

# **IMPACT OF HUMAN RESOURCE PRACTICES ON EMPLOYEE PERFORMANCE IN NEPALESE BANKING SERVICE SECTOR**

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fulfilment of the requirements for the Master's Degree

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## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**IMPACT OF HUMAN RESOURCE PRACTICES ON EMPLOYEE PERFORMANCE IN NEPALESE BANKING SERVICE SECTOR**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees 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 declare that all information sources and literature used are cited in the reference section of the dissertation.

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## REPORT OF RESEARCH COMMITTEE

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## ABBREVIATIONS

ANOVA	:	Analysis of Variances
CAI	:	Compensation and Incentives
EMP	:	Employee Performance
HCT	:	Human Capital Theory
HRD	:	Human Resource Development
HRM	:	Human Resource Management
PAP	:	Performance Appraisal
RAS	:	Recruitment and Selection
S.D.	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences
TAD	:	Training and Development
VIF	:	Variance Inflation Factor

## ABSTRACT

This study delves into the impact of human resource management (HRM) practices on employee performance within Nepal's banking service sector. It seeks to fill existing knowledge gaps and enhance organizational success through a comprehensive analysis of HRM effectiveness.

The research design encompasses a mixed-methods approach, drawing data from 385 respondents representing various service sectors in Kathmandu and Pokhara. Utilizing descriptive statistics and statistical analyses like correlation and regression, the study investigates the relationship between HRM practices (Training and Development, Compensation and Incentives, Performance Appraisal, Recruitment and Selection) and employee performance. In conjunction with a mixed-methods approach, this study adopts descriptive statistics and statistical analyses like correlation and regression. Data collection involves 385 respondents from different service sectors in Kathmandu and Pokhara, enabling a comprehensive examination of HRM practices' impact on employee performance.

The findings revealed that significant positive correlations and impacts of HRM practices (Training and Development, Compensation and Incentives, Performance Appraisal, Recruitment and Selection), on Employee Performance (EP) emphasizing the strategic importance of tailored interventions for organizational success.

Implications of this study extend to practical insights for organizations operating in Nepal's service sector, emphasizing the need for strategic HRM interventions to optimize employee performance and drive organizational success. These findings also advocate for further research in this area to deepen understanding and refine HRM practices for enhanced outcomes.

**Keywords:** HRM practices, employee performance, Nepalese banking service sector, correlation analysis, regression analysis

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

In today's dynamic business landscape, where knowledge and expertise are critical assets, innovative Human Resource Management (HRM) practices play a pivotal role in attracting, retaining, and enhancing shareholder value (Altarawmneh & Al-Kilani, 2010). Effective HRM encompasses various aspects, including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training, development, and labor relations. These practices are essential for unlocking the potential value embedded within the workforce, as human resources are unparalleled in their ability to convert inputs into outputs, thereby contributing to organizational success.

In emerging economies, the adoption of best HRM practices is relatively recent. While many firms comply with legal requirements, only the adoption of leading-edge HRM practices can provide a competitive advantage (Stone & Deadrick, 2015). Unlike other resources such as technology and capital, human resources are unique and cannot be easily imitated by competitors. Consequently, organizations must continually seek ways to enhance employee performance through effective HRM strategies. This pursuit involves identifying and leveraging factors that promote employee engagement, motivation, and overall performance, aligning individual efforts with organizational objectives to drive sustained success in a competitive market environment (Arogyaswamy & Byles, 1987).

Self et al. (2004) suggested that Human Resource Management (HRM) seamlessly integrates into management practices, playing a vital role in orchestrating the workforce within any organization. It encompasses various dimensions, such as retaining experienced personnel and fostering their potential through continuous learning and development initiatives. The management of human resources is complex, driven by the inherent dynamism of individuals.

Employees are a fundamental strategic resource in every organization, and investing in their skills can provide a competitive edge (Danish & Usman, 2010; Zaharie & Osoian, 2013). Similarly, educational institutions seek adept and committed staff members to

contribute to scholarly research and human advancement (Lew, 2009). As organizations aim to enhance their competitiveness, there's a growing emphasis on investing in human resources (Jones, 2002). Human resource management (HRM) emerges as crucial for sustainable competitive advantage, encompassing practices like training, career progression, and organizational refinement (Garavan, 2007). HRM, as described by Simonds and Pederson (2006), involves structured and unstructured activities to enhance individual and organizational competencies, enabling them to adapt to business environment shifts.

The interconnection between HRM and organizational learning contributes to performance enhancement (Alagaraja, 2013). HRM elevates employee commitment and cultivates skills and knowledge, impacting organizational effectiveness (Katou, 2009). The core objective of HRM is to enhance employee competencies, requiring diverse strategies for workforce development (Asfaw et al., 2015). In the global market, workforce development is crucial for firms to gain a competitive advantage and ensure sustainability (Maran, 2008). Human capital development becomes integral to achieving cost-effective performance, necessitating investment in employees' skills and competencies (Griffin & Knight, 1990).

HRM has evolved into a comprehensive approach encompassing learning and knowledge enhancement at individual and organizational levels (Mittal, 2013). It plays a strategic role in enhancing employee competence and organizational effectiveness amidst contemporary challenges like globalization and technological advancements (Swanson & Holton, 2005). The relationship between HRM and firm performance varies due to inconsistencies in conceptualization and operationalization (Nguyen et al., 2010; Zwick, 2006). Scholars call for systematic examinations comparing diverse HRM approaches to better understand their implications for performance (Tharenou et al., 2007).

In Nepal, the concept of Human Resource Management (HRM) gained traction after the liberalization and privatization policies were introduced in 1990. Prior to this, Nepali organizations did not have clearly defined HR strategies. (Gautam, 2012). The emergence of private businesses and joint ventures post-1990 brought about a shift in Nepali business practices. Organizations began offering competitive pay and benefits to attract competent employees, with a newfound emphasis on performance. Training and development

programs were increasingly embraced as a means to enhance employees' skills and knowledge. However, Nepali organizations are still in a learning phase, and the foundational aspects of HRM have not been firmly established (Adhikari, 2010).

Some large organizations in Nepal have already implemented various employee incentives, including incremental salary schemes, provident funds, gratuity, leave management, and performance incentive plans, ensuring compliance with Nepal's laws (Gautam, 2019). Companies like Surya Nepal, Bottlers Nepal, Ncell, Unilever, Dabur Nepal, and leading commercial banks adhere to these practices. They recruit entry-level staff and provide them with opportunities for career growth. These organizations understand the importance of employee satisfaction and motivation in creating organizational value. However, there is a missed opportunity in recognizing that satisfied employees lead to satisfied customers. In contrast, India's focus on human resource development stands out, possibly due to its larger market size. Nepal could emulate this level of commitment to HRM practices in its own context.

The above discussion underscores the importance of studying the impact of human resource practices on employee performance. While studies in this area exist for various countries, there is a dearth of recent data specific to Nepal. Hence, this study seeks to analyze the relationship between human resource practices and employee performance within the Nepalese service sector.

## **1.2 Problem Statement**

In the contemporary landscape of intense competition and ever-changing business dynamics, the effectiveness of the Nepalese service sector hinges significantly on the caliber of its workforce. Trained, experienced, and qualified manpower has become a crucial requirement for these entities to navigate the challenges of the globalized modern era. Just as in other sectors, satisfied and motivated human resources are invaluable assets for Nepalese service sector organizations. Thus, this study not only delves into the various mechanisms of Human Resource Management (HRM) implemented by these organizations but also places a spotlight on the psychological responses of employees towards these practices (Maharjan, 2013). Given the essential role Nepalese service sector organizations play in serving the public and contributing to national objectives, it is imperative that their

employees are equipped to address the diverse array of services required. Amidst the rapid evolution of information technology, there exists a knowledge gap concerning the reality, challenges, and effectiveness of HRM practices within the sector due to limited comprehensive studies. This research seeks to bridge this gap by analyzing the efficacy of HRM procedures and systems within Nepalese service sector organizations, encompassing recruitment, training and development, performance evaluation, compensation, employee relations, and overall workforce management (Baniya, 2004).

The absence of substantial research both from government and the private sector on HRM practices within Nepalese service sector organizations creates a vacuum that this study endeavors to fill. By examining the HRM practices employed by these organizations in Nepal, this study aims to offer insights into the true state of affairs within the sector. The researcher's curiosity is sparked by the need to unravel the intricacies and realities of HRM practices within Nepalese service sector organizations, contributing to a deeper comprehension of their impact on organizational capacity and employee well-being.

Ultimately, this study centers on shedding light on the multifaceted HRM practices employed by Nepalese service sector organizations, striving to enhance our understanding of their role in shaping both the organizations and the individuals within them. Following were the research questions asked for this study.

- What are the current human resource management practices employed by the Nepalese banking service sector?
- Is there a relationship between human resource practices and employee performance in the Nepalese banking service sector?
- What is the impact of human resource practices on employee performance in the Nepalese banking service sector?

### **1.3 Objectives of the Study**

The objectives of this study are as follows:

- To assess the current human resource management practices employed by the commercial bank located in Kathmandu and Pokhara metropolitan cities of Nepal.

