total of 170 employees were taken as sample. The salary, promotion and training were taken as independent variable and descriptive and regression was used to test the relationship among variables. The result showed that salary, promotion and training positively and significantly influence the job satisfaction.

Shoaib and Bashir (2009) analyzed the determinants of employee retention in telecom sector of Pakistan the purpose of the study was the past few years have been the most threatening period for the Telecom sector of Pakistan in retaining their employees. This research has been conducted to study the impact of career development opportunities, supervisor support, working environment, rewards and work-life policies on employee retention in Telecom sector of Pakistan. The study was based on primary data. The data collected through questionnaire from 130 respondents was used to test the proposed hypothesis. For doing the data analysis, Statistical Package for Social Sciences (SPSS) 14 was used. The result reveals the positive relationship of career development opportunities, supervisor support, working environment, rewards and work-life policies with employee retention. More over the sample was also limited as the only focus was on the Middle and Upper level of management. The accuracy of the results may be influenced by biases. The study is exclusive of any intervening or moderating variables. The study that the independent variables which are career opportunities, supervisor support, working environment, rewards and work-life policies have a direct and positive impact on the dependent variable that is employee retention which means the enhancement of one independent variable causes the enhancement in the employee retention which is the dependent variable. The participants may be lower than expected, which may interfere with their willingness to participate.

Nazrul et al. (2009) assessed job satisfaction of government and NGO employees of Dhaka City. The major objective of the study was to find the major factors determining the job satisfaction of employees related to government and NGO offices like private banks. The study was based on primary data and questionnaire method was used to collect the data. A total of 160 employees were taken from different

offices and data were processed by using different charts, graphs, and regression method. The result showed that salary, efficiency in work, fringe supervision, and co-worker relation are the most important factors contributing to job satisfaction. Private bank officers have higher levels of job satisfaction than those from public sectors as they enjoy better facilities and supportive work environment. Sex and age differences have relatively lower level of impact on it.

Cropanzano et al. (2007) examined the happy-productive worker hypothesis correlating job satisfaction to performance. The main purpose of the study is to examine to identify the relationship between job satisfaction and employee performance. The study was based on primary data. The study was done by taking the sample of 47 human services workers. Additionally, this research has expanded area of research by the inclusion one major variable i.e., psychological well-being of employees in the workplace. However, no field research has provided a comparative test of the relative contribution of job satisfaction and psychological well-being as predictors of employee performance. The study concluded that if provided an opportunity to simultaneously examine the relative contribution of psychological well-being and job satisfaction to job performance the result will be positive which means that psychological factors directly impact the employee performance of an organization. The findings concluded that the happyproductive worker positively impacts the performance of the organization.

Hayward (2005) investigated the relationship of employee performance and leadership with emotional intelligence in a South African parastatal. The study was based on primary data. The literature provided discusses the two variables of performance, leadership and emotional intelligence. Information was gathered, using three instruments, from a sample of 160 leaders and 800 raters. The Multifactor Leadership Questionnaire was used to determine leadership style within the parastatal, while the Emotional Competency Profiler was used to determine the emotional intelligence of the leaders within the parastatal. Employee performance was captured and recorded using the parastatal's performance appraisal process. Leadership and emotional intelligence were identified as the independent variables and employee performance as the dependent variable. Data obtained from each of the research instruments was then statistically analyzed. Linear regression analysis method was used to determine the factors influencing the employee performance in an organization. The study concluded that there is a significant relationship between employee performance and

an emotionally intelligent, transactional leader. However, no significant linear relationship was found between employee performance and an emotionally intelligent, transformational leader. Simple correlation analysis showed that there is a relatively weak significant linear relationship between emotional intelligence and transactional leadership. Moreover, it was found that there is a very strong significant linear relationship between emotional intelligence and transformational leadership. The study also determined different factors which added a new dimension to employee performance, leadership and emotional intelligence like training and development, employee motivation, career development program.

Roberts (2005) assessed the relationship between rewards, recognition and motivation at an Insurance Company in the Western Cape. The objective of this study was to investigate the role that reward and recognition plays in motivating employees. Primary data was collected from 184 employees) consists of male and female employees. Quantitative methodology was followed and a questionnaire was used as the measuring instrument. The study was based on primary data. The results of the study indicated that there is a positive relationship between rewards, recognition and motivation. The results also revealed that women, and employees from non-white racial backgrounds experienced lower levels of rewards, recognition and motivation. The study also indicated that there were differences in motivation levels on the basis of reward and recognition amongst differently aged respondents.

Harris (1999) explored managerial perceptions of the effectiveness and fairness of individual performance related pay schemes. The study was based on primary data. It draws upon findings from a two part study of middle managers' interpretation and application of performance related pay processes in a variety of organizational contexts. The study found that the importance of managerial values and beliefs about rewarding individual contribution has been an overlooked. The study concluded that the design and application of individual performance related pay schemes (IPRP) are underestimated despite the significance of the manager’s role in their organizational effectiveness.

Loveman (1998) investigated the linkage between employee satisfaction and loyalty, customer satisfaction and loyalty, and financial performance. The study was based on primary data. Although widely used by practitioners, the service profit chain's series of hypothesized relationships between employee, customer, and financial outcomes

has not been rigorously tested. Panel data from the branches of a large regional bank are used to test individually each of the service profit chain's constituent hypotheses. The result showed the model, where human resource practices determining factors like employee motivation, training and development, career development program performance appraisal, working environment and compensation have positive impact on the employee performance of an organization.

Wheeless et al. (1990) investigated the study on 'An analysis of the contribution of participative decision making and communication with supervisor as predictors of job satisfaction' where the study examined the relationship of (1) perceived participation in decision making, (2) communication with supervisor, (3) employee characteristics, and (4) employee job satisfaction. The study was based on primary data. Classified the employees in 3 administrative units at a comprehensive eastern university in the United States served as subjects. Information of canonical correlation and t-ratio demonstrated that job satisfaction is strongly and positively related to communication satisfaction with supervisor and supervisor's receptivity to information. The study demonstrated that job satisfaction was most strongly and positively related to communication satisfaction with supervisor and supervisor's receptivity to information.

2.3.2 Review of recent literature

The review of recent literature on the impact of compensation management on employee job satisfaction is shown in Table 2.2.

Table 2.2

Review of recent literature

Study	Findings
Ali and Anwar (2021)	One of the biggest strength of the organization is the relationship and communication between the employees and the managers
Abbas et al. (2017)	Working environmental factors do have an impact on employee performance.
Shah et al. (2017)	Motivation factor strongly determines employee performance.
Achieng et al. (2016)	There is a positive relation between training and development, compensation plans, working environment and leadership styles to employee retention.
Abdullah et al. (2016)	There is a significant relationship between financial compensation such as salaries, bonuses and merit pay and organizational commitment.

Masum et al. (2015)	Compensation package, supervisory support, job security, training and development opportunities, team cohesion, career growth, working conditions, and organizational culture and policies are positively associated with the academics' job satisfaction. Amongst them, three factors stood out as significant contributors for job satisfaction of academics i.e. compensation package, job security and working conditions.
Hwang et al. (2015)	Leadership, motivation and training have direct effects on employee performance.
Njambi et al. (2015)	Rewards, job design and training and development opportunity positively influence the employee performance.
Hoque et al. (2015)	Compensation system has a significant positive effect on employee performance.
Anwar et al. (2015)	Compensation has significant positive effect on employee performance through motivation and job satisfaction.
Muguongo et al. (2015)	Basic pay, allowances and work environment affects job satisfaction to a great extent.
Ihedinmah et al. (2015)	There is a positive relationship between rewards and employee performance.
Khan et al. (2015)	Organizational culture, communication and team work, incentive, job involvement and motivation ultimately upgrade not only the efficiency of employees but also of the organization.
Monga et al. (2015)	Salary, interpersonal relationships, communication, attitude of superiors, working conditions and team work are more significant in determining job satisfaction of employees.
Melián et al. (2015).	Overall satisfaction and satisfaction with senior leadership, compensation, and work-life balance, respectively impact firm performance
Bojadjiev et al. (2015)	Recognition is a significant predictor of job satisfaction among public administration employees, followed by opportunities for professional advancement and work itself.
Muda et al. (2014)	Employees' performance is explained by job stress, motivation and communication factors, while the remaining 31.7 percent are linked with other factors.
Nguyen et al. (2014)	Teamwork, working relationship with management, and working conditions are positively related to employee commitment and job satisfaction.
Osibanjo et al. (2014)	There is a strong relationship between compensation packages and employees' performance and retention.
Ogunnaike (2014)	The study showed that a well-motivated salesperson is expected to be satisfied their job.
Muogbo (2013)	There is a positive relationship between extrinsic motivation and the satisfaction of employees while no relationship between intrinsic motivation and employee's satisfaction. The results also revealed that extrinsic motivation given to workers in an organization has a significant influence on the worker's job satisfaction.
Commeiras et al. (2013)	Training motivated them to achieve the common goal of organizations as it teaches employees how to work and enhance their skills.
Yaseen et al. (2013)	Workplace environment, organizational structure, knowledge, skills, reward, and attitude are positively related to job satisfactions.

Tessema et al. (2013)	Employee recognition, pay, and benefits were found to have a significant impact on job satisfaction.
Khawaja et al. (2012)	Degree of rewards, motivation and job satisfaction of employees has a strong relationship in the banking sector.
Hamed et al. (2011)	Pay, promotion, job safety and security, working conditions, job autonomy, relationship with co-workers, and relationship with supervisor and nature of work; affect the job satisfaction and performance.

Ali and Anwar (2021) studied the Motivation and Its Influence Job Satisfaction. The study was based upon primary sources of data and variables used in the study were Motivation, Reward, Incentive, Recognition and Job Satisfaction. The aim of the study was to analyze the level of employee satisfaction and work motivation. It also dealt with the effect the culture has on employee satisfaction. The theoretical framework of the study included such concepts as, job satisfaction, motivation, and rewards differences. Human Resource Management is getting more important in the business nowadays, because people and their knowledge are the most important aspects affecting the productivity of the company. One of the main aspects of Human Resource Management is the measurement of employee satisfaction. Companies have to make sure that employee satisfaction is high among the workers, which is a precondition for increasing productivity, responsiveness, quality, and recognition service. One of the biggest strength of the organization is the relationship and communication between the employees and the managers.

Abbas et al. (2017) measured the impact of working environment factors on performance of employees working in Greenwich University (GU). The study was based on primary data. The study variables included leadership, organizational culture, training and development, rewards and incentives and stress. The sample size of the study is 50 current employees. The hypothesis was tested by using Multiple Regression Analysis which is in SPSS software. The study observed that the environmental factors do have an impact on employee performance. The study also found Leadership, training and development, and stress had significant impact on the employee performance.

Shah et al. (2017) examined the factors for employee performance in Islamic Banks. Based on the literature argued, the essential factors that persuade the employees' performance are job stress, motivation and communication. The study was based on primary data. Applying the quantitative technique, the population of this research was 60 respondents. The primary data collected in the questionnaires form with a Likert

scale were analyzed through method of multiple regressions. The findings disclosed that the employees' performance is affected by motivation, communication and job stress factors. Furthermore, the F-test showed that the job stress, motivation and communication variables at the same time influence employees' performance. However, the study also showed that both job stress and communication variables have no consequence on the employees' performance, while the motivation variable has a partial effect on employee performance. The study concluded that motivation factor strongly determines employee performance in Employee of Islamic banks which means that motivated young employees perform better than their elder counterparts.

Achieng et al. (2016) examined the factors affecting employee retention in the Hotel Industry in Mombasa County. The hotel industry has experienced problems with retaining their employees over a period of time in the recent years. This study sought to analyses some of the factors that affect employee retention in the hotels in Mombasa County. The study was based on primary data. The general objective was to determine the factors affecting employee retention in the hotel industry in Mombasa County. It specifically sought to establish how staff training and development, compensation plans, work environment and leadership style affected employee retention in the hotel industry in Mombasa County. The study adopted descriptive research design. The target population of the study was hotels in Mombasa County registered with the Kenya Association of Hotel Keepers (KAHC) which is the main association for the hotels in the country. The sample size was 55 obtained through stratified sampling. Data was analyzed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS) Version 22.0. Correlation facilitated drawing of inferences on relationship between each of the independent variables (staff training and development compensation plans, work environment and leadership styles) and the dependent variable (employee retention). Multiple regression enabled assessment of the effect of the independent variables on employee retention as a whole. The survey, most of the respondents agreed with the opinion that employee retention level is higher when workers are well trained to be multi- skilled within the organizations. Further the results showed that compensation plans are designed to increase in value over time hence employees will stay longer with expectations of good compensation plans in place in an organization. According to the findings, it was clear that there is a positive correlation between training and

development, compensation plans, working environment and leadership styles to employee retention in the hotel industry in Mombasa County. This indicated that the independent variable and dependent variable move in the same direction, that is, as one increase the other one also increases.

Masum et al. (2015) examined the association of the job satisfaction of academics is related to a number of variables of complex function such as demographic characters, the work itself, pay, work responsibilities, variety of tasks, promotional opportunities, relationship with co-workers and others. Academics may be simultaneously satisfied with some facets of the job and dissatisfied with others. The study was based on primary data. The main objective of paper is to identify the influential factors that contribute to the enhancement or reduction of academics' job satisfaction among private universities in Bangladesh with special reference to Dhaka, the capital city of Bangladesh. A total of 346 respondents are considered from ten private universities using non-probability sampling. A pre-tested and closed-ended questionnaire using a seven-point Likert scale is used for data collection. Descriptive statistics, Pearson product moment correlation, multiple regression, and factor analysis are exercised as statistical tools. A conceptual model of job satisfaction is developed and applied for academics' job satisfaction. The results revealed that compensation package, supervisory support, job security, training and development opportunities, team cohesion, career growth, working conditions, and organizational culture and policies are positively associated with the academics' job satisfaction. Amongst them, three factors stood out as significant contributors for job satisfaction of academics i.e., compensation package, job security, and working conditions. The study will be useful for university management in improving overall job satisfaction as it suggested some strategies for employee satisfaction practices.

Hwang et al. (2015) identified the factors affecting the effectiveness of the job performance of the employees working at Petro Vietnam Engineering Consultancy J.S.C. The study was based on primary data. The study variables included leadership, organizational culture, working environment, motivation and training. The study is based on a sample of 650 employees. Data were collected through administered questionnaire method. The study will be analyzed by applying multiple regression analysis using SPSS software. The results of the study revealed that independent

factors like leadership, motivation and training have direct effects toward employee performance at the case company.

Njambi et al. (2015) determined the factors perceived to influence employees' performance at Independent Electoral and Boundaries Commission. The study was based on primary data. The research design adopted was descriptive research design. The population of the study comprised of all the 175 employees in the commission head office. The study used primary data that was collected through self-administered questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) software and presented using tables and figures. The study found that the employees of the commission perceived their performance to be influenced by rewards, job design and training and development opportunity. The study also found that the management style hindered performance of employees. The study concluded that the wages and salaries paid, retirement benefit scheme, job security, performance appraisals have influence on employee's performance and satisfaction.

Hoque et al. (2015) examined the role of employee engagement on compensation system and employee performance relationship among telecommunication service providers in Bangladesh. The primary source of data was used for study purpose. The variables used for the study were selection, training and development, performance appraisal, promotion, job design, security, and satisfaction, compensation system, employee commitment, personality, emotional intelligence and organizational Hence, to do so, survey was conducted as well as perceptions of 200 employees working in telecommunication service providers in Bangladesh were obtained to analyze the relationships. The data is analyzed and hypotheses were tested by using IBM-SPSSAMOS package 25.0. The study found that employee engagement partially mediates the relationship between compensation system and employee performance by the data of this study. This research indorsed that there is a candid need to implement better compensation system by the entrepreneurs which will ensure better employee performance in line with consistent growth of firms as well as Bangladeshi GDP.

Muguongo et al. (2015) examined the effects of compensation on job satisfaction among secondary school teachers in Maara Sub - County of Tharaka Nithi County, Kenya. The objectives of the study were to determine the effects of both financial and nonfinancial compensation on job satisfaction. The study employed a descriptive

survey research design. Stratified random sampling was used to select a sample size of 214 teachers drawn from the target population of 474. Responses were collected through administration of questionnaire. The validity and reliability of the questionnaire was enhanced through a pilot study carried out in three schools in Meru South SubCounty. To ensure the validity of the instruments, both face and content validity was used. Data collected was categorized coded and then tabulated using SPSS. The qualitative data was analyzed using descriptive statistics, means frequency tables and percentages. The hypotheses were tested using chi-square. The study established that the basic pay, allowances and work environment affects teachers' job satisfaction to a great extent. The research concluded that teachers were highly dissatisfied with all aspects of compensation that they receive. Compensation plays an important role in determining employees' job satisfaction. The study recommends that the government reviews the teachers' compensation to commensurate the services rendered. It is hoped that the findings of this study could assist the education planners in formulating compensation policies that would enable teachers to achieve job satisfaction.

Ihedinmah et al. (2015) assessed the effect of rewards on employee performance in organizations. Primary source of data were used for the study purpose. This study aims to examined the impacts of rewards and motivation using perceived amount of rewards on job satisfaction in both public and private banks of Saudi Arabia. In this study 568 employees were participated from both sectors. To conduct the study regression analysis was developed to test the relationship between rewards, motivation and job satisfaction. Results indicated that (1) rewards have positive significance on motivation, (2) motivation is positively related to the job satisfaction (3) rewards have a positive significant effect on job satisfaction.

Khan et al. (2015) investigated how employee satisfaction can affect the development of business in banking sector of Pakistan. The study was based on primary data. The main purpose of the study was to monitor the role of job satisfaction and security and work motivation on employee Performance in the public and private sectors banks of Pakistan. This research covers the public and private sectors banks of Southern Punjab. Sample size will be 200 employees for public and private sector banks. Primary data has been collected from manager level some from officer level and some from teller, cashier and clerical level. The sample used in this research is random

sampling. The empirical result showed that employee satisfaction is positively significant with organizational culture, communication and team work. The result also showed that job involvement positively affects the development of business in banking industry. It is concluded that employee performance is negatively affected by the motivation.

Limitations of the research is that the survey is subjected to the respondent's behavior toward the study. Hence, 100% accuracy can't be assured. The study could not be generalized to adapted personal interview method.

Monga et al. (2015) examined the job satisfaction of employees of ICICI bank in Himachal Pradesh. The main focus of this study was to examine the level of job satisfaction of employees of the ICICI bank in their organizational context. A convenient sample of employees at selected six branches of the ICICI bank in the state of Himachal Pradesh was used. It comprised of eighty employees. A five point Likert Scale questionnaire containing fifteen questions extracted from the short form of Minnesota Satisfaction Questionnaire (MSQ) was administered for data collection. Besides, questions on personal characteristics, the questionnaire included important dimensions of organizational structure. The results obtained from analysis of data revealed that salary, inter-personal relationship, communication, attitude of superiors, working conditions and team work have more bearing than the factors of training and development, rewards and compensation, nature of job, job security, morale and role clarity in determining job satisfaction of employees of the ICICI bank in Himachal Pradesh.

Melián et al. (2015) examined the new evidence of the relationship between employee satisfaction and firm economic performance. The study was based on primary data. The main objective of the paper is to test the relationship between employee satisfaction and organizational performance; which is measured with 3 firm-level performance outcomes (return over assets, operating margin, and revenue per employee).

Obtained firms' data about worker attitudes and financial and productivity performance, respectively at different times and from two independent sources the authors. The sample of 475 firms used to analyze performance and employee satisfaction at the firm level. The impact of employee satisfaction over firm performance was assessed. The study revealed that the overall satisfaction and

satisfaction with senior leadership, compensation, and work/life balance, respectively impact firm performance. Limitations of research is that the ratings come from both employees and ex-employees and the individual characteristics were unknown. Additionally, is an internet-based sample there has been a lack of control over the individuals' response process. Practical implications of study are that the managers have evidence about the importance of their employees' satisfaction on firm performance, and on how the facets involved on worker satisfaction impact the performance.

Bojadjiev et al. (2015) examined the effects of the perceived work environment on public employee feelings of job satisfaction. Moreover, the paper investigated the relationship between personal and job characteristics and job satisfaction. The study was based on primary data. The data was collected from a sample of 169 employees working in one local government municipality in Macedonia. The results showed that organizational climate and its components significantly predict job satisfaction among public administration employees. The results highlighted that employee age acts as the most powerful predictor of job satisfaction. The analysis of the perceived work environment suggested that recognition is a significant predictor of job satisfaction among public administration employees, followed by opportunities for professional advancement and work itself. The significance of this research lied in its contribution to the knowledge and understanding of determinants that could improve job satisfaction among public administration employees in developing economies.

Muda et al. (2014) analyzed the determinants for employee performance in Islamic Banks. Using the quantitative method, the population of this study was 47 respondents with N=32. The study was based on primary data. Data were gathered through questionnaires with a Likert typed-scale were then analyzed using the multiple regression method. The findings revealed that the value of the determination coefficient test is 59.3 percent. The study found that the employees' performance is explained by job stress, motivation and communication factors, while the remaining 31.7 percent are linked with other factors. Moreover, the result of F-test showed that the job stress, motivation and communication variables simultaneously influence employees' performance, while the T test showed that both job stress and motivation variables have no partial effect on the employees' performance whereas the communication variable has a partial effect on employee performance.

Nguyen et al. (2014) examined the factors affecting employees' organizational commitment–a study of banking staff in Ho Chi Minh City, Vietnam. Commitmentbased organizations believe that staff's organizational commitment contributes to workforce stability and better customer service, hence increase business performance.

This study explores the factors affecting employees' organizational commitment in banks in Ho Chi Minh City, the biggest commercial city in Vietnam. A quantitative survey of 201 banking staff in 11 banks in this city, selected according to convenience sampling method, confirmed the impact of a set of high-performance human resources managerial practices on staff's organizational commitment. The study also indicated job satisfaction as a pathway to bridge this set with organization commitment. The pathway from human resources practices to organizational commitment, mediated by job satisfaction, has never been statistically tested in banks in Vietnam before. The findings again recommend commitment-based organizations continue and reinforce organizational support for their staff.