- To analyze the relationship between human resource practices and employee performance in the banking service sector.
- To analyze the impact of human resource practices (Training and Development, Compensation and Incentives, Performance Appraisal, Recruitment and Selection) on employee performance in the banking service sector.

### **1.5 Rationale of the Study**

The significance of this study lies in its exploration of the crucial role played by HRM and its mechanisms in facilitating the learning process for the following stakeholders.

- **For the Nepalese Service Sector:** The significance of human resource management cannot be overstated, as human capital stands as the primary input and resource of capital in any industry globally, including the service sector. Effective human resource practices directly impact employee performance, which in turn influences organizational productivity, customer satisfaction, and overall competitiveness. Therefore, understanding the impact of HR practices on employee performance in the Nepalese service sector is vital for organizations operating within this sector. By gaining insights into effective HR strategies, service sector businesses can enhance their recruitment, training, and retention processes, ultimately leading to improved employee performance and organizational success.
- **For the Nepalese Government and Policymakers:** Recognizing the importance of human resource management in the service sector is crucial for the Nepalese government and policymakers. As the service sector plays a significant role in the country's economy, ensuring optimal HR practices can contribute to economic growth, job creation, and social development. By understanding the impact of HR practices on employee performance, policymakers can develop supportive policies and regulations that promote the adoption of best HR practices within Nepalese service organizations. These policies can help create a conducive environment for human resource development, fostering a skilled and motivated workforce that drives the sector's growth and contributes to overall national development objectives.

- **For Researchers and Academicians:** Studying the impact of human resource practices on employee performance in the Nepalese service sector offers valuable insights for researchers and academicians. By conducting empirical research and analysis, scholars can contribute to the existing body of knowledge in HRM, particularly in the context of developing economies like Nepal. Understanding how different HR practices influence employee performance can lead to the development of theoretical frameworks and practical recommendations tailored to the specific needs and challenges of the Nepalese service sector. This research can also serve as a basis for further academic inquiry, facilitating continuous learning and improvement in HRM practices within the country.
- **For Investors:** Investors interested in the Nepalese service sector stand to benefit from understanding the impact of human resource practices on employee performance. A skilled and motivated workforce is a critical determinant of organizational success and long-term sustainability. By assessing the effectiveness of HR practices in Nepalese service organizations, investors can make informed decisions regarding potential investment opportunities. They can identify companies that prioritize human resource development and have the potential for strong financial performance and growth. Additionally, insights from this research can help investors evaluate the risk and return associated with investing in the Nepalese service sector, ultimately contributing to more strategic and profitable investment decisions.
- **For Students:** For students studying business, management, or related disciplines, exploring the impact of human resource practices on employee performance in the Nepalese service sector offers valuable learning opportunities. Understanding how HR practices influence employee behavior, job satisfaction, and overall performance provides students with practical insights into the complexities of managing human capital in real-world organizational contexts. Moreover, students can gain a deeper understanding of the unique challenges and opportunities faced by Nepalese service organizations, thereby enhancing their knowledge and skills in HRM and preparing them for future careers in the field.

Overall, the rationale for this study is rooted in the recognition of the pivotal role that Human Resource Management (HRM) plays in organizational success, particularly within the Nepalese service sector. By investigating the impact of HRM practices on employee performance, this research aims to provide valuable insights for stakeholders including Nepalese service sector organizations, government policymakers, researchers, investors, and students. Understanding how HRM strategies influence employee behavior, job satisfaction, and overall performance is essential for enhancing organizational effectiveness, promoting economic growth, informing policy decisions, and preparing future HRM professionals.

### **1.6 Limitations of the Study**

The limitation of this study are as follows:

- The study is focused on impact of human resource practices on employment performance in Nepalese banking service sector.
- This study focuses on employees' performance as influenced by human resources management practices in the banking sector, so the findings may not be applicable to other service sectors.
- This study being a cross-sectional study, it is only a snap-shot of events during the time of the study. So, temporal relationships can't be established.
- This study is based on primary data.
- The respondents are taken from banking sector for this study.

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter serves as a comprehensive foundation for further study by encompassing conceptual, theoretical, and empirical reviews related to Human Resource Management (HRM) and Employee Performance. Through the examination of existing literature, it identifies key concepts, theories, and empirical evidence pertaining to the relationship between HRM practices and employee performance. Additionally, it highlights research gaps within the field, providing insights into areas requiring further investigation. By synthesizing and analyzing these elements, this chapter sets the stage for a deeper exploration of HRM's impact on employee performance and informs the direction of future research endeavors.

#### **2.1 Theoretical Review**

In this section, a conceptual review of human resource practices and their impact on employee performance is presented. Drawing on theoretical frameworks and empirical studies, this review examines the relationship between various human resource practices, such as training and development, compensation and incentives, performance appraisal, recruitment and selection, and employee performance. By synthesizing existing literature, this conceptual review aims to provide a theoretical foundation for understanding how different aspects of human resource management influence employee performance outcomes.

##### **2.1.1 Concept of Human Resource Management**

Human Resource Management (HRM) plays a pivotal role in organizations, particularly in the face of technological, economic, and demographic changes within competitive environments. Scholars like Tichy et al. (1982), and Delery and Doty (1996) have emphasized the importance of effectively utilizing HRM practices, which encompass various dimensions such as selection, appraisal, rewards, and development. These practices are crucial for organizations in the Nepalese service sector, as they contribute to employee productivity, satisfaction, and overall performance.

Over the past thirty years, Human Resource Management (HRM) has garnered increasing attention for its role in enhancing organizational performance and managing human capital. HRM, encompasses all management decisions influencing the relationship between organizations and their employees. This includes policies, procedures, and processes aimed at effectively managing employment relations within firms, as articulated by Boxall and Purcell (2000). Guest (1987) further conceptualized HRM, emphasizing flexibility, commitment, quality, and integration as key elements. Flexibility denotes employees' ability to adapt to organizational changes, while commitment involves aligning efforts with organizational goals. Quality pertains to improving work performance, and integration involves aligning HR strategies with organizational needs and business strategies to foster consistency and support.

Storey (1996) introduced a broader perspective of HRM as a distinctive approach to employment management, seeking competitive advantage through the strategic deployment of a highly committed and capable workforce. Unlike earlier views, Storey (1996) definition highlights HRM's strategic role in leveraging organizational assets, such as workforce capabilities, structure, and culture, to enhance organizational performance and achieve competitive advantage. This perspective emphasizes the strategic deployment of HRM practices to optimize organizational resources and capabilities, aligning them with business objectives to drive competitive success.

In alignment with Storey (1996) perspective, this research adopts a strategic view of HRM, recognizing its role in leveraging internal capabilities to improve organizational performance and achieve competitive advantage. By strategically deploying HRM practices and aligning them with organizational objectives, firms can effectively harness their human resources to optimize performance and gain a competitive edge in the marketplace.

### **2.1.2 Importance and Significance of Human Resource Management**

The role of Human Resource Management (HRM) has evolved significantly in response to various organizational challenges, including global economic competition, technological advancements, and the need for skilled labor. Organizations have adapted to these challenges by implementing strategic changes such as downsizing and decentralization, as

well as embracing flexibility, openness to change, and a focus on performance management and organizational development (Kabene et al., 2006).

Goswami (2018) stated that HRM practices play a crucial role in creating a supportive organizational environment and reducing work stress, ultimately contributing to organizational performance. Recent research has expanded the understanding of HRM practices beyond traditional functions like recruitment and training, focusing more on how these practices can enhance overall organizational performance. The Resource-Based View (RBV) theory emphasizes the importance of human assets as a source of sustainable competitive advantage, highlighting the value of skills, knowledge, and organizational culture. Porter's model for sustained competitive advantage further emphasizes the role of HRM in organizational success, suggesting that HRM practices can help organizations differentiate themselves from competitors by developing skills, knowledge, and organizational culture. HRM practices facilitate the acquisition of tacit knowledge, skills development, and the formation of corporate behaviors and culture (Arvanitis et al., 2016). Overall, HRM practices are crucial for building organizational settings operated by skilled individuals, which are difficult for competitors to imitate.

Innovation is essential for organizational competitiveness and survival, and HRM practices play a key role in fostering an innovative culture. Well-trained and motivated employees contribute to innovation through their skills, knowledge, and willingness to take risks. As organizations navigate through dynamic industrial landscapes and technological advancements, HRM practices become vital for enhancing organizational capabilities and sustaining competitive advantage. Effective implementation of HRM practices attracts, motivates, and retains employees, thereby enhancing individual and organizational performance. Human Resource Development (HRD) encompasses functions such as training and development, recruitment and selection, performance management, and reward management, all aimed at promoting effective organizational functioning and meeting legal and social obligations towards employees (Burke et al., 2013).

Overall, HRM practices play a central role in organizational performance and competitiveness, emphasizing the importance of developing and nurturing human capital to drive innovation and success in today's dynamic business environment.

### **2.1.3 Human Resource Practices and Employee Performance**

Human Resource Management (HRM) practices encompass a system aimed at attracting, developing, motivating, and retaining employees to ensure the effective functioning and longevity of the organization and its workforce (Schuler & Jackson, 2005). Minbaeva and Muratbekova (2005) underscores the significant relationship between HR practices and employee performance, emphasizing the importance of formalized practices, policies, and philosophies in facilitating organizational effectiveness. Wright et al. (1994) highlight HR practices as instrumental in enhancing the skills of the workforce and providing incentives for employees to contribute, thus positioning them as valuable assets to the organization.

Despite differing perspectives within organizations, the value of HR practices remains paramount in today's competitive global market, where the "war for talent" is recognized as crucial for every business (KPMG, 2012). HRM functions and practices serve as the infrastructure elements of strategic HRM processes, enabling organizations to strategically leverage their resources for competitive advantage (Schuler & Schuler, 1984). This strategic approach aligns with the resource-based view proposed by Barney (1991), which suggests that competitive advantage hinges on the rarity and value of organizational resources, including human capital.

Moreover, HRM practices encompass specific policies and philosophies tailored to attract, develop, motivate, and retain employees, thus ensuring organizational effectiveness and survival (Tan & Nasurdin, 2011). Chenevert and Tremblay (2009) emphasize that HRM policies and practices are aligned with the organization's overarching business strategy, with the aim of achieving diverse objectives such as profitability, growth, survival, market share expansion, and market leadership.

### **2.1.4 Types of Human Resource Practices**

#### **2.1.4.1 Compensation**

Compensation encompasses the tangible benefits and rewards employees receive in exchange for their work, including monetary payments such as salaries, wages, bonuses, commissions, and other forms of remuneration aimed at enhancing employee performance. It serves as a crucial element in the relationship between employers and employees, as

highlighted by Oluigbo and Anyiam (2014), by acknowledging the contributions of workers through various rewards for their services rendered. Compensation can take two primary forms: direct compensation, which encompasses monetary payments directly received by employees, and indirect compensation, which includes benefits and equity-based programs.

Furthermore, compensation plays a pivotal role in various aspects of business operations and employee management, ranging from organizational structure to recruitment, retention, motivation, performance evaluation, feedback, and overall job satisfaction. It is often one of the key considerations for prospective employees when evaluating potential job opportunities. Moreover, compensation strategies are instrumental in reducing turnover rates within industries and fostering positive employee relationships, ultimately contributing to the retention of skilled workers and organizational stability, as emphasized by Oluigbo and Anyiam (2014). Therefore, the impact of compensation on employee performance cannot be understated, as it serves as a fundamental driver of employee engagement, productivity, and organizational success.

#### **2.1.4.2 Performance Evaluation**

Human resource experts often highlight the nuanced differences between performance appraisal and performance evaluation, yet in practical terms, these terms are often used interchangeably because both involve assessing an employee's performance and determining appropriate rewards (Murphy, 2020). However, in a strict sense, evaluation typically precedes appraisal. Performance evaluation refers to the formal assessment of an individual's job-related actions and outcomes within a specific role. On the other hand, performance appraisal entails a structured and formal interaction between a subordinate and supervisor, usually in the form of a periodic interview, during which the subordinate's work performance is reviewed and discussed to identify areas for improvement and skills development (Bednall et al., 2014).

The purpose of performance evaluations is to identify achievements, performance issues, and implementation constraints in projects, thereby facilitating decision-making regarding which activities to continue, modify, or enhance. As such, performance evaluation plays a crucial role in helping organizations achieve their objectives. However, there are two

primary challenges associated with performance evaluation that can complicate matters. Firstly, if not used appropriately, the process can have adverse effects on the organization. Secondly, it may prove ineffective if the performance evaluation system does not align with the organizational culture and system (Murphy, 2020).

#### **2.1.4.3 Promotion**

Promotion involves elevating an employee from one job position to another with a higher salary range, a higher-level job title, and increased job responsibilities. The primary purpose of promotion is to place employees in roles where they can contribute greater value to the company and foster a competitive spirit and self-development among employees. While the significance of promotions may vary between the corporate and government sectors, organizations in all sectors should develop structured promotion plans based on criteria such as seniority, merit, or a combination of both (Johari et al., 2012).

Conversely, demotion involves reducing an employee's status, salary, and responsibilities. Demotions can occur due to factors such as employee inadequacy, an inability to adapt to technological advancements, or disciplinary actions resulting from misconduct. It's essential to note the distinction between human resource practices and HR functions. Human resource practices involve the strategic implementation of policies and procedures to manage employees effectively, whereas HR functions encompass the day-to-day operational tasks that support these practices. The extent to which organizations handle HR functions internally or outsource them depends on factors such as organizational expertise, workforce size, and budget allocation for the HR department (Mišić, 2013).

### **2.1.5 Types of Human Resource Functions**

#### **2.1.5.1 Recruitment**

Recruitment involves the process of attracting individuals with appropriate qualifications to apply for job positions within an organization. Studies have highlighted the crucial role of recruitment and selection in shaping organizational performance, indicating a positive correlation between effective recruitment practices and organizational success. Organizational performance is not solely determined by isolated factors but is rather a culmination of individual employee performances aligned with organizational objectives.

Thus, to bolster employee performance and organizational outcomes, it's essential to ensure that recruitment processes meet industry standards (Shamot, 2014). Prioritizing robust recruitment strategies can enhance an organization's ability to attract top talent, fostering a workforce better equipped to drive success and meet organizational goals.

### **2.1.5.2 Training and Development**

Training and development in the realm of human resources encompasses organizational efforts aimed at enhancing the performance of both employees and groups within an organization (Rodriguez & Walters, 2017). Studies have indicated a positive correlation between training and development initiatives and employee performance. Research conducted on the top 100 mid-size companies in South Africa revealed that organizations with robust training and development programs demonstrated superior overall performance compared to those with sporadic or absent training initiatives. By equipping employees with essential skills, training ensures their preparedness to navigate the dynamic work environment, thereby enhancing productivity. Moreover, training and development initiatives empower employees to effectively tackle the pressures and challenges inherent in their roles. Recognizing the importance of continuous skill enhancement, successful organizations integrate employee training and development into performance evaluations, providing opportunities for employees to improve their performance periodically. The evolving business landscape, characterized by technological advancements and shifting customer needs, underscores the necessity for organizations to invest in equipping their workforce with the requisite knowledge and skills to drive organizational success (Khan et al., 2016).

### **2.1.5.3 Professional Development**

Professional development encompasses structured learning opportunities within specific professional domains, such as legal, marketing, or accounting, often facilitated by professional organizations or bodies. These opportunities typically involve certification processes or mandated courses to maintain licensure or accreditation, ensuring members remain current and relevant in their fields. Professional bodies design training programs to meet market demands, aiming to enhance the operational expertise, efficiency, and relevance of their members. To bolster employee performance, organizations can

encourage or require employees to participate in professional development activities, ensuring alignment with industry standards and evolving market needs (Peticca & McKenna, 2013).

Organizations play a pivotal role in supporting employees' engagement with professional bodies by covering registration, membership, licensing, and certification fees. Recognizing the significance of professional development in improving employee performance, organizations should actively promote and facilitate employee involvement in such initiatives (Obedgiu, 2017). Research suggests a positive correlation between employee performance and participation in professional development activities, as these programs provide opportunities for ongoing evaluation and certification of employees' professionalism.

#### **2.1.5.4 Benefits**

Benefits are forms of compensation provided to employees that do not involve direct cash payments and may differ between organizations based on legal requirements and internal policies. Kimanzi and Gachunga (2013) found in their research that offering benefits necessitates significant investments in financial, physical, and human resources, highlighting the importance of effectively communicating these benefits to employees for the success of the benefits program.

## **2.2 Empirical Review**

Salman et al. (2024) conducted on impact of human resource management practices on organizational performance. The objective of this study was to evaluate the effects of human resource management practices on the organizational performance of banks in India. This study has used structural equation modeling and multiple regression model for data analysis. This study found that that training and development, performance appraisal, and employee involvement had a positive and significant impact on bank performance and recruitment and selection showed a positive but insignificant influence with organizational performance. This study concluded that human resource management practice has positive impact on organizational performance.

Panjaitan et al. (2023) examined the role of human resource management in improving employee performance in private companies. The objective of this study was to explore the impact of human resource management on employee performance within private companies. This study has used descriptive statistics for data analysis. This study found that there is a positive correlation between human resource management practices and employee performance in private enterprises. This study concluded that human resource management having administrative, operational, and strategic functions has crucial effect on optimizing organizational performance.

Gu et al. (2023) investigated the impact of human resource management practices on supply chain resilience and operational performance. The objective of this study was to analyze the effect of human resource management dimension on employee performance. This study used Structural equation modeling for data analysis. This study found employee skills has positive effect on internal and customer resilience, while employee incentives did not show a significant influence on organizational performance. This study concluded that human resource management has positive impact on operational performance.

Luu (2023) explored the relationship between perceived green human resource management (HRM) practices and the development of green creativity among employees. The objective of the study was to investigate the ability of perceived green HRM practices to stimulate green creativity, employing a dual mediation framework. This study utilized a dual mediation framework to examine the pathways of green crafting and harmonious environmental passion. The findings revealed significant mediation effects of green crafting and harmonious environmental passion, indicating the mechanisms through which perceived green HRM practices influence employee green creativity. The study concluded that the importance of perceived green HRM practices in fostering green creativity among employees and highlights the moderating role of perceived environmentally-specific authentic leadership in shaping these relationships.