Osibanjo et al. (2014) investigated on the topic compensation packages: A strategic tool for employees' performance and retention. The aim of this study was to examine the effect of compensation packages on employees' job performance and retention in a selected private University in Ogun State, South-West Nigeria. A model was developed and tested using one hundred and eleven valid questionnaires which were completed by academics and non-academic staff of the university. The collected data were carefully analyzed using simple percentage supported by structural equation modelling to test the hypotheses and relationships that may exist among the variables under consideration. The results showed strong relationship between compensation packages and employees' performance and retention. The summary of the findings indicates that there is strong correlation between the tested dependent and independent variables (salary, bonus, incentives, allowances, and fringe benefits). However, management and decision makers should endeavor to review compensation packages at various levels in order to earn employees' satisfaction and prevention of high labor turnover among the members of staff.

Ogunnaike (2014) examined the effect of motivation on job satisfaction of selected sales. The study was based on primary data. The study was able to examine intrinsic motivation and extrinsic motivation separately and their effects on job satisfaction. Copies of questionnaire were distributed randomly to the sales representatives of the

sampled four service firms for the study. Two hypotheses were developed and were subjected to regression analysis. It was discovered that both intrinsic and extrinsic motivations are crucial to enriching the job satisfaction of the sales representatives. The study concluded that well-motivated salesperson is expected to be satisfied with his or her job. Consequently, he or she is expected to render satisfying services to the customers. The study makes useful recommendations which entrepreneurs and sales managers will find very useful if implemented.

Muogbo (2013) examined the impact of extrinsic and intrinsic motivation on employees' satisfaction of selected manufacturing firms in Anambra state. The study was based on primary data. The study revealed that there is a positive relationship between extrinsic motivation and the satisfaction of employees while no relationship between intrinsic motivation and employee's satisfaction. The results also revealed that extrinsic motivation given to workers in an organization has a significant influence on the worker's job satisfaction. For the study purpose, 103 respondents selected from 17 manufacturing firms across the 3 senatorial zones of Anambra State. The population of the study was 120 workers of selected manufacturing firms in Anambra State. The study used descriptive statistics (frequencies, mean, and percentages) to answer three research questions posed for the study. The result obtained from the analysis showed that there existed relationship between employee motivation and the organizational performance. The study revealed that extrinsic motivation given to workers in an organization has a significant influence on the worker's performance. This is in line with equity theory which emphasizes that fairness in the remuneration package tends to produce higher performance from workers. The study recommended that all firms should adopt extrinsic rewards in their various firms to increase productivity. On the bases of these findings, employers are continually challenged to develop pay policies and procedures that will enable them to attract, motivate, retain and satisfy their employees.

Commeiras et al. (2013) examined the work motivation among employees of insurance company. The main objective of this exploratory study is to identify the organizational practices of socialization put in place for the Customer Advisor trainee employees in the banking/insurance sector, an atypical segment of sales and marketing resources. The study was based on primary data. The results of a qualitative study conducted on the basis of two data collections 33 individual semi-directive

interviews were carried out with different actors along with a group interview of 13 professional tutors reveal particularities related to the socialization of commercial trainees such as the establishment of an organizational context conducive to learning and the crucial role of the tutor. The findings also revealed that the presence of trainees develops role innovation in that which concerns both the trainees and the tutors.

Yaseen et al. (2013) analyzed different variables that affect the performance of employees at work place. The study was based on primary data. Random sampling technique was used for the study with questionnaire survey of 200 employees from Bank of Pakistan. The study used multiple regression analysis using SPSS software. This study found that manager's attitude, organizational culture, personal problems, job content and financial rewards have positive impact on the performance of the employees.

Tessema et al. (2013) investigated on the topic the effects of employee recognition, pay, and benefits on job satisfaction: Cross country evidence Abstract: The study analyzes the effect of employee recognition, pay, and benefits on job satisfaction. In this crosssectional study, survey responses from university students in the U.S. (n = 457), Malaysia (n = 347) and Vietnam (n = 391) were analyzed. Employee recognition, pay, and benefits were found to have a significant impact on job satisfaction, regardless of home country income level (high, middle or low income) and culture (collectivist or individualist). However, the effect of benefits on job satisfaction was significantly more important for U.S. respondents than for respondents from Malaysia and Vietnam. The authors conclude that both financial and nonfinancial rewards have a role in influencing job satisfaction, which ultimately impacts employee performance. Theoretical and practical implications for developing effective recruitment and retention policies for employees are also discussed.

Khawaja et al. (2012) examined the impact of rewards and motivation on job satisfaction in banking sector of Saudi Arabia. The main objective of this study was to determine whether a relationship exists between rewards system and employee performance. More specifically, the study intends to address the relationship between intrinsic and extrinsic rewards on employee performance. Design/Methodology: A questionnaire designed in the Likert-scale format was administered to employees of commercial banks in Awka Metropolis. Presentation and analysis of questionnaire

was done using descriptive statistics, regression technique and two-way ANOVA. The empirical results indicated the presence of a relationship between rewards and employee performance and that there is a significant difference on the effects of intrinsic and extrinsic rewards on employee performance.

Haleem et al. (2017) determined the factors that influence an employee's performance in Sunderland Steel factory, Saudi Arabia. The study was based on primary data. A randomly selected sample size of 315 workers from a total of 700 employees were administered through questionnaire. The research analyzed the relationship between development and improvement of organizations, and employee performance. The study found that to increase employee productivity it is essential to identify and study factors that affect employee performance. To achieve this a survey questionnaire was designed. Data was collected and analyzed statistically. The study indicated that there are six factors, which primarily influenced employee performance and they were workplace environment, organizational structure, knowledge, skills, reward, and attitude.

Saeed et al. (2014) examined factors influencing job satisfaction of employees in telecom sector of Pakistan. The study was based on primary data. The study was conducted on 200 telecom sector employees of Pakistan. In the study found promotion, pay, and fairness and working condition to be the key factors that contribute to employee job satisfaction. SPSS, regression was used to analyze the data. It was concluded that money and compensation play an important role in the job satisfaction of the telecom employees of Pakistan.

Mehta (2014) conducted the study on impact of human recourse practices on job satisfaction of employee in foreign and local banks on Pakistan. The study focuses on impact of human recourse practices like performance evaluation, promotion practices, and satisfaction of employees in banking sector of Pakistan. The study was based on primary data. The study conducted on the premise of primary information collected from the branches of Bank Alfalah, Habib Bank Ltd. and NIB bank in Lahore. The direct variable is Job Satisfaction of workers and therefore the indirect variable is human resource practices. All direct and indirect variables are measured on the premise of opinion gathered from form collected from workers of foreign and native banking sectors. Target population is workers of bank Alfalah, Habib bank and NIB bank of metropolis. For the study purpose the samples of a hundred and fifty

questionnaires were chosen arbitrarily for this analysis. Sample of 50 is chosen from every bank on the premise of glad sampling. OLS-regression methodology is employed to test the normality and one-dimensionality of knowledge. The study found that a strong and positive relationship between the different human resources practices and employee satisfaction of employee but performance appraisal and promotion are not significant to the job and employee satisfaction.

Maharjan (2012) examined the association between work motivation and job satisfaction. This paper examines the association between work motivation and job satisfaction of teachers. The study was based on primary data. The primary data are obtained through questionnaires administered to the teachers of university constituent, affiliated as well as plus two campuses/ colleges in Kathmandu valley and also informal interviews were obtained. Convenient sampling technique is used where only 112 responses are usable out of 150 questionnaires where direct responses of the respondents have been taken on the basis of five point Likert-based scales. By using descriptive statistics and correlation analysis, the study analyses the work motivation and job satisfaction of the teachers. All factors of two variables (i.e., work motivation and job satisfaction) have been tested (i.e., reliability analysis) using SPSS 13. To test the reliability of answers of the questionnaires the Cronbach's alpha (α) is a measured. The study concluded that there is a positive association between work motivation and job satisfaction of teachers. In Nutshell, teachers' work motivation and job satisfaction are highly positive correlated. This indicated that the administration must increase the scale of salary according to the market price of other commodities to motivate the teachers in their teaching. In order to encourage them, the administration can lunch different programmers to prize teachers.

Hamed et al. (2011) examined the factors that influence level of job satisfaction among the workforce of autonomous medical institutions of Pakistan and its effects on performance. The study was based on primary data. The sample of the study is comprised of 200 doctors, nurses, administrative and accounts staff working in autonomous medical institutions in Punjab. 250 Questionnaires were distributed out of which 200 were received back and used for analysis. SPSS is used for data analysis statistically. The study concluded that pay, promotion, job safety and security, working conditions, job autonomy, relationship with co-workers, and relationship with supervisor and nature of work affect the job satisfaction and performance.

2.3.3 Review of Nepalese literature

The review of Nepalese studies on the impact of compensation management in employee job satisfaction in Nepalese commercial banks is shown in Table 2.3.

Table 2.3

Review of Nepalese literature

Study	Finding
Panta (2020)	Found that various factors like promotion and rewards, safety and security, training and development programmes, working environment have significant impact on the employees job satisfaction.
Thapa et al. (2017)	Work life balance, incentives and reward, work environment, employer branding, career growth and organization culture have significant relationship with employee performance.
Prabusankar (2017)	Compensation, career development, proximity and relationship are positively and significantly influencing the commitment of employees.
Shrestha (2017)	There is a positive correlation between rewards practices on employee productivity and job quality in Nepalese commercial banks.
Bhandari (2016)	Workload has negative relation with the employee job satisfaction. The result also showed that higher the level of salary, promotional opportunities, supervisory understanding, job security and better physical working condition have positive relationship with job performance.
Adhikari (2016)	Job rotation dimensions (training, job performance and work experience) are positively related with employee motivation and job involvement of employees.
Pandey (2016)	Promotion is the most important factor affecting job satisfaction level in Nepalese commercial banks.
Bista (2016)	Job security, pay, promotion potentialities and relationship with supervisors and peers have stood as top most significant variables of influencing job satisfaction in our Nepalese context.
Paudel (2016)	There is a positive impact of employee's motivation factors (employee's participation, performance appraisal system, training and working environment) on organizational performance.
Gyawali (2016)	Reward dimensions (compensation, promotion, bonus empowerment and recognition) have significant and positive impact on employee performance.
Gautam (2016)	Job performance, training and work performance, whereas beta coefficients are found negative for work load on employees, motivation and job involvement.
Maharjan (2013)	Pay increment, promotion, training and development and feedback to the employees are positively correlated to employee satisfaction.