Firman (2023) conducted research on human resource management on employee performance. The objective of this study was to examine the impact of human resource development strategies on employee performance within the Audit Board of the Republic of Indonesia. This study used descriptive statistics and multiple regression analysis for

analysis of data. This study found that knowledge management and human resource development has significant impact on employee performance. This study concluded that the implementation of knowledge management practices had a significant impact on employee performance within the Audit Board of the Republic of Indonesia in South Sulawesi Province.

Infante and Darmawan (2022) explored the study about gender equality: women's involvement in human resource management practices. The objective of this study was to examine the human resource management and its impact on performance of organization by taking gender equality. This study used descriptive research design for analysis of data. This study found that human resource management such as societal norms has positive impact on organizational success. This study concluded that equal opportunities for women has showed their skills and talents, companies can drive innovation, productivity, and improved overall organizational growth

Ercantan and Eyupoglu (2022) analyzed the effect of green human resource management practices on green behavior of employees. The main objective was to analyze the green human resource management practice on employee behavior. This study used factor analysis, multiple regression, and correlation coefficient to analyze the data. This study found that there is positive relationship between GHRM practices and the perceived green behaviors of potential employees. This study concluded that there is an indirect influence exerted by GHRM practices on psychological green climate perception of employee.

Alsafadi and Altahat (2021) explored a study on human resource management practices and employee performance: the role of job satisfaction. The objective of this study was to analyze the effect of human resource management practices (HRMP) on employee performance (EP). This study used descriptive statistics, correlation analysis and multiple regression analysis for data analysis. This study found that there is positive relationship between HRMP and EP, indicating that effective HR practices enhance job performance and contribute to employees' satisfaction. This study concluded that job satisfaction has positive impact on HRMP and EP, suggesting that employees who are content with their jobs tend to perform better.

Jashari and Kutllovci (2020) explored the impact of human resource management practices on organizational performance case study: manufacturing enterprises in Kosovo. The objective of this research was to explore the impact of human resource management (HRM) practices on the broader performance outcomes of organizations operating within the Kosovo context. This study correlation coefficient for data analysis. This study found that there is positive recognition by managers in Kosovo's manufacturing firms regarding the pivotal role played by their employees. This study concluded that HRM practices such as, recruitment and selection practices has positive relationship with organizational performance compared to other HRM practices.

Rana and Sharma (2019) conducted a study emerging human resource management practices in Industry 4.0. The objective of this study was to analyze the effect of human resource management strategies to drive innovation and continuous learning within organizations. This study used descriptive analysis to analyze the data. This study found that organizations can future-proof themselves by leveraging the potential of their human capital along with technological transformations. This study concluded that the adaptation of human resource management practices is essential for organizations for ensuring sustainable growth and competitive advantage.

Mira et al. (2019) analyze the effect of HRM practices and employees' job satisfaction on employee performance in Saudi Ports. The objective of this study was to investigate whether HRM practices impact employee performance and employees' job satisfaction. This study used correlation coefficient and multiple regression analysis for data analysis. This study found that there is positive significant relationship between HRM practices and employee performance. This study concluded that there is positive relationship between employee job satisfaction and employee performance and there is insignificant relationship between HRM practices and employee job satisfaction and found no significant mediating role of employee job satisfaction between HRM practices and employee performance.

Haneda and Ito (2018) conducted study on organizational and human resource management and innovation: which management practices are linked to product and/or process innovation? The objective of this study was to analyze the human resource management factors that affect innovation achievements within organizations. This study used Karl

pearson correlation coefficient and multiple regression analysis for analyzing the collected data. This study found that there is positive relationship between human resource management on organizational performance with both product and process innovation outcomes. This study concluded that there is strong positive correlation between transformative actions such as creating, relocating, or integrating R&D centers which showed signaling organizations' firm commitment to embracing innovation-driven strategies.

Otoo and Mishra (2018) conducted the impact of human resource development (HRD) practices on employee performance in small and medium scale enterprises. The objective of this study was to analyze the relationship between human resource development practices and employee performance within the specific context of small and medium-scale enterprises (SMEs). This study used structural equation modeling technique for data analysis. This study found that there is significant impact of human resource development practices on employee performance within SMEs. This study concluded that performance appraisal has significant impact on employee performance within the SMEs.

Hee and Jing (2018) explored the influence of human resource management practices on employee performance in the manufacturing sector in Malaysia. The objective of this research was to examine the relationship between various human resource management (HRM) practices, including compensation and benefits, work-life policies, performance appraisal, and training and development, and their effects on employee performance. This study used multiple regression analysis to analyze the data. This study found that performance appraisal and training and development has significant impact on employee performance. This study concluded that human resource management such as training and development, has positively impact on employee performance, closely followed by performance appraisal. Additionally, this study concluded that Compensation and Benefits, as well as Work-life Policies, didn't have significant impact on employee performance.

Ogbonnaya and Messersmith (2018) analyzed employee performance, well-being, and the differential effects of human resource management subdimensions. The objective of this study was to explore the impact of three subdimensions of HRM systems (skill-, motivation-, and opportunity-enhancing HRM practices) on employee innovative

behaviors and well-being. This study used correlation coefficient and multiple regression analysis for data analysis. This study found that HRM practices have both positive and negative effects on employee performance and well-being. This study concluded that HRM practices have different impacts depending on various employee performance.

Al Adresi and Darun (2017) analyzed the relationship between strategic human resource management practices and organizational commitment. The objective of their study was to analyze the human resource management (HRM) practices influence employees' commitment to their organizations. This study used descriptive statistics, correlation coefficient and multivariate regression analysis for data analysis. This study found that there is positive relationship between strategic HRM practices and organizational commitment. The study concluded that organizations can enhance organizational commitment by implementing effective SHRM strategies tailored to their unique contexts.

Sarker (2017) examined the impact of human resource management practices on employee performance in the banking sector of Bangladesh. The objective was to evaluate the relationship between HR practices and employee performance within Bangladeshi banks. This study used correlation coefficient and multiple regression analysis to analyze the data. This study found that several HR practices significantly influenced employee performance, including institutional commitment, motivation, employee relations, work environment, promotion opportunities, and job satisfaction. This study concluded that compensation and training & development practices didn't have significant impact on employee performance according to the analysis.

Jouda et al. (2016) analyzed the impact of human resource management practices on employee performance at the Islamic University of Gaza in Palestine. The objective of this study was to examine the relationship between HR practices and employee performance within the university setting. This study used multiple regression model for data analysis. This study found that there is significant positive correlations between various HR practices, such as recruitment and selection, training and development, compensation and incentives, performance appraisal, and employee performance. This study concluded that HR practices influence employee performance in the academic environment of the Islamic University of Gaza.

Bowra et al. (2012) assessed the impact of human resource practices on employee perceived performance in the banking sector of Pakistan. The objective of this study was to examine the relationship and nature of relationship between employee perceived performance and human resource (HR) practices. This study used Spearman's correlation matrix and multiple regression analysis for analysis of data. This study found that there is positive and significant relationship between employee perceived performance and HR practices, with performance evaluation and promotion practices showing significance while compensation practices did not. This study concluded that HR policies and practices has impact on employee performance in banking sector of Pakistan.

Kehoe and Wright (2010) analyzed the impact of high-performance human resource practices on employees' attitudes and behaviors. The objective of this study was to examine the relationships between HR practice and employee behavior and attitude. This study used Karl Pearson correlation coefficient and multiple regression equation for data analysis. This study found that high-performance HR practice impact on employee performance. This study concluded that there is positive relationship between HR practice perceptions and organizational citizenship behavior, and fully moderate positive relationship between HR practice and organizational performance.

**Table 1**

*Empirical Review Table*

S.N.	Source	Title	Objective	Methodology	Findings
1	Salman et al. (2024)	Impact of Human Resource Management Practices on Organizational Performance: Evidence From the Indian Banking Industry	To assess the impact of different human resource management practices on the organizational performance of banks in India.	Structural Equation Modeling	There is a positive and significant influence of training and development, performance appraisal, and employee involvement on the performance of the banks
2	Panjaitan et al. (2023)	The Role of Human Resource Management in Improving	To explore the impact of human resource management	Descriptive Qualitative research design	There is a positive correlation between human resource management practices and

S.N.	Source	Title	Objective	Methodology	Findings
3	Gu et al. (2023)	Employee Performance in Private Companies  The effect of high-involvement human resource management practices on supply chain resilience and operational performance	on enhancing employee performance within private companies Examination of the impact of high-involvement human resource management practices on SC resilience from the ability-motivation-opportunity perspective Investigation of whether perceived green human resource management (HRM) practices can foster green creativity among employees via dual mediation paths of green crafting and harmonious environmental passion	Structured Equation Modeling Technique	improved employee performance in private enterprises  Employee participation played the most powerful role in improving supplier, customer, and internal resilience.
4	Luu (2023)	Can green creativity be fostered? Unfolding the roles of perceived green human resource management practices, dual mediation paths, and perceived environmentally-specific authentic leadership	To examine and assess the impact of implementing knowledge management and human resource development strategies on the performance	Exploratory Research Design	There is the mediating role of green crafting and harmonious environmental passion for the linkage between perceived green HRM practices and employee green creativity.
5	Firman (2023)	Knowledge Management Implementation and Human Resource Development on Employee Performance	To examine and assess the impact of implementing knowledge management and human resource development strategies on the performance	Logistic regression analysis as the statistical method	Knowledge management and human resource development exert a significant influence on employee performance.