Panta (2020) examined a study on employee job satisfaction in the banking sector in Nepal. thesis of degree programme, centria university of applied sciences and found that various factors like promotion and rewards, safety and security, training and development programmes, working environment have significant impact on the employee's job satisfaction. The primary objective of the thesis was to analyse

employee job satisfaction in the banking sector in Nepal. Banking is one of the most admired professions to which most of the Nepalese youngsters are easily attracted. The study is conducted to evaluate the banking career along with the measurement of satisfaction level of the employees. The demanding banking career has been the best point to find out the significant relationship between employees and leaders. Employees´ working life, work environment, promotion and reward, recognition, training and development and job security are studied as the major factors affecting the employees' satisfaction level. The main purpose of conducting the present research was to identify the level of employee job satisfaction in the banking sector in the banks in Nepal concerning Work Environment, Rewards, Recognition, Training & Development, and Job security. The research was designed by using a quantitative method followed by exploratory, descriptive, and causal designs. A sample size of 166 employees inside the Kathmandu Valley in Nepal put their opinion in the form to determine the overall level of employee job satisfaction in the banks. The polls were divided and distributed into two sections, respondent's information as the basis of analyses and job satisfaction checklists in Likert scale form. The collected data were analyzed, presented, and used to produce key findings of the perceived level of employee job satisfaction. After the analysis of the data, the key results of the study suggest that overall employees of the banks in Nepal are satisfied with the independent variable of the study, i.e., work environment, rewards, recognition, training and development, and job security.

Prabusankar (2017) analyzed the factors affecting employee retention in manufacturing enterprises. The study was based on primary source of data. The data were collected from 200 employees of manufacturing enterprises by using random sampling method through structured questionnaire. To study the factors affecting employee retention in manufacturing enterprises, an exploratory factor analysis is carried out. To examine the difference between socio-economic profile of employees and factors affecting employee retention in manufacturing enterprises, the ANOVA (Analysis of Variance) is applied. To analyze the influence of factors affecting employee retention in manufacturing enterprises on commitment of employees, the multiple linear regressions was used. The study found that the compensation, career development and proximity are positively and significantly related to commitment of employees.

Shrestha (2016) examined the impact and importance of performance appraisal on employee job satisfaction and bank profitability. The primary sources of data were used to assess the opinion of respondents with respect to employee job satisfaction and from performance appraisal practices of Nepalese commercial banks. The survey is based on 150 respondents from 23 commercial banks in Nepal. The regression models are estimated to test the significance and importance of employee satisfaction from performance appraisal practices in Nepalese commercial banks. The result showed that there is a positive impact of HRM practices (working environment, training and development, performance appraisal and compensation system) on employee satisfaction as well as bank profitability. The study also indicated that there is a negative relationship between turnover intention and employee satisfaction along with bank profitability.

Bhandari (2016) investigated the relationship between working condition and job satisfaction of employees of Nepalese commercial banks. The working condition dimensions like physical working conditions, job security, work load, salary, supervision and promotion are independent variables and job satisfaction is a dependent variable for the study. The study was based on primary source of data. Banks from both public and private sector are selected for sampling. Survey questionnaires were distributed among 200 customers of 20 different commercial banks. Regression analysis is used to analyses the data and test the significance and relationship between working condition and job satisfaction of employees of Nepalese commercial banks. The result showed that working condition dimensions (physical working condition, job security salary, supervision and promotion) are positively related with job satisfaction with employees. Workload has negative relation with the employee's job satisfaction. The study concluded that promotion, salary, supervisory role and working condition are the major determining variables for job satisfaction in Nepalese commercial banks.

Adhikari (2016) examined the impact of job rotation on employee motivation and job involvement of Nepalese commercial banks. Training, job performance, work experience and work load are selected as job rotation factors which are the independent variables. Employee motivation and job involvement are dependent variables. The primary source of data is used to assess the opinion of respondents with respect to job rotation factors in Nepalese commercial banks. The survey is based on

160 respondents from 21 commercial banks in Nepal. To achieve the purpose of the study, structured questionnaires are prepared. The regression models are estimated to test the significance and importance of job rotation in Nepalese commercial banks. The result shows that job rotation dimensions (training, job performance and work experience) are positively related with employee motivation and job involvement of employees. It indicates that higher the level of training, job performance and work experience, higher would be the employee motivation and job involvement. The study also found that the workload has negative relation with the employees' motivation and job involvement.

Pandey (2016) examined the impact of human resource dimensions on employee job Satisfaction of Nepalese commercial banks. The human resource dimensions like training and development, performance appraisal, compensation, promotion practices and working condition are independent variable and job satisfaction is a dependent variable for the study. The primary source of data was used to assess the opinion of the respondents with respect to the job satisfaction in Nepalese commercial banks. The survey is based on 198 respondents from 20 commercial banks in Nepal. To achieve the purpose of the study, structured questionnaire is prepared. The regression models are estimated to test the significance and importance of employee job satisfaction in Nepalese commercial banks. The result shows that there is a positive impact of human resource dimensions (training and development, performance appraisal, compensation, promotion practices and working development) on the job satisfaction of employees. Fair practices of promotional opportunities, compensation, and performance appraisal lead to increase in job satisfaction. Better the physical condition, higher would be the employee motivation. The study also revealed that promotion is the most important factor affecting job satisfaction level in Nepalese commercial banks.

Bista (2016) examined the overall job satisfaction, identifying most significant factors of determining job satisfaction and examining relationships between demographic variables and job satisfaction in the context of Nepalese commercial banks. The study aims at assessing overall job satisfaction, identifying most significant factors of determining job satisfaction and examining relationships between demographic variables and job satisfaction in the context of Nepalese commercial banks. The study was conducted by following descriptive survey research design which consist four

Nepalese commercial banks selected on the basis of convenient sampling. The study was entirely based on primary source of data collected. The collected data from questionnaire survey were processed by using SPSS software. The study revealed that job security, pay, promotion potentialities and relationship with supervisors and peers have stood as top most significant variables of influencing job satisfaction in our Nepalese context. The study also concluded that there is no significant relationship between gender and job satisfaction.

Paudel (2016) examined the impact of employee motivation on organizational performance of Nepalese commercial bank. The study surveyed based on 193 respondents from 14 Nepalese commercial banks. Data were collected through primary and secondary sources to access the opinion of the respondents with respect to employee motivation and organizational performance of Nepalese commercial banks. The Kendall's tau correlation and regression Model was used to estimate the relationship among the study variables. The study showed that there is positive impact of employee motivation factors (employee participation, performance appraisal system, training and working environment) on organizational performance.

Gyawali (2016) analyzed the impact of reward on employee motivation of Nepalese commercial banks. This study examines the impact of reward on employee performance of Nepalese commercial banks. The study was based on the primary source of data to assess the opinion of respondents with respects to reward on employee performance of Nepalese commercial banks. Banks from both public and private sector are selected for sampling. Survey questionnaires were distributed among 196 employees of 26 different commercial banks. The multiple regression models are estimated to test the significance and impact of reward on employee performance of Nepalese commercial banks. The result shows that reward dimensions (compensation, promotion, bonus empowerment and recognition) have significant and positive impact on employee performance.

Gautam (2016) examined the determinants of job satisfaction and their Effect on Organizational Performance. The study was based on primary source of data. The basic purpose of employing causal comparative research design in the study was to understand and examine whether employee satisfaction will lead to higher profitability. In the study, empirical evidence from Nepalese Banking sector was

observed to identify the determinants of job satisfaction. For the study purpose, 12 commercial banks are selected out of total as sample out of the total. Data regarding employee satisfaction are collected through 200 questionnaires. The questionnaire also included multiple choice, five point Likert scale and ranking scale questions to extract the view of employees regarding employee's satisfaction. performance. Data were entered and commands were operated by using SPSS program. Regression analysis was used to estimate the influence of each factor on job satisfaction of employees and performance of organization. Study revels positive but not significant impact of job satisfaction on organizational performance.

Maharjan (2013) examined overall HRM system of commercial bank of Nepal. The study was based on primary source of data. The study was based on 16 qualitative case studies which were conducted in Nepali, Japanese and US companies. The result also showed that the majority of large Nepali companies are putting efforts on training and development programs. They have developed some formal and/or informal need assessment tools and also designed some training programs. Further, the finding showed that the majority of Nepalese companies lack fairness in evaluation process. The findings indicated that experience, potentiality, loyalty, independency, diversity, job knowledge, market image, confidence level and sound health are the core values of HRM practice. The finding indicated that the US and Japanese companies in Nepal are following hybridized set of HR practices. The study concluded that appraisal is linked with pay increment, promotion, training and development to the employees for the motivation.

2.4 Research Gap

Various studies have been concluded offering many theories about how compensation management impact employee job satisfaction in Nepalese commercial banks. Based on different literatures, this study attempts to examine the impact of compensation management on employee job satisfaction in Nepalese commercial banks. The analysis from all above study has tried to see the impact of those four independent variables (salary, bonus, promotion, and job security) upon the one dependent variable (employee job satisfaction). Review of different literatures reveal that different period of time determining the forces employee job satisfaction. In relation with the present study there is lacking study in Nepalese context as compared to various study that have been conducted in international platform.

The satisfaction of employee towards job was also found to be unturned by many studies in Nepal. There were many studies those had been conducted on impact of compensation management but there were very limited studies had been conducted regarding factors that impact employee job satisfaction in. Comprehensive studies are not conducted in countries like Nepal. So, considering the research gap particularly in Nepal, this study proposes a framework to determine the impact of compensation management on employee job satisfaction in Nepalese commercial banks which is identified as a major research gap.

In the context of Nepal, Pokhrel (2016) revealed that the impact of human resource planning, recruitment and selection, training and development, performance appraisal and compensation are positively significant with employee retention whereas promotion practices have insignificant effect on employee retention. Gautam (2016) revealed that there is positive but not significant impact of job satisfaction on organizational performance. Shrestha and Singh (2011) explained salary as a form of payment from an employer to an employee, which may be specified in an employment contract. Nepal (2016) found that that training and development, working condition, performance appraisal are the major determining variables for job satisfaction in Nepalese commercial banks. Panta (2020) examined a study on employee job satisfaction in the banking sector in Nepal. thesis of degree programme, centria university of applied sciences and found that various factors like promotion and rewards, safety and security, training and development programmes, working environment have significant impact on the employee's job satisfaction.

CHAPTER- III

RESEARCH METHODOLOGY

Research method discussed in this chapter helps to guide the research study providing different issues and aspects. It systematically solves the various sequential steps to adopt by a various author in studying problem with the objectives in view. This chapter is to outline the nature and sources of data, sample selection and classification of variables, validity and reliability test, techniques and steps adopted in interpreting and analyzing the data. It also focuses on how to collect required data, what are the population and sample, and techniques to be adopted to analyze and interpret etc.

3.1 Research design

The study has employed descriptive and causal comparative research designs to deal with effect of compensation management on employee job satisfaction in Nepalese commercial banks. This study is based on fact finding operation searching for adequate information. This study assesses the opinions, behavior or characteristics of a given population and describe the situation and events occurring at present. This study consists of accumulation of facts and describes the phenomenon as it exists. This study contains both quantitative and qualitative analysis which involves gathering data that describes events and then organizes, tabulates, depicts and describes the data collection. Descriptive statistics is used to reduce the data to manageable form. Hence, the research design adopted in this study is of descriptive type.

This study also uses correlational research design to obtain description of the phenomenon, mainly the extent to which two variables are related. This study establishes the direction, magnitude, and form of the observed relationships between variables to indicate whether the variables are closely related, moderately related or completely unrelated as hypothesized. In other words, the study attempts to establish how strongly the two variables are positively or negatively correlated. Hence, the research design adopted in this study is of correlational type.