S.N.	Source	Title	Objective	Methodology	Findings
			of employees within the Audit Board of the Republic of Indonesia		
6	Infante and Darmawan (2022)	Gender Equality: Women's Involvement in Human Resource Management Practices	Evaluation of women's involvement in human resource practices	Review Approach	Discrimination of HRM practices and sexual harassment in the workplace requires various alternative solutions.
7	Ercantan and Eyupoglu (2022)	How Do Green Human Resource Management Practices Encourage Employees to Engage in Green Behavior? Perceptions of University Students as Prospective Employees	Measurement of the perceptions of prospective employees (university students) towards organizations practicing green human resource management and how these perceptions could influence their future green behavior in the workplace	Factor, regression, and correlation analyses	Green human resource management had a direct influence on prospective employees' perceived green task-related and voluntary behaviors and an indirect influence via the mediation of psychological green climate perception.
8	Alsafadi and Altahat (2021)	Human resource management practices and employee performance: the role of job satisfaction	Investigation of the impact of Human Resource Management Practices (HRMP) on improving Employee Performance (EP)	Structural equation modeling techniques (SEM), path analysis, and confirmatory factor analysis (CFA)	There is the mediating function of job satisfaction, encompassing both enrichment and stability dimensions, underscoring the intricate interplay between HRMP, job satisfaction, and their collective impact on

S.N.	Source	Title	Objective	Methodology	Findings
					employee performance.
9	Jashari and Kutllovci (2020)	The impact of human resource management practices on organizational performance case study: manufacturing enterprises in Kosovo	Examination of the impact of human resource management practices on organizational performance	Correlational Technique	HRM practices positively and significantly influence organizational performance. Recruitment and selection practices show the strongest positive association with organizational performance.
10	Rana and Sharma (2019)	Emerging human resource management practices in Industry 4.0	Shedding light on the imperative of implementing effective management practices that foster innovation and continuous learning within firms, enabling them to seamlessly integrate and embrace the advancements of Industry 4.0	Descriptive Analysis	Compelling implications, spotlighting how organizations can fortify their future in the face of technological disruptions by harnessing the potential of their human capital.

S.N.	Source	Title	Objective	Methodology	Findings
11	Mira et al. (2019)	The effect of HRM practices and employees' job satisfaction on employee performance in Saudi Ports	To investigate whether HRM practices directly impact employee performance or indirectly through employees' job satisfaction	Analyzing data from 367 Saudi port authority employees	Positive significant relationship between HRM practices and employee performance; positive relationship between employee job satisfaction and performance; insignificant relationship between HRM practices and job satisfaction; no significant mediating role of job satisfaction
12	Haneda and Ito (2018)	Organizational and human resource management and innovation: which management practices are linked to product and/or process innovation?	Examination of the determinants of firms' innovation success, using the firm-level data from the Japanese National Innovation Survey	Analytical Research Design	There is a profound positive correlation between the creation, relocation, or integration of R&D centers and the attainment of innovation success.
13	Otoo and Mishra (2018)	Measuring the impact of human resource development (HRD) practices on employee performance in small and medium scale enterprises	Examination of the impact of human resource development practices on employee performance in small and medium-scale enterprises	Structured Equation Modeling Technique	Some human resource development practices impact employee performance. Performance appraisal, however, does not impact employee performance of the firms.

S.N.	Source	Title	Objective	Methodology	Findings
14	Hee and Jing (2018)	The Influence of human resource management practices on employee performance in the manufacturing sector in Malaysia	Examination of the relationship between Human Resource Management (HRM) practices (Compensation and Benefits, Work-life Policies, Performance Appraisal and Training and Development) and employee performance	Correlation and Multiple Regression Analysis	Training and development is the most important factor that positively influences employee performance followed by performance appraisal.
15	Ogbonnaya and Messersmith (2018)	Employee performance, well-being, and differential effects of human resource management subdimensions	To explore the impact of three subdimensions of HRM systems on employee innovative behaviors and well-being	Analysis of data from the Finnish 2012 Practices of Working Life Survey	Support for both mutual gains and conflicting outcomes perspectives; heterogeneous effects of HRM practices on employee outcomes
16	Al Adresi and Darun (2017)	Determining relationship between strategic human resource management practices and organizational commitment	Investigation of the relationship between strategic HRM (SHRM) practices and organizational commitment (OC)	Structured Equation Modeling Technique	There is a strong influence of specific SHRM practices on employee commitment.
17	Sarker (2017)	Human Resource Management Practices and Employee Performance in Banking Sector of Bangladesh	to measure the effect of human resource (HR) practices on the employee performance in banking sector of Bangladesh.	Correlation and Multiple Regression Analysis	HR practices except compensation and training & development have significant impact on the employee performance in the banking industry of Bangladesh.

S.N.	Source	Title	Objective	Methodology	Findings
18	Jouda et al. (2016)	The impact of human resource management practices on employees performance: The case of Islamic University of Gaza in Palestine	Examination of the impact of human resource management practices (HRMPs) on employee's performance at Islamic University of Gaza	Multiple Regression Model	HRMPs (recruitment and selection, training and development, compensation and incentives, performance appraisal) are positively related to employee's performance.
19	Bowra et al. (2012)	Impact of human resource practices on employee perceived performance in the banking sector of Pakistan	To examine the relationship and nature of relationship between employee perceived performance and HR practices	Correlation and Multiple Regression Analysis	Positive significant relationship between employee perceived performance and HR practices, with performance evaluation and promotion practices showing significance while compensation practices did not
20	Kehoe and Wright (2010)	Impact of high-performance human resource practices on employees' attitudes and behaviors	To examine the relationships between employees' perceptions of high-performance HR practice use and employee attitudes and behaviors	CWC(M) mediation analysis	Positive relationships between employees' perceptions of high-performance HR practice use and attitudes/behaviors; mediation of affective organizational commitment in the relationship

### 2.3 Research Gap

In the review of literature conducted, spanning various studies on the impact of human resource management (HRM) practices on organizational performance and employee outcomes, several researchers have contributed valuable insights. Notable among them are Salman et al. (2024), Panjaitan et al. (2023), Gu et al. (2023), Luu (2023), Firman (2023), Infante and Darmawan (2022), Ercantan and Eyupoglu (2022), Alsafadi and Althat

(2021), Jashari and Kutllovci (2020), Rana and Sharma (2019), Haneda and Ito (2018), Otoo and Mishra (2018), Hee and Jing (2018), Al Adresi and Darun (2017), Sarker (2017), and Jouda et al. (2016). However, despite the breadth of research in this area, a significant research gap emerges that calls for further investigation.

Firstly, there exists a context gap, particularly in the context of the Nepalese service sector. While numerous studies have explored HRM practices in different industries and regions, there is a notable absence of research focusing specifically on the Nepalese service sector. Given the unique socio-economic and cultural dynamics of Nepal, studying HRM practices in this context could yield valuable insights into how these practices contribute to organizational success and employee well-being within the country's service industry.

Secondly, there is a methodology gap in the existing literature. Many of the reviewed studies utilize diverse research designs, ranging from structural equation modeling to qualitative exploratory research. However, there is a lack of studies employing a descriptive and causal comparative research design. Such a methodology would enable researchers to systematically compare HRM practices and their outcomes across different organizations or sectors, providing a more nuanced understanding of their effectiveness and implications.

Furthermore, there is a time gap in the literature. While several studies reviewed span across different years, ranging from 2016 to 2024, there is a need for more recent research that incorporates the latest data and contextual factors. By using data from the latest fiscal year, researchers can capture the most up-to-date trends and dynamics in HRM practices and their impact on organizational performance and employee outcomes.

Lastly, there is a variable gap in the existing literature. While many studies examine various HRM practices such as training and development, compensation and incentives, performance appraisal, and recruitment and selection, there may be other HRM variables that have not been adequately explored. Identifying and investigating additional HRM variables could provide a more comprehensive understanding of their role in driving organizational success and employee performance.

Overall, the identified research gaps underscore the need for further research in the Nepalese service sector, utilizing a descriptive and causal comparative research design,

incorporating the latest data, and exploring additional HRM variables. Addressing these gaps will not only contribute to the academic literature but also offer practical insights for organizations and policymakers aiming to enhance HRM practices and outcomes in the service sector of Nepal.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter presents the research design, population and sample, data sources and collection instruments, method of analysis, and the research framework with variable definitions. It outlines the structure and methodology used to address the research objectives, including how the sample was selected and data collected. Additionally, it discusses the analytical techniques employed to analyze the data and defines the key variables under investigation. Overall, this chapter provides a roadmap for understanding the research methodology and analytical approach adopted in the study.