This study is also based on causal comparative research design. The purpose is to establish the cause and effect relationship of salary, bonus, promotion, and job security on employee job satisfaction. By following the causal-comparative research

design, the study attempts to determine the cause or consequences of differences that exist between the variables, mainly between independent and dependent variables.

3.2 Population, Sampling and Sampling Design

The population of this study consists of all employees of commercial banks in Nepal. This study is conducted to gather the information from the employees regarding the compensation management on job satisfaction. The employees who work in commercial banks are selected for this study.

Participant's geographic profile consist of information on their organization level, job, position, and gender(male/female). These demographics were used to control variable in the regression analysis since Agyapong et al. (2013) shows they might be related to the dependent variable (Employee Job Satisfaction). In slight modification was allowed on the variable from the ones used by Adhikari (2016) to meet the context of Nepal. All together 191 respondents from 21 commercial banks in Nepal were used for the survey.

3.3 Nature and Sources of Data, and Instrument of Data Collection.

To collect the data, a survey was carried by distributing a set of structured questionnaires to the employees of commercial banks. The primary sources were used to extract the information from the employee regarding impact of compensation management on employee job satisfaction. The data obtained from the questionnaires survey are analyzed through SPSS. The instruments are descriptive statistics and inferential statistics. Likewise, somewhere secondary data were also used. Which were obtained from internet, books journals, magazines, online sites and blogs etc. The questionnaire is divided into two sections. The first section, 'A' contains questions on profile of the respondents. Section B contains Likert type questions on service quality variables that affect employee's satisfaction which scale ranges from 1 (Strongly disagree) to 5 (Strongly agree).

3.4 Methods of Analysis

This section gives a presentation of how the empirical data was analyzed for research purpose. As the purpose is to measure the compensation management practices first, all data were collected through questionnaire and then it was managed. After gathering all the completed questionnaires from the respondents, it was analyzed and presented in proper tables. The data were collected and processed using the statistical

package of social science (SPSS) computer software and Microsoft excel. After the analysis and interpretation of the responses, the results were presented. Thus, its reliability and validity test were conducted as per the research study i.e., Cronbach's alpha.

Different types of questionnaires are used such as yes/no questions, multiple choice questions, regarding factors affecting compensation management in Nepalese commercial banks. The questionnaire includes personal information about respondents such as gender, age, marital status, qualification, income and occupation. There are also five point Likert scale questions in which respondents were asked to express to what extent respondents agree or disagree about the factors affecting job satisfaction and compensation factors (bonus, promotion, salary and job security) of respective banks. The various tools such as frequencies, descriptive statistics for mean values were used to derive the results. This study also used descriptive statistics, correlation analysis along with statistical test of significance such as regression analysis, t-test, F-test and adjusted R^2.

3.5 Model specification

The model

The model estimated in this study assumes that the employee job satisfaction depends on bonus, promotion, job security, and salary. Therefore, the model takes the following form:

Employee job satisfaction = *f* (bonus, promotion, salary, and job security).

This study estimates regression model to examine the effects of compensation management on employee job satisfaction in Nepalese commercial banks which is specified as under.

$$EJS = \beta_0 + \beta_1 S + \beta_2 B + \beta_3 P + \beta_4 JS + \ldots\ldots er$$

Where,

EJS = Employee job satisfaction

S = Salary

B= Bonus

P = Promotion

JS = Job Security

3.6 Research Framework and Definition of Variables

Research Framework

A research framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas. The literature review has already highlighted the key factors of compensation management affecting employee job satisfaction. Based on literature review, the conceptual framework of the analysis has been developed is shown below:

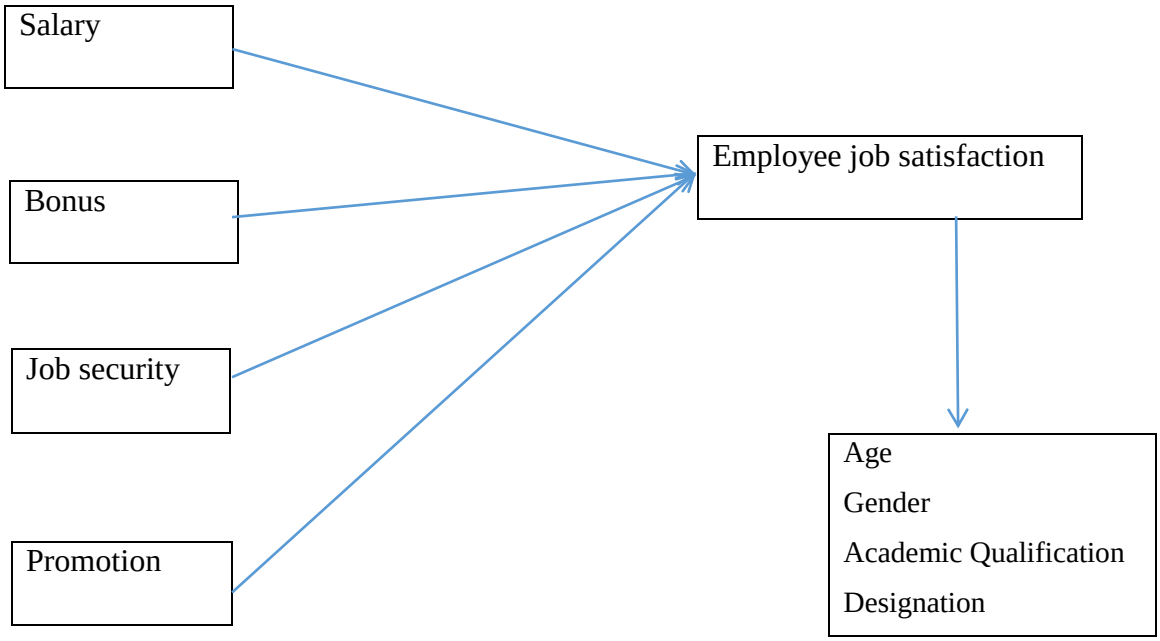

Figure 3.1 Research Framework

Theoretical framework on impact of compensation management on employee job satisfaction in Nepalese commercial banks. The figure shows that salary, bonus, promotion, and job security are taken as an independent variable whereas employee job satisfaction is taken as dependent variables.

CHAPTER IV

RESULTS AND DISCUSSION

This chapter deals with the systematic presentation, interpretations and analysis of primary data gathered from the questionnaire distributed to the employee of 27 commercial banks in Nepal with the purpose of analyzing the impact of compensation management on employee job satisfaction of commercial banks of Nepal. The basic steps in identifying issues, determining the availability of suitable data, deciding on which methods are appropriate for answering the questions of interest, applying the methods and evaluating, summarizing and communicating the results. Various statistical and econometric tools described in chapter three have been stipulated for this purpose.

In addition, in this chapter the results of the statistical analysis discussed in the previous chapter are presented. Researcher has used various statistical tools to analyze and interpret data which are: mean, standard deviation, correlation and multiple regression.

4.1 Reliability Statistics (test of reliability)

Reliability refers to the credibility of the test and it mainly tests measurements results and measurement tools. The extent to which results are consistent overtime and an accurate representation of the total population under study is referred to as reliability. It is measured by computing Cronbach's alpha.

A rule of thumb for interpreting alpha Likert scale is:

Table 4.1

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$\alpha > 0.9$ $\alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: MBS book

In this study, Cronbach's alpha has been used to test reliability of the primary data. It allows the one to measure the reliability of the different categories. It is a function of the number of test items and the average inter-correlation among the items. Cronbach's alpha consists of estimates of how much variation in scores of different variables is attributable to chance or random errors. As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and is a good indication of construct reliability.

Table 4.2 shows the coefficient of Cronbach's alpha.

Table 4.2

Coefficient of Cronbach's alpha

Variable	Number of Questions	Cronbach's Alpha
S	5	0.96
B	5	0.96
P	5	0.96
JS	5	0.97
EJS	5	0.95
Overall	**25**	**0.95**

Source: Responses on Survey Questionnaire

Reliability test for all the components of questionnaire regarding the effects of compensation management on employee job satisfaction in Nepalese commercial banks were calculated through SPPS software. The reliability and validity results show that the instruments were both reliable and valid with Cronbach's alpha of 0.95 on 25 number of items as obtained which were greater than 0.70. It means that 95 percent of the data taken for the study are reliable. Likewise, Cronbach Alpha for independent variables like salary, bonus, promotion, job security and compensation were 0.96, 0.96, 0.96, 0.97, 0.95 and 0.95 respectively which are all greater than 0.70. It shows that the overall study is reliable and valid.

4.2 Presentation and analysis of data

This section presents the primary data that are taken to evaluate the impact of compensation management on employee job satisfaction of commercial banks of Nepal. This section also presents the results of questionnaire survey conducted among different group of employees within Kathmandu valley. Questionnaire survey was designed to understand the view of respondents in relation to impact of compensation management on employee job satisfaction of commercial banks of Nepal. A set of

questionnaires including, multiple choices and Likert scale type of questions were provided. Altogether 191 respondents are surveyed and analyzed in accordance with the objective of the study. Data analysis is the process of developing answers to questions through the examination and interpretation of data. The basic steps in the analytic process consist of identifying issues, determining the availability of suitable data, deciding on which methods are appropriate for answering the questions of interests, applying the methods and evaluating, summarizing and communicating the results.

The respondent profile along with their personal characteristics and result of survey are presented in below.

4.2.1 Respondent's profile

The respondent's profile reveals the personal characteristic of respondents combined on the basis of different personal characteristics such as gender, age group, academic qualification, and job position. Demographic characteristic plays a significant role in understanding behavior of the employees. This section therefore describes the demographic characteristics of the respondents of Nepalese insurance companies. The demographic characteristics of the respondents are presented in the Table 4.3.

Table 4.3

Demographic characteristics of respondents

Respondents character	No. of responses	Percentage
Gender		
Female	90	47
Male	101	53
Total	**191**	**100.00**
Age		
Under 20	2	1
20-30 years	155	81
31-40 years	32	17
Above 40	2	1
Total	**191**	**100.00**
Academic qualification		
Intermediate	4	2
Bachelor degree	89	46
Master's degree	91	48
CA	7	4
Total	**191**	**100.00**

Designation		
Others	13	7
Assistant level	105	55
Officer level	58	30
Management trainee	13	7
Manager	2	1
Total	**191**	**100.00**

Source: Field Survey, 2022

Table 4.3 shows the personal profile of the respondents. Regarding the gender of the respondents, majority of the respondents (53 percent) are males followed by 47 percentages of the female respondents. The age of the respondents is divided into four groups. Majority of respondents are from 20-30 years (81 percent) followed by age group of 31-40 years (17 percent), above 40 years (1 percent), and below 20 years (1 percent).

Regarding the position of the respondents, majority of the respondents work as assistant level 55 percent, 30 percent work as officer level, 7 percent work as a management trainee, 7 percent work under others category, and 1 percent work as manager. In the category of academic qualification, majority of respondents (48 percent) are master degree holders followed by bachelor level graduates (46 percent, CA holders (4 percent) and intermediate level (2 percent).