#### **3.1 Research Design**

In this study, a combination of descriptive statistics and causal-comparative research design has been implemented to comprehensively assess the landscape of human resource management practices within the Nepalese service sector. Through descriptive statistics, an in-depth analysis of the current human resource management practices adopted by organizations in this sector has been conducted. This involves examining various aspects such as recruitment and selection processes, training and development initiatives, compensation structures, and performance appraisal systems. Furthermore, the causal-comparative research design has facilitated an investigation into the impact of these human resource practices on employee performance within the Nepalese service sector. By comparing different organizations and their respective HR practices, the study aims to uncover correlations and potential causal relationships between HR strategies and employee performance outcomes. Through this dual approach, the research seeks to provide valuable insights into the effectiveness of HRM practices in enhancing organizational performance in the Nepalese service industry.

#### **3.2 Population and Sample, and Sampling Design**

The selection of an appropriate sample is paramount in research methodology, particularly in this study focused on assessing human resource management practices in the Nepalese banking service sector. To ensure a representative sample, respondents were chosen from employees of various banks located in Kathmandu and Pokhara Metropolitan City. Out of

the 450 questionnaires distributed randomly, a robust response rate was achieved, with 385 responses collected and processed for subsequent data analysis. Employing a convenience sampling method facilitated this process, ensuring ease and efficiency in data collection. This approach yielded a response rate of approximately 85.56%, indicating a significant level of engagement from participants across the selected companies within the study's scope.

### 3.3 Nature and Sources of Data and the Instrument of Data Collection

This study has adopted a qualitative approach, focusing on gathering firsthand insights from employees within the Nepalese baking service sector. Ground-level data has been collected directly from employees with the help of a combination of distributing printed questionnaires and an online Google Form, serving as the primary source for this research endeavor. To ensure comprehensive data collection, a structured survey questionnaire method was employed. The questionnaire design was meticulously crafted, drawing upon expertise from senior professionals, supervisors, and insights from previous scholarly works, including contributions from Kueh (2022) and Jouda et al. (2016). Data has been collected on January and February of 2024. The questionnaire features multiple-choice questions aimed at capturing demographic profiles of respondents, while also incorporating a five-point Likert scale ranging from "strongly disagree" to "strongly agree" to assess various aspects related to human resource management practices. The data has been collected This instrument of data collection was chosen for its effectiveness in eliciting detailed responses and providing a nuanced understanding of employee perspectives within the Nepalese service sector. The questionnaire will be scoring by using Likert scale as shown below: -

**Table 2**

*Scoring by using Likert Scale*

S. N.	Rating	Marks	Positive Statement	Negative Statement
1	Strongly Agree	5	1	5
2	Agree	4	2	4
3	Neutral	3	3	3
4	Disagree	2	4	2
5	Strongly Disagree	1	5	1

### **3.4 Method of Analysis**

After the completion of data collection, the collected data underwent thorough editing and coding procedures using Microsoft Excel. Following this preliminary phase, the data was further analyzed using statistical software, specifically SPSS. In the data analysis phase, descriptive statistics were employed to provide a comprehensive overview of the dataset, utilizing measures such as mean and standard deviation to summarize key characteristics. Additionally, correlation analysis was conducted to explore the relationships between different variables, shedding light on potential patterns and associations within the data. Furthermore, multivariate regression analysis was employed as another statistical tool to delve deeper into the relationships between variables, allowing for the identification of significant predictors and their impact on the outcome variable. These analytical approaches were chosen for their efficacy in uncovering insights and patterns within the dataset, thereby facilitating a rigorous examination of the research questions and objectives. Following statistical tools has been used in this study.

#### **3.4.1 Descriptive Statistics**

Descriptive statistics, specifically mean and standard deviation, were employed in this study to analyze employees' perceptions regarding human resource management (HRM) practices and employee performance evaluation. Mean values provided a measure of central tendency, offering insights into the average perception of employees towards various HRM practices and performance evaluation. Standard deviation, on the other hand, served as an indicator of the variability or dispersion of these perceptions around the mean. By utilizing these descriptive measures, the study gained a comprehensive understanding of the range and consistency of employee perceptions, thereby facilitating a nuanced analysis of HRM practices and performance evaluation within the organizational context.

##### **3.4.1.1 Mean**

In statistics, the mean, commonly referred to as the average, is a measure of central tendency that represents the arithmetic average of a set of values. It is calculated by summing all the values in a dataset and dividing by the total number of observations.

### 3.4.1.2 Standard Deviation (S.D.)

The standard deviation, on the other hand, measures the dispersion or variability of data points around the mean. It provides insight into the spread of values within a dataset and is calculated as the square root of the variance, which is the average of the squared differences between each data point and the mean. Together, mean and standard deviation offer valuable information about the central tendency and variability of a dataset, aiding in the analysis and interpretation of statistical findings.

### 3.4.2 Correlation Analysis

The correlation coefficient between two variables is also calculated by using the following formula:

$$\text{Correlation Coefficient}(r) = \frac{n \sum XY - \sum X \sum Y}{\sqrt{n \sum X^2 - (\sum X)^2} \sqrt{n \sum Y^2 - (\sum Y)^2}}$$

Where,

n = Number of responses

X = Value of independent variable

Y = Value of dependent variable

### 3.4.3 Regression Analysis

In this study, multivariate regression analysis has been employed to examine the impact of various human resource practices on employee performance. Specifically, the human resource practices under investigation include Training and Development, Compensation and Incentives, Performance Appraisal, and Recruitment and Selection. Through multivariate regression analysis, the study aims to elucidate the relationships between these key human resource practices and employee performance within the Nepalese service sector. By analyzing multiple variables simultaneously, multivariate regression allows for a comprehensive understanding of how different aspects of human resource management contribute to overall employee performance outcomes. This analytical approach enables researchers to assess the unique contributions of each human resource practice while controlling for potential confounding variables, thereby providing valuable insights into

the factors that influence employee performance in the context of the Nepalese service sector. The regression equation used in this study is as follows.

$$\text{EMP} = \beta_0 + \beta_1\text{TAD} + \beta_2\text{CAI} + \beta_3\text{PAP} + \beta_4\text{RAS} + e \dots \text{Eq1}$$

Where,

EMP = Employee Performance

TAD = Training and Development

CAI = Compensation and Incentives

PAP = Performance Appraisal

RAS = Recruitment and Selection

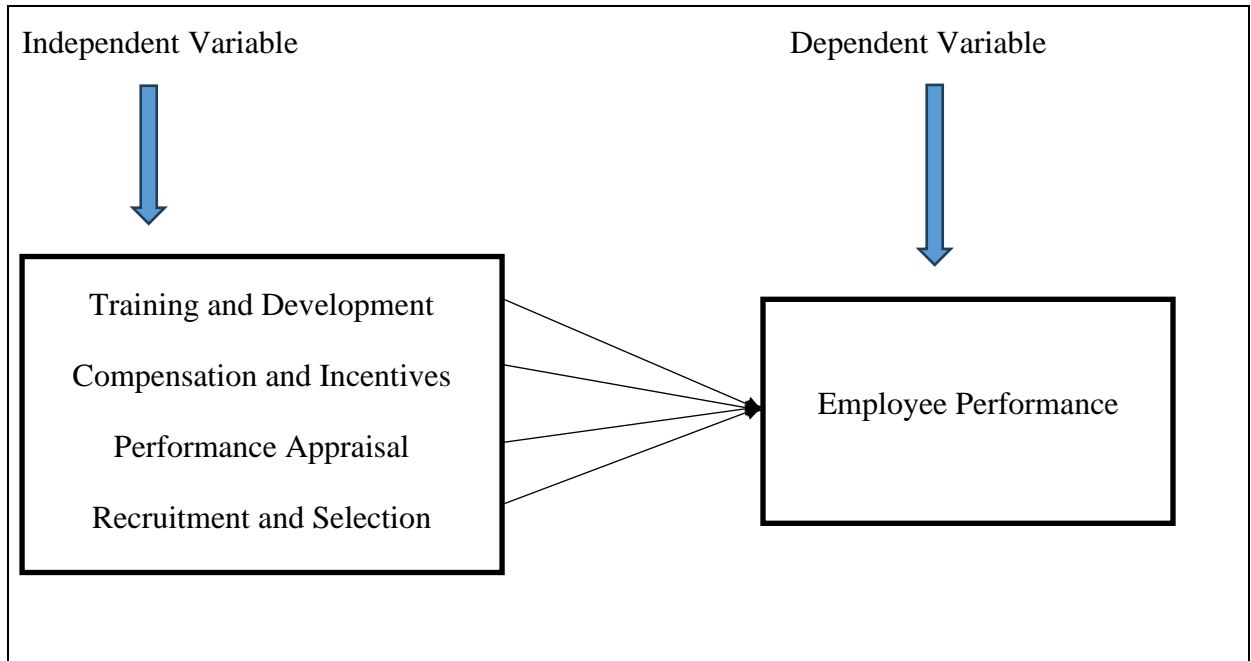
e = Error Term

$\beta_0$  = Intercept term

$\beta_1, \beta_2, \beta_3, \beta_4$  = Beta Coefficients

### 3.5 Research Framework and Definition of Variables

The research framework employed in this study is meticulously crafted, drawing upon the dimensions of human resource practices identified as Training and Development, Compensation and Incentives, Performance Appraisal, and Recruitment and Selection, which serve as independent variables. These dimensions are instrumental in shaping various facets of organizational dynamics and are considered crucial factors in influencing employee performance. The framework, inspired by the seminal work of Jouda et al. (2016), positions employee performance as the dependent variable, thereby elucidating the intricate relationship between human resource practices and organizational outcomes. By adopting this comprehensive framework, the study aims to provide valuable insights into the impact of human resource practices on enhancing employee performance within the Nepalese banking service sector.