4.2.2 Descriptive analysis of impact of compensation management on employee job satisfaction in Nepalese commercial banks

This section provides the information regarding the factors influencing compensation management on employee job satisfaction in Nepalese commercial banks.

Table 4.4 presents the descriptive analysis of compensation management on employee job satisfaction. This table shows the percentage, frequency and mean of the employee's job satisfaction towards Salary.

Table 4.4

Impact of salary on employee job satisfaction in Nepalese commercial banks

Statements		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
I am satisfied with the salary provided by the bank.	F	23	136	24	7	1	191	3.91
	%	12.04	71.20	12.57	3.66	0.52	100.00	
	A%	83.25		12.57	4.19			
Bank provides compensation on the basis of performance of bank.	F	34	133	12	11	1	191	3.98
	%	17.80	69.63	6.28	5.76	0.52	100.00	
	A%	87.43		6.28	6.28			
I earn same as other employees in similar job in other bank.	F	27	113	23	24	4	191	3.71
	%	14.14	59.16	12.04	12.57	2.09	100.00	
	A%	73.30		12.04	14.66			
I am satisfied with the salary that the banks offer.	F	38	121	19	13	0	191	3.96
	%	19.90	63.35	9.95	6.81	0.00	100.00	
	A%	83.25		9.95	6.81			
Bank ensures appropriate social security and health insurance for employees.	F	50	123	10	8	0	191	4.13
	%	26.18	64.40	5.24	4.19	0.00	100.00	
	A%	90.58		5.24	4.19			
Weighted average mean							3.94	

Source: Field Survey, 2022

The majority of the respondents (83.25 percent) agreed that they are satisfied with the salary provided by the bank. Some of the respondents (4.19 percent) disagreed on the statement. However, the rest of the respondents (12.57 percent) were indifferent on the statement.

Likewise, the majority of the respondents (87.43 percent) opined that bank provides compensation on the basis of performance of bank. However, few of the respondents (6.28 percent) disagreed and the rest of the respondents (6.28 percent) were indifferent on the statement.

The table indicates that majority of the respondents (73.30 percent) agreed that they earn same as other employees in similar job in other bank. However, some of the

respondents (14.66 percent) disagreed on the statement whereas rest of the respondents (12.04 percent) were indifferent on the statement.

Similarly, the table indicates that majority of the respondents (83.25 percent) agreed that they are satisfied with the salary that the banks offer. However, some of the respondents (6.81 percent) disagreed on the statement, whereas rests of the respondents (9.95 percent) were indifferent on the statement.

Moreover, the majority of the respondents (90.58 percent) agreed that Bank ensures appropriate social security and health insurance for employees. However, some of the respondents (4.19 percent) disagreed on the statement whereas rest of the respondents (5.24 percent) were indifferent on the statement.

The mean of the employee job satisfaction from salary ranges from a minimum value of 3.71 to the maximum value of 4.13. Among them, the most significant observations of the respondents regarding employee job satisfaction from salary is that Bank ensures appropriate social security and health insurance for employees with mean value of 4.13, whereas the most insignificant observation is that earn same as other employees in similar job in other bank with mean value of 3.71.

Weighted average mean value for employee job satisfaction from salary is 3.94. It indicates that employees are satisfied with salary in Nepalese commercial banks.

Table 4.5 shows the descriptive analysis of impact of bonus on employee job satisfaction in Nepalese commercial banks.

Table 4.5

Impact of bonus on employee job satisfaction in Nepalese commercial banks

(This table shows the percentage, frequency and mean of the employee job satisfaction from Bonus. The statement is measured in five point Likert scales: 5 as strongly agree,
4 as agree, 3 as neutral, 2 as disagree and 1 as strongly disagree.)

Statements		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
Bonus in our bank is provided according to organizational profitability.	F	51	118	13	6	3	191	4.09
	%	26.70	61.78	6.81	3.14	1.57	100.00	
	A%	88.48		6.81	4.71			
Bonuses are varied among well-performing and	F	50	103	12	18	8	191	3.88
	%	26.18	53.93	6.28	9.42	4.19	100.00	

weakperforming employees	A%	80.10		6.28	13.61			
A performance incentive bonus scheme helps me to focus more on work.	F	47	127	10	6	1	191	4.12
	%	24.61	66.49	5.24	3.14	0.52	100.00	
	A%	91.10		5.24	3.66			
Bonus provided by bank is fair and equitable to all level.	F	49	107	14	17	4	191	3.94
	%	25.65	56.02	7.33	8.90	2.09	100.00	
	A%	81.68		7.33	10.99			
Bonuses provided by bank are suitable compensation which has significant relation with higher performance.	F	42	124	6	12	7	191	3.95
	%	21.99	64.92	3.14	6.28	3.66	100.00	
	A%	86.91		3.14	9.95			
Weighted average mean							4.00	

Source: Field Survey, 2022

The majority of the respondents (88.48 percent) agreed that job Bonus in our bank is provided according to organizational profitability, whereas some of the respondents (4.71 percent) disagreed on the statement. However, the rest of the respondents (6.81 percent) were indifferent on the statement.

Likewise, the majority of the respondents (80.10 percent) opined that Bonuses are varied among well-performing and weak-performing employees. However, few of the respondents (13.61 percent) disagreed and the rest of the respondents (6.28 percent) were indifferent on the statement. The table indicates that majority of the respondents (91.10 percent) agreed that A performance incentive bonus scheme helps me to focus more on work. However, some of the respondents (3.66 percent) disagreed on the statement whereas rest of the respondents (5.24 percent) were indifferent on the statement.

Similarly, the table indicates that majority of the respondents (81.68 percent) agreed that Bonus provided their bank is fair and equitable to all level. However, some of the respondents (10.99 percent) disagreed on the statement whereas rests of the respondents (7.33 percent) were indifferent on the statement.

Regarding the responses on the statement that "Bonuses provided by bank are suitable compensation which has significant relation with higher performance", the majority of the respondents (86.91 percent) agreed that the bonus motivates to perform their job effectively. However, few of the respondents (9.95 percent) did not believe that bonus motivates to perform the job effectively. However, rest of the respondents (3.14 percent) were indifferent on the statement.

The mean of the employee job satisfaction from bonus ranges from a minimum value of 3.88 to the maximum value of 4.12. Among them, the most significant observations of the respondents is bonus scheme helps me to focus more on work with mean value of 4.12, whereas the most insignificant observation is that Bonuses are varied among well-performing and weak-performing employees with mean value of 3.88.Weighted average mean scale for employee job satisfaction from bonus is 4.00. It indicates that the bonus provided by Nepalese commercial banks is at satisfactory level.

The table 4.6 shows the descriptive analysis of impact of promotion on employee job satisfaction in Nepalese commercial banks.

Table 4.6

Impact of promotion on employee job satisfaction in Nepalese commercial banks

Statements		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
Job promotion are fair and equal	F	36	117	13	22	3	191	3.84
	%	18.85	61.26	6.81	11.52	1.57	100.00	
	A%	80.10		6.81	13.09			
My organization has perfect evaluation system for promotion.	F	47	108	16	13	7	191	3.92
	%	24.61	56.54	8.38	6.81	3.66	100.00	
	A%	81.15		8.38	10.47			
Regular promotion ensures me that I can attain my career objectives well in time.	F	50	125	8	5	3	191	4.12
	%	26.18	65.45	4.19	2.62	1.57	100.00	
	A%	91.62		4.19	4.19			
Every employee has opportunity to get promotion.	F	54	120	8	5	4	191	4.13
	%	28.27	62.83	4.19	2.62	2.09	100.00	
	A%	91.10		4.19	4.71			
Organization has clear written effective promotional policies.	F	43	129	9	7	3	191	4.06
	%	22.51	67.54	4.71	3.66	1.57	100.00	
	A%	90.05		4.71	5.24			
Weighted average mean							4.01	

Source: Field Survey, 2022

The majority of the respondents (80.10 percent) agreed that Job promotion are fair and equal, whereas few of the respondents (13.09 percent) disagreed on the statement. However, the rest of the respondents (6.81 percent) were indifferent on the statement.

Likewise, majority of the respondents (81.15 percent) opined that their organization has perfect evaluation system for promotion. However, few of the respondents (10.47

percent) disagreed and the rest of the respondents (8.38 percent) were indifferent on the statement.

The table indicates that majority of the respondents (91.62 percent) agreed that "Regular promotion ensures me that I can attain my career objectives well in time." However, some of the respondents (4.19 percent) disagreed on the statement whereas rests of the respondents (4.19 percent) were indifferent on the statement.

The table indicates that majority of the respondents (91.10 percent) agreed that every employee has opportunity to get promotion. However, some of the respondents (4.71 percent) disagreed on the statement whereas rests of the respondents (4.19 percent) were indifferent on the statement.

Regarding the responses on the statement that organization has clear written effective promotional policies, the majority of the respondents (90.05 percent) agreed with the statement. However, few of the respondents (5.24 percent) did not believe that Organization has clear written effective promotional policies. Whereas the rest of the respondents (4.71 percent) were indifferent on the statement.

The mean of the employee's perception towards promotion ranges from a minimum value of 3.84 to the maximum value of 4.13. Among them, the most significant observations of the respondents regarding employee job satisfaction from promotion is that every employee has opportunity to get promotion whereas the most insignificant observation is that the job promotions are fair and equal with mean value of 3.84.

Weighted average mean scale for employee compensation management from promotion is 4.01. It indicates that the promotion is provided to Nepalese commercial banks at satisfactory level.

The table 4.7 shows the descriptive analysis of impact of job security on employee job satisfaction in Nepalese commercial banks.

Table 4.7

Impact of job security on employee job satisfaction in Nepalese commercial banks

Statements		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
My job is secure one	F	34	125	25	6	1	191	3.97
	%	17.80	65.45	13.09	3.14	0.52	100.00	
	A%	83.25		13.09	3.66			
If my job was to be eliminated, I would be offered another job in my current bank.	F	35	122	20	10	4	191	3.91
	%	18.32	63.87	10.47	5.24	2.09	100.00	
	A%	82.20		10.47	7.33			
I will be able to keep my present job as long as I wish.	F	38	125	18	9	1	191	3.99
	%	19.90	65.45	9.42	4.71	0.52	100.00	
	A%	85.34		9.42	5.24			
Regardless of economic conditions, I will have a job at my current company.	F	37	122	20	8	4	191	3.94
	%	19.37	63.87	10.47	4.19	2.09	100.00	
	A%	83.25		10.47	6.28			
There is no unfair dismissal in these banks.	F	38	124	17	8	4	191	3.96
	%	19.90	64.92	8.90	4.19	2.09	100.00	
	A%	84.82		8.90	6.28			
Weighted average mean							3.96	

Source: Field Survey, 2022

The majority of the respondents (83.25 percent) agreed that their job is secure one, whereas some of the respondents (3.66 percent) disagreed on the statement their job is secure one. However, the rest of the respondents (13.09 percent) were indifferent on the statement.

Likewise, majority of the respondents (82.20 percent) opined that "If their job was to be eliminated, they would be offered another job in their current bank." However, few of the respondents (7.33 percent) disagreed and the rest of the respondents (10.47 percent) were indifferent on the statement.