Source: Jouda et al. (2016)

Figure 1. Research Framework of this Study

The operational definition of variables used in this study is as follows.

### **Training and Development**

In today's economy, training and development play a crucial role in nurturing employee skills, knowledge, and positive attitudes, which ultimately drive organizational profitability (Tangthong et al., 2014). Various methods, including on-the-job and off-the-job training, job rotation, coaching, mentoring, and employee development programs, are utilized to enhance employee capabilities. On-the-job training boosts efficiency, job satisfaction, and commitment, leading to increased employee retention, while off-the-job training ensures focused learning and contributes to employee commitment and retention. Job rotation enriches skills and motivation, while coaching and mentoring provide personalized development, accelerating employee integration and productivity, resulting in longer tenure (Sinha & Sinha, 2012). Additionally, employee development initiatives further enhance motivation, loyalty, and retention.

## **Performance Appraisal**

Performance appraisal is a systematic process that evaluates employees' task performance and facilitates career development through ongoing communication with management (Hong et al., 2012). This process involves various components such as employee feedback, communication, goal setting, performance evaluation, and periodic review. Employee feedback shapes behavior and promotes learning, driving performance and retention, while effective communication motivates active employee involvement in the appraisal process, leading to positive outcomes such as increased retention. Meaningful and challenging goal setting helps maintain focus and engagement, aligning individual objectives with organizational goals. Performance evaluation builds confidence and underscores the organization's commitment to employee growth, thereby enhancing performance and retention (Agbola et al., 2012).

## **Compensation and Incentives**

Compensation and incentives are tangible benefits provided to employees, which have evolved in response to changing economic and work environment dynamics. These include performance-based rewards, employee recognition programs, non-monetary incentives, extrinsic and intrinsic rewards. Performance-based pay not only enhances performance but also motivates and engages employees, contributing to improved retention, while employee recognition fulfills the need for value and respect, boosting individual productivity, loyalty, retention, and satisfaction (Nazir et al., 2013). Non-monetary incentives attract, motivate, and retain a skilled workforce, and extrinsic rewards serve as potent motivation factors. Although intrinsic rewards sustainably motivate employees, studies indicate a preference for extrinsic rewards for retention purposes. Overall, rewards and compensation serve as impactful Human Resource Development (HRD) practices, promoting employee performance and retention.

## **Recruitment and Selection**

Recruitment and selection are integral components of the human resource management process aimed at ensuring that organizations have the right individuals in the right positions. Recruitment involves actively searching for and attracting potential candidates to apply for job vacancies within the organization. It encompasses activities such as job

postings, advertising, and networking to reach out to suitable candidates. Selection, on the other hand, involves assessing and evaluating candidates to determine their suitability for specific roles within the organization. This process typically includes screening resumes, conducting interviews, administering tests or assessments, and checking references to identify the most qualified individuals for the job. Ultimately, recruitment and selection play a critical role in shaping the workforce composition and directly impact both employee performance and organizational outcomes (Carroll et al., 1999).

### **Employee Performance**

Employee performance is profoundly influenced by Human Resource Development (HRD) practices, which encompass a variety of strategies aimed at enhancing employees' skills, motivation, and overall well-being. These practices include training and development initiatives, career advancement opportunities, performance appraisal systems, rewards and recognition programs, and ensuring a safe working environment. By implementing these practices, organizations cultivate a competent, engaged, and committed workforce, leading to increased productivity, improved job satisfaction, and reduced turnover rates (Otoo & Mishra, 2018).

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

This chapter comprises the presentation and analysis of results, followed by a discussion comparing them with previous research findings. Initially, the results obtained from the data analysis are presented and thoroughly examined. Subsequently, in the discussion section, these results are juxtaposed with findings from previous research studies to identify similarities, differences, and any emerging patterns or trends. This comparative analysis enables a deeper understanding of the implications of the current study's findings within the broader context of existing literature on the subject matter.

#### **4.1 Results**

The results section presents a comprehensive analysis covering various aspects, including the demographic profile of respondents, reliability tests, descriptive statistics, correlation analyses, and regression analysis. Each of these components provides valuable insights into different facets of the research study. The demographic profile of respondents offers contextual information about the sample population, while reliability tests assess the consistency and stability of the research measures. Descriptive statistics offer a summary of the data distribution, providing an overview of key variables. Correlation analyses explore the relationships between different variables, while regression analysis delves deeper into understanding the predictors of certain outcomes. Together, these analyses contribute to a thorough exploration and interpretation of the research findings.

##### **4.1.1 Demographic Profile of Respondents**

In the demographic profile of respondents, various aspects such as gender, marital status, academic qualifications, length of employment in the service sector, monthly income level, designation in service organizations, and working department have been meticulously analyzed. These factors provide crucial insights into the composition of the sample population, shedding light on the diversity and characteristics of the participants involved in the study. Analyzing these demographic variables enables a comprehensive understanding of the respondent profile, which is essential for interpreting the research findings accurately and drawing meaningful conclusions.

**Table 3***Respondents Gender Profile*

Gender	Frequency	Percent
Male	224	58.18
Female	161	41.82
Total	385	100

*Source:* Field Survey, 2024

Table 3 presents the gender profile of respondents employed in the Nepalese service sector. Out of a total of 385 respondents working in the Nepalese service sector, 224 were male, accounting for 58.18% of the total, while 161 were female, constituting 41.82% of the total respondents.

**Table 4***Respondents Marital Status*

Marital Status	Frequency	Percent
Single	122	31.69
Married	263	68.31
Total	385	100

*Source:* Field Survey, 2024

Table 4 illustrates the marital status of respondents working in the Nepalese service sector. Among the 385 respondents surveyed, 122 were single, representing 31.69% of the total, while 263 were married, making up 68.31% of the total respondents.

**Table 5***Respondents Academic Qualification*

Academic Qualification	Frequency	Percent
SLC/SEE	19	4.94
10+2	26	6.75
Bachelors	244	63.38
Masters	96	24.94
Total	385	100

*Source:* Field Survey, 2024

Table 5 outlines the academic qualifications of respondents employed in the Nepalese service sector. Among the 385 respondents surveyed, 19 had SLC/SEE qualifications, accounting for 4.94% of the total. Additionally, 26 respondents possessed a 10+2 qualification, representing 6.75% of the total. Furthermore, 244 respondents held Bachelor's degrees, constituting 63.38% of the total, while 96 respondents had Master's degrees, making up 24.94% of the total respondents.

**Table 6**

*Monthly Income level of Respondents*

Monthly Income	Frequency	Percent
Less than 30,000	38	9.87
30,000 to 50,000	257	66.75
More than 50,000	90	23.38
Total	385	100

*Source:* Field Survey, 2024

Table 6 illustrates the monthly income levels of respondents employed in the Nepalese service sector. Out of the total 385 respondents surveyed, 38 reported a monthly income of less than 30,000, representing 9.87% of the total. Furthermore, 257 respondents reported a monthly income ranging from 30,000 to 50,000, accounting for 66.75% of the total. Additionally, 90 respondents reported a monthly income exceeding 50,000, constituting 23.38% of the total respondents.

**Table 7**

*Respondents Length of Employment in Service Sector*

Length of Employment	Frequency	Percent
Less than 6 months	23	5.97
6 months to 1 Year	73	18.96
1 to 2 years	139	36.10
More than 2 years	150	38.96
Total	385	100

*Source:* Field Survey, 2024

Table 7 outlines the length of employment of respondents within the Nepalese service sector. Among the total of 385 respondents surveyed, 23 reported having less than 6 months

of employment, representing 5.97% of the total. Additionally, 73 respondents reported a length of employment ranging from 6 months to 1 year, accounting for 18.96% of the total. Moreover, 139 respondents reported a length of employment between 1 to 2 years, constituting 36.10% of the total respondents. Lastly, 150 respondents reported having been employed for more than 2 years, representing 38.96% of the total respondents.

**Table 8**

*Respondents Designation in Service Organization*

Designation	Frequency	Percent
Executive	112	29.09
Junior	180	46.75
Senior	82	21.30
Other	11	2.86
Total	385	100

*Source:* Field Survey, 2024

Table 8 displays the distribution of respondents based on their designations within the banking service organizations in Nepal. Among the total of 385 respondents surveyed, 112 individuals, accounting for 29.09% of the total, held the designation of Executive. Furthermore, 180 respondents, constituting 46.75% of the total, were categorized as Junior staff. Additionally, 82 respondents, representing 21.30% of the total, held Senior positions within their respective organizations. Lastly, 11 respondents, making up 2.86% of the total, held designations not specified in the survey.

**Table 9**

*Respondents Working Department*

Department	Frequency	Percent
Administration	75	19.48
Customer Service	192	49.87
Human Resource	57	14.81
Others	61	15.84
Total	385	100

*Source:* Field Survey, 2024

Table 9 illustrates the distribution of respondents across various departments within the Nepalese service sector. Out of the total 385 respondents surveyed, 75 individuals, constituting 19.48% of the total, worked in the Administration department. Moreover, the Customer Service department had the highest representation, with 192 respondents, accounting for 49.87% of the total. Additionally, 57 respondents, representing 14.81% of the total, were employed in the Human Resource department. Lastly, 61 respondents, making up 15.84% of the total, worked in other departments not specified in the survey.