The table indicates that majority of the respondents (85.34 percent) agreed that they will be able to keep their present job as long as they wish. However, some of the respondents (5.24 percent) disagreed on the statement whereas rest of the respondents (9.42 percent) were indifferent on the statement.

Similarly, the table indicates that majority of the respondents (83.25 percent) agreed that regardless of economic conditions, they will have a job at their current company. However, some of the respondents (6.28 percent) disagreed on the statement whereas

rest of the respondents (10.47 percent) were indifferent on the statement. Regarding the responses on the statement there is no unfair dismissal in this bank (84.82 percent) agreed that there is no unfair dismissal in this bank. However, few of the respondents (6.28 percent) did not believe the statement. However, rest of the respondents (8.90 percent) were indifferent on the statement.

The mean of the employee job satisfaction from job security ranges from a minimum value of 3.91 to the maximum value of 3.99. Among them, the most significant observations of the respondents is I will be able to keep my present job as long as I wish with mean value of 3.99, whereas the most insignificant observation is If my job was to be eliminated, I would be offered another job in my current bank with mean value of 3.91.

Weighted average mean scale for employee's perception about job security is 3.96. It indicates that employee satisfaction level from job security in Nepalese commercial banks at satisfactory level.

Table 4.8

Impact of compensation on employee job satisfaction in Nepalese commercial banks
(This table shows the percentage, frequency and mean of the employee satisfaction from compensation. The statement is measured in five point Likert scales: 5 as strongly agree, 4 as agree, 3 as neutral, 2 as disagree and 1 as strongly disagree.)

Statements		**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**	**N**	**Mean**
I feel my organization is paying me fair amount for the work I do.	F	35	128	6	18	4	191	3.90
	%	18.32	67.02	3.14	9.42	2.09	100.00	
	A%	85.34		3.14	11.52			
Adequate chance for promotion on my job makes me happy.	F	47	123	13	5	3	191	4.08
	%	24.61	64.40	6.81	2.62	1.57	100.00	
	A%	89.01		6.81	4.19			
I am satisfied as banks are providing good compensation package as compared to other institutions.	F	42	122	18	6	3	191	4.02
	%	21.99	63.87	9.42	3.14	1.57	100.00	
	A%	85.86		9.42	4.71			
I am satisfied as I have secured job in my bank.	F	45	127	11	6	2	191	4.08
	%	23.56	66.49	5.76	3.14	1.05	100.00	
	A%	90.05		5.76	4.19			
I feel strong sense of belonging to this bank.	F	40	127	13	8	3	191	4.01
	%	20.94	66.49	6.81	4.19	1.57	100.00	
	A%	87.43		6.81	5.76			
Weighted average mea ı							4.02	

Source: Field Survey, 2022

The majority of the respondents (85.34 percent) agreed that they feel my organization is paying me fair amount for the work they do, whereas some of the respondents (11.52 percent) disagreed on the statement. However, the rest of the respondents (3.14 percent) were indifferent on the statement.

Likewise, majority of the respondents (89.01 percent) opined on statement "Adequate chance for promotion on my job makes me happy." However, few of the respondents (4.19 percent) disagreed and the rest of the respondents (6.81 percent) were indifferent on the statement.

The table indicates that majority of the respondents (85.86 percent) agreed that they are satisfied as banks are providing good compensation package as compared to other institutions. However, some of the respondents (4.71 percent) disagreed on the statement, whereas rest of the respondents (9.42 percent) were indifferent on the statement.

Similarly, the table indicates that majority of the respondents (90.05 percent) agreed that they are satisfied as they have secured job in their bank. However, some of the respondents (4.19 percent) disagreed on the statement whereas rest of the respondents (5.76 percent) were indifferent on the statement.

Regarding the responses on the statement that "I feel strong sense of belonging to this bank", the majority of the respondents (87.43 percent) agreed on the statement. However, few of the respondents (5.76 percent) did not believe the statement. However, rest of the respondents (6.81 percent) were indifferent on the statement.

The mean value of the employee job satisfaction ranges from a minimum value of 3.90 to the maximum value of 4.08. Among them, the most significant observations of the respondents is that Adequate chance for promotion on my job makes me happy with mean value of 4.08, whereas the most insignificant observation is that they feel organization is paying me fair amount for the work they do with mean value of 3.90.

Weighted average mean scale for employee's job satisfaction is 4.02. It indicates that employee are satisfied with the compensation management system of Nepalese commercial banks.

4.3 Correlation analysis

This section of the study presents the results and discussions of the correlation analysis. The correlation measures the strength of the linear relationship between variables. The strength of linear association between two numerical variables in a sample of population is determined by the correlation coefficient. The correlation analysis has been carried out to investigate the direction and magnitude of the relationship of compensation management and employee job satisfaction Nepalese commercial banks.

The Kendall's Tau correlation coefficients have been calculated and the results are presented in Table 4.9.

Table 4.9

Kendall's Tau correlation coefficients matrix for the dependent and independent variables for selected Nepalese commercial banks

This table presents the Kendall's Tau correlation coefficients between dependent and independent variables. EJS (Employee job satisfaction refers to positive or negative cognitive thoughts and opinions regarding various factors of compensation management) is the dependent variable. The independent variables are S (Salary which refers to basic payments), B (Bonus which refers to extra payment to employees), P (Promotion which refers to upgrading the working post) and JS (Job security which refers to security of their job).

Variables	Mean	Std Deviation	S	B	P	JS	EJS
S	3.9372	0.56	1				
B	3.9969	0.65	0.798**	1			
P	4.0126	0.66	0.754**	0.764**	1		
JS	3.9560	0.60	0.738**	0.735**	0.799**	1	
EJS	4.0178	0.62	0.707**	0.706**	0.739**	0.761**	1

Notes: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.

The result shows that salary is positively correlated to employee job satisfaction. It means that increase in salary leads to increase in employee's job satisfaction in Nepalese commercial banks. Similarly, bonus is positively correlated to employee job

satisfaction. It indicates that increase in bonus leads to increase in employee job satisfaction. Likewise, promotion is positively correlated to employee job satisfaction. It indicates that fair and frequent promotion leads to higher employee job satisfaction. Likewise, job security is positively correlated to employee job satisfaction. It indicates that increase in effective job security leads to better employee job satisfaction.

4.4 Regression analysis

This section basically deals with regression results from various specifications of the models to examine the estimated relationship of compensation management towards employee job satisfaction with salary, bonus, promotion and job security. The estimated regression results of salary, bonus, promotion, and job security are presented in table 4.10.

Table 4.10

Estimated regression results of salary, bonus, promotion, and job security for employee job satisfaction

The results are based on 191 observations by using linear regression model. The model is EJS= $\beta_0 + \beta_1 S + \beta_2 B + \beta_3 P + \beta_4 JS + e$ where, EJS (Employee job satisfaction refers to positive or negative cognitive thoughts and opinions regarding various factors of compensation management) is the dependent variable. The independent variables are S (Salary which refers to basic payments), B (Bonus which refers to extra payment to employees), P (Promotion which refers to upgrading the working post) and JS (Job security which refers to security of their job).

Model	**Intercept**	**Regression**						**F value**	**Sig. Value**
		S	**B**	**P**	**JS**	**Adj. R_bar2**	**SEE**		
1	0.930 (4.930)**	0.784 (13.732)**				0.497	0.44	188.567	0.000[a]
2	1.302 (6.484)**		0.679 (13.70)**			0.496	0.44	187.69	0.000[a]
3	1.20 (6.34)**			0.70 (15.10)**		0.54	0.42	228.08	0.000[a]
4	0.86 (4.37) **				0.79 (16.14)**	0.57	0.40	260.52	0.000[a]
5	0.789 (3.64) **	0.438 (4.89)**	0.376 (4.84)**			0.55	0.42	117.18	0.000[a]
6	0.648 (3.16)**	0.26 (2.90) **	0.20 (2.56) **	0.37 (5.24)**		0.60	0.39	98.33	0.000[a]
7	0.43 (2.16)*	0.17 (1.97)*	0.14 (1.84)	0.20 (2.68) **	0.37 (4.65)**	0.64	0.37	87.32	0.000[a]
8	0.683 (3.29)**	0.38 (4.91) **		0.45 (6.80) **		0.59	0.40	140.04	0.000[a]
9	0.44 (2.19)*	0.24 (3.17)**		0.24 (3.29)**	0.40 (5.02)**	0.64	0.37	113.82	0.000[a]

Notes:

i. *Figures in parentheses are t-values.*
ii. *The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.*
iii. *Dependent variable is employee job satisfaction. iv. SEE is Standard Error of the Estimate*

The table 4.10 shows the regression analysis using different models. The model no. 1 shows that the value of Adj. R square is 0.497 i.e. 49.70% which indicates that out of total variation in the employee job satisfaction, 49.70% is caused by salary. Value of F is 188.567 which is significant this implies that variable fits the model very well. Beta is used to see whether there exists any significant relationship between two variables (independent and dependent) or not. In Table 4.10 values of sig. are less than 0.0001 this implies that there is relationship between salary and employee job satisfaction. This finding is similar to the finding of White and Drucker (2000). Hence, hypothesis 1 is accepted.

The model no. 2 shows that the value of Adj. R square is 0.496 i.e., 49.60% which indicates that out of total variation in the employee job satisfaction, 49.60% is caused by bonus. Value of F is 187.69 which is significant this implies that variable fits the model very well. Beta is used to see whether there exists any significant relationship between two variables (independent and dependent) or not. In Table 4.10 values of sig. are less than 0.0001 this implies that there is relationship between bonus and employee job satisfaction. This finding is similar to the finding of Sturman and Short (2000). Hence, hypothesis 2 is accepted.

The model no. 3 shows that the value of Adj. R square is 0.54 i.e. 54% which indicates that out of total variation in the employee job satisfaction, 54% is caused by promotion. Value of F is 228.08 which is significant this implies that variable fits the model very well. Beta is used to see whether there exists any significant relationship between two variables (independent and dependent) or not. In Table 4.10 values of sig. are less than 0.0001 this implies that there is relationship between promotion and employee job satisfaction. This finding is similar to the finding of Khan et al. (2010). Hence, hypothesis 3 is accepted.

The model no. 4 shows that the value of Adj. R square is 0.57 i.e. 57% which indicates that out of total variation in the employee job satisfaction, 57% is caused by job security. Value of F is 260.52 which is significant this implies that variable fits the model very well. Beta is used to see whether there exists any significant relationship

between two variables (independent and dependent) or not. In Table 4.10 values of sig. are less than 0.0001 this implies that there is relationship between job security and employee job satisfaction. This finding is similar to the finding of Raziq and Maulabakhsh (2015). Hence, hypothesis 4 is accepted.

The model no. 7 (overall variables) shows that the value of Adj. R square is 0.64 i.e. 64% which indicates that out of total variation in the employee job satisfaction, 64% is caused by salary, bonus, promotion and job security. Value of F is 87.32 which is significant this implies that variables fit the model very well. Beta is used to see whether there exists any significant relationship between all the variables (independent and dependent) or not. In Table 4.10 values of sig. are less than 0.0001 this implies that there is relationship of salary, bonus, promotion and job security with employee job satisfaction.