#### 4.1.2 Reliability Analysis

To ensure the dependability of both the data and the conclusions, this study employed SPSS software. Utilizing SPSS, the data's consistency was assessed utilizing the Cronbach's Alpha Test of Reliability. This evaluation measures the repeatability of outcomes and produces a score between 0 and 1. A score below 0.60 suggests low reliability, while a range of 0.90 to 0.99 denotes exceptional reliability. Typically, a score exceeding 0.7 is deemed satisfactory (Nunnally, 1978).

**Table 10**

*Reliability Analysis*

Code	Variables	Cronbach Alpha	No. of Items
TAD	Training and Development	0.779	7
CAI	Compensation and Incentives	0.813	7
PAP	Performance Appraisal	0.836	7
RAS	Recruitment and Selection	0.855	7
EMP	Employee Performance	0.85	7

*Source:* Field Survey, 2024

The reliability analysis, as depicted in Table 10, reveals the Cronbach's Alpha values for each variable. The Training and Development (TAD) variable exhibited a Cronbach's Alpha of 0.779, Compensation and Incentives (CAI) showed 0.813, Performance Appraisal (PAP) had 0.836, Recruitment and Selection (RAS) scored 0.855, and Employee Performance (EMP) yielded 0.85. All these values surpass the threshold of 0.7, indicating satisfactory reliability for data analysis.

### 4.1.2 Descriptive Statistics

In this section, the descriptive statistics pertaining to employee perception regarding human resource practices and employee performance have been meticulously scrutinized. This analysis provides valuable insights into the central tendencies and variability of responses, shedding light on the prevailing perceptions within the Nepalese service sector context

#### 4.1.2.1 Summary of Descriptive Statistics

In this section, a comprehensive overview of the descriptive statistics for each variable related to employee performance has been conducted. This summary offers a detailed account of the central tendencies, variability, and distribution characteristics of the data, providing valuable insights into the perceptions and behaviors of employees regarding performance-related factors within the Nepalese service sector.

**Table 11**

*Summary of Descriptive Statistics*

Code	Variables	N	Mean	S.D.
TAD	Training and Development	385	3.725	0.704
CAI	Compensation and Incentives	385	3.861	0.680
PAP	Performance Appraisal	385	3.801	0.703
RAS	Recruitment and Selection	385	3.842	0.688
EMP	Employee Performance	385	3.928	0.729

*Source:* Field Survey, 2024

Table 11 presents a summary of descriptive statistics illustrating employee perceptions regarding human resource management (HRM) practices in the Nepalese service sector. The variables included in the analysis are Training and Development (TAD), Compensation and Incentives (CAI), Performance Appraisal (PAP), Recruitment and Selection (RAS), and Employee Performance (EMP). The mean scores and standard deviations for each variable provide insights into the level of employee perception towards HRM practices and their impact on employee performance.

Training and Development (TAD) exhibits a mean score of 3.725 and a standard deviation of 0.704, suggesting that, on average, employees perceive the organization's efforts

towards training and development positively, although there is some variability in perceptions among employees.

Compensation and Incentives (CAI) demonstrate a mean score of 3.861 and a standard deviation of 0.680, indicating that employees generally have a positive perception of the compensation and incentives offered by the organization, with relatively low variability in perceptions among employees.

Performance Appraisal (PAP) shows a mean score of 3.801 and a standard deviation of 0.703, suggesting that employees view the performance appraisal process positively, although there is some variation in perceptions among employees.

Recruitment and Selection (RAS) reflects a mean score of 3.842 and a standard deviation of 0.688, indicating that employees perceive the recruitment and selection processes in the organization positively, with relatively low variability in perceptions among employees.

Employee Performance (EMP) demonstrates a mean score of 3.928 and a standard deviation of 0.729, suggesting that employees have a generally positive perception of their own performance within the organization, although there is some variability in perceptions among employees.

Overall, these findings highlight the importance of effective HRM practices in contributing to positive employee perceptions and performance outcomes in the Nepalese service sector.

#### **4.1.2.2 Descriptive Study of Training and Development on Employee Performance**

In this study, the perception of employees in the Nepalese service sector regarding the impact of training and development on employee performance has been thoroughly examined. Through a descriptive study, various aspects of training and development initiatives and their perceived influence on employee performance have been explored, shedding light on the effectiveness and significance of these practices within the organizational setting.

**Table 12***Descriptive Study of Training and Development on Employee Performance*

Statements	N	Mean	S.D.
On-the-Job Training improves my skills and knowledge effectively.	385	3.605	1.157
Off-the-Job Training enhances my abilities and understanding of tasks.	385	3.629	1.118
Job Rotation provides me with valuable learning experiences.	385	3.644	1.132
Coaching and Mentoring positively impact my professional growth.	385	3.777	0.998
Employee Development programs contribute to my overall career advancement.	385	3.756	1.014
Participation in workshops and seminars enhances my professional skills effectively.	385	3.914	1.026
Access to online training modules improves my knowledge and understanding of job tasks.	385	3.751	1.056

*Source:* Field Survey, 2024

Table 12 presents the results of the descriptive study examining employee perceptions of the impact of training and development on employee performance. Each statement in the table represents a specific aspect of training and development, and respondents were asked to rate their agreement on a scale

The statement with the highest mean in Table 12 is "Participation in workshops and seminars enhances my professional skills effectively" (Mean = 3.914), indicating that respondents generally perceive workshops and seminars as highly effective in improving their professional skills. The corresponding standard deviation is 1.026, suggesting that there is some variability in respondents' perceptions regarding the effectiveness of these activities.

Conversely, the statement with the lowest mean in Table 12 is "On-the-Job Training improves my skills and knowledge effectively" (Mean = 3.605), indicating a slightly lower level of agreement among respondents regarding the effectiveness of on-the-job training in enhancing their skills and knowledge. The standard deviation associated with this

statement is 1.157, indicating a relatively higher degree of variability in respondents' opinions about the effectiveness of on-the-job training compared to the other statements.

#### 4.1.2.3 Descriptive Study of Compensation and Incentives on Employee Performance

In this study, the perception of employees in the Nepalese service sector regarding the relationship between compensation and incentives and employee performance has been investigated. Through a detailed examination, the effectiveness of compensation and incentive schemes in influencing employee performance within the organizational context has been explored, providing valuable insights into the role of financial rewards and incentives in motivating employees and enhancing their overall performance.

**Table 13**

*Descriptive Study of Compensation and Incentives on Employee Performance*

Statements	N	Mean	S.D.
Performance-based rewards motivate me to excel in my tasks.	385	4.008	0.923
Employee Recognition makes me feel valued and appreciated.	385	3.982	0.959
Non-monetary rewards contribute to my job satisfaction.	385	3.818	1.045
Extrinsic rewards positively influence my job performance.	385	3.860	0.944
Intrinsic rewards are important for my overall job engagement.	385	3.764	1.012
Flexibility in work hours as a reward motivates me to achieve better results.	385	3.868	0.990
Opportunities for career advancement based on performance encourage me to strive for excellence.	385	3.730	1.056

*Source:* Field Survey, 2024

Table 13 presents the results of the descriptive study examining employee perceptions of the impact of compensation and incentives on employee performance. Each statement in the table represents a specific aspect of compensation and incentives, and respondents were asked to rate their agreement on a scale.

The statement with the highest mean in Table 13 is "Performance-based rewards motivate me to excel in my tasks" (Mean = 4.008), indicating that respondents generally perceive performance-based rewards as highly motivating. The corresponding standard deviation

is 0.923, suggesting that there is relatively little variability in respondents' perceptions regarding the effectiveness of performance-based rewards.

Conversely, the statement with the lowest mean in Table 13 is "Opportunities for career advancement based on performance encourage me to strive for excellence" (Mean = 3.730), indicating a slightly lower level of agreement among respondents regarding the effectiveness of career advancement opportunities in motivating performance. The standard deviation associated with this statement is 1.056, indicating a moderate degree of variability in respondents' opinions about the effectiveness of career advancement opportunities compared to the other statements.

#### 4.1.2.4 Descriptive Study of Performance Appraisal on Employee Performance

In this study, the perception of employees in the Nepalese service sector regarding the impact of performance appraisal on employee performance has been explored. Through a descriptive study, the effectiveness of performance appraisal practices in evaluating and improving employee performance within the organizational setting has been examined.

**Table 14**

*Descriptive Study of Performance Appraisal on Employee Performance*

Statements	N	Mean	S.D.
Employee Feedback helps me improve my performance.	385	3.701	1.105
Communication during performance appraisal is effective for my development.	385	3.938	0.925
Goal Setting in performance appraisal guides my efforts effectively.	385	3.740	1.005
Performance Evaluation helps me understand my strengths and weaknesses.	385	3.696	1.020
Periodic Review in performance appraisal enhances my career progress.	385	3.951	0.887
Constructive feedback received during performance appraisal sessions helps me set actionable goals for improvement.	385	3.766	1.012
Performance appraisal discussions with my supervisor provide clarity