4.5 Discussion

This study tries to investigate the impact of compensation management on employee job satisfaction in Nepalese commercial. The dependent variable is employee job satisfaction. The independent variable is compensation management measured in terms bonus, salary, promotion and job security.

The result indicates that the beta coefficients for salary, bonus, promotion, and job security are positive with at 1% and 5% level of significance for commercial banks. Where the beta coefficients for salary are positive with employee job satisfaction. This indicates that salary has positive impact on employee job satisfaction. Higher salary given to employees increases their level of satisfaction in banking sector This finding is consistent with the finding of Supriyanto (2017). The beta coefficients for bonus are positive with employee job satisfaction. This indicates that increase in bonus leads to increase in employee job satisfaction. This result is similar to the result of Mikulić et al. (2013). The beta coefficients for promotion are positive with employee job satisfaction. It indicates that higher promotion enhances employee job satisfaction which is consistent with the finding of Anik et al. (2013). Likewise, job security is positively correlated with employee job satisfaction which means that job security has positive impact on employee job satisfaction. This is similar to the findings of Lou and Yousef (1997). The correlation matrix of commercial banks indicates that there is positive and significant relationship between compensation management practices and employee job satisfaction. The result shows that salary,

bonus, promotion, and job security are positively and significantly related to employee job satisfaction and job performance.

CHAPTER -V

SUMMARY AND CONCLUSION

5.1 Summary

The first and foremost chapter of this study contains focusing on the human resource management and Employees Satisfaction in brief in this chapter. It is tries to explain in banking sector in Kathmandu with respect to objectives, functions employee and management, training and development, and so on. According to subject matter of the study, this study also tries to explain problem statement, significance, objectives, limitations and the plan of work of this study are also incorporated in introduction chapter.

Review of literature of this study tries to explain human resource development, banking sector mechanism and so on. Defining human resource management in brief, this study also tries to explain the satisfaction appraisal, career planning and development, training and development, employee development and so on in detail as far as possible. It also tries to explain the banking sector need, process, manager role, barriers and challenges and so on in brief. In this chapter review of books and related studies are incorporated.

The results of this study revealed that bundles of HRM practices are positively related to better employee satisfaction. This result is consistent with Jackson &Schuler, (1992). This means that effective HRM practices lead to employee satisfaction. Results revealed that only four dimensions of HRM practices emerged as the predictors of employee satisfaction in the case of banking sector in Kathmandu. These practices include compensation & social benefits, satisfaction appraisal, training & development and recruitment & selection. Compensation and social benefits had the strongest significant effect on employee satisfaction. This study found that bundles of HRM practices are also positively related to better employee Satisfaction. Compensation and social benefits had the strongest significant effect on employee Satisfaction.

The major objectives considered by this current study were to explore the human resource management and Employees Satisfaction in banking sector in Kathmandu district. The research has focused on employees of banking sector in Kathmandu district. Therefore, the study attempted to design descriptive cum analytical research

strategies to achieve the stated objective. The major methodological approach followed by the study can be summarized as under. Basically it was an exploratory study type of research pursuing survey design. Opinion survey technique was adopted for collecting primary data. Suitable tools and techniques were employed for the study. Numbers of literature were reviewed to identify human resource management and employee Satisfaction. Survey data were collected from the multiple employees of respondent by using Questionnaire, which were structured 5-point Likert scale to know the opinion on the human resource management and employee Satisfaction variables.

Findings of this study show that providing training for employees is positively related to higher, employee Satisfaction in banking sector in Kathmandu district. Evidences from the previous research also suggested that jobs with superior training programs are likely to experience lower staff turnover than companies that neglect staff development and also, more investment in training and employee development is positively related to reduce the employees' intention to leave the employee. In addition, this study found that provision of satisfaction-based compensation is positively related to Human Resource Management and employee Satisfaction.

The study is based on primary sources of data. The total number of observations for the study consists of 191 respondents for analyzing the compensation management for employee job satisfaction in Nepalese commercial banks. The primary sources of data are used for the quantitative research. The primary data are used to extract the information from the employees of commercial bank regarding the job satisfaction level. Second section consists of the descriptive statistics like mean and weighted average value. Third section deals with the Kendall's Tau correlation analysis. The final part of data analysis regression analysis of primary data. A regression model has been used to estimate the relationship between dependent variables (Employee job satisfaction) and independent variables (salary, bonus, promotion, and job security). The collected data have been processed with the help of SPSS Statistical package. Microsoft Excel sheet was also used for the data collection procedures and for the calculation of the average scores.

5.2 Conclusion

The major conclusion of the study is that salary, bonus, promotion and job security have positive impact on employee job satisfaction. Of these factors, job security followed by salary, promotion and bonus is the most influencing factor that explains employee job satisfaction in Nepalese commercial banks.

On the basis of the analysis, we can find that employees of Nepalese Commercial Banks thinks that if the Banks had good compensation management practices, then it would increase employee's satisfaction towards their job as well as employee work outcome. The study concludes that the compensation management has positive and significant relationship with employee job satisfaction in Nepalese Commercial Banks. Also, the study concludes that most of the respondents believe compensation management practices as the most necessity of development and overall services provided by Nepalese Commercial Banks.

The results of this study revealed that bundles of HRM practices are positively related to better employee satisfaction. This result is consistent with Jackson and Schuler, (1992); Eskildsen and Nussier, (2000); Boselie and Wieles, (2002). This means that effective HRM practices lead to employee satisfaction. Results revealed that only four dimensions of HRM practices emerged as the predictors of employee satisfaction in the case of banking sector in Kathmandu district. These practices include compensation and social benefits, satisfaction appraisal, training and development and recruitment and selection. Compensation and social benefits had the strongest significant effect on employee satisfaction.

The results from the current research indicate that there is a strong, positive correlation between human resource management and job satisfaction amongst employee from banking sector in Kathmandu. The level of HRM and employee Satisfaction are, however, a cause for concern. Given the close link between employee Satisfaction and HRM, it is possible that many employees are possibly staying in the profession due to limited alternatives. The study clearly explains that the highest percentage of respondents agreeing in the statements related Employees Satisfaction component such as Promotion Practices, Compensation and Social benefits and Employee satisfaction have satisfactory contribution in banking sector in Kathmandu.

5.3 Implications

On the basis of the findings of the study, the following recommendations are made for further improvement of employee job satisfaction through compensation management in Nepalese commercial banks.

The study shows that bonus is positively related to employee job satisfaction. Hence, the commercial banks willing to increase the employee job satisfaction level should increase employee bonus. Similarly, the study observed that salary has positive relationship with employee job satisfaction. Hence, the commercial banks willing to increase the employee job satisfaction should provide more salary to the employees. The study also observed a positive relationship between promotion and employees job satisfaction. Hence, the banks willing to satisfy its employees should establish proper and fair promotion system in the banks. Similarly, the study shows that job security has positive relationship with employee job satisfaction. Hence, the commercial banks willing to increase the employee job satisfaction should provide more job security to the employees.

This study can be regarded as the preliminary steps in investigating the factors influencing the employee's job satisfaction in Nepalese commercial banks. The study leaves enough ground for future researches which are listed below:

Further analysis might be made on the determination of other factors affecting the employee job satisfaction based on new findings from latest literatures, such personality, culture, life style etc. Also, some other demographic factors such as occupation, family size could be investigated in the future studies. This study has taken only primary data. Researchers are suggested to use secondary data for more reliable and valid results. The future studies can be carried out by selecting both inside the Kathmandu Valley and outside the Kathmandu Valley users to grab wider view of factors influencing the job satisfaction in Nepalese commercial bank.

Similarly, the future studies can select larger number of respondents and more number of observation years for the study that could lead to much more valid results regarding factors influencing the employee job satisfaction. This study has taken only employees of few commercial banks as the sample. Thus, further study should include more banks in the sample.

On the basis of major findings and conclusions some important suggestions have been forwarded so that this helps the employee for betterment.

1. This study is conducted considering to banking sector in Kathmandu only. Further research can be undertaken in the manufacturing or service sector.

2. This research is conducted based on the three factor model of Satisfaction. Further research can be undertaken considering to five factor model which will help to get insight of Satisfaction.

3. Replicating the study using a larger sample that includes a number of service employees would allow for a greater generalization.

4. This research is conducted based on the three factor model of HRM. Further research can be undertaken considering multiple factor model which will help to get insight of HRM.

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Appendix

Dear respondent,

I am master's level student of Nepal Commerce Campus and conducting academic research on '**IMPACT OF COMPENSATION MANAGEMENT ON EMPLOYEE JOB SATISFACTION OF NEPALESE COMMERCIAL BANKS**. This is needed to meet the requirement for the Master's Degree in Tribhuwan University. The major objective of this study is to analyze the satisfaction of employees on behalf of compensation management system practiced in Nepalese commercial banks. So, this is a humble request to all the respondents to fill up the questionnaire and feel free to answer the given questions according to your understanding. Please be confident as all your responses will be maintained absolutely confidential and used for only academic purposes. Your participation in the study is anonymous.

Your participation in the study will be very highly appreciated.

Thanking You

Saraswoti Shrestha

Part 1

Personal Information

1. Organization:
2. Department:
3. Gender:
4. Age:
5. Qualification (highest degree):
6. Designation:

Part 2, Bellow are several statement about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item by choosing the appropriate number. Please give your response as follows: √ Strongly disagree-1 √ Disagree-2√ Neutral-3 √ Agree- 4√ Strongly Agree- 5

1. Salary

S.N	Statement	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1	I am satisfied with the salary provided by the bank.					
2	Bank provides compensation on the basis of performance of bank.					
3	I earn same as other employees in similar job in other bank.					
4	I am satisfied with the salary that the banks offer.					
5	Bank ensures appropriate social security and health insurance for employees.					

2. Bonus

S.N	Statement	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1	Bonus in our bank is provided according to organizational profitability.					
2	Bonuses are varied among well-performing and weak-performing employees.					
3	A performance incentive bonus scheme helps me to focus more on work.					
4	Bonus provided by bank is fair and equitable to all level.					
5	Bonuses provided by bank are suitable compensation which has significant relation with higher performance.					

3. Promotion

S.N	Statement	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1	Job promotion are fair and equal.					
2	My organization has perfect evaluation system for promotion.					
3	Regular promotion ensure me that I can attain my career objectives well in time.					
4	Every employees has opportunity to get promotion					
5	Organization has clear written effective promotional policies.					

4. Job Security

S.N	Statement	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1	My job is secure one					
2	If my job was to be eliminated, I would be offered another job in my current bank.					
3	I will be able to keep my present job as long as I wish.					
4	Regardless of economic conditions, I will have a job at my current company.					
5	There is no unfair dismissal in these banks.					

5. Job Satisfaction

S.N	Statement	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1	I feel my organization is paying me fair amount for the work I do.					
2	Adequate chance for promotion on my job makes me happy.					
3	I am satisfied as banks are providing good compensation package as compared to other institutions.					
4	I am satisfied as I have secured job in my bank.					
5	I feel strong sense of belonging to this bank.					

THANK YOU FOR YOUR VALUABLE TIME AND KIND RESPONSE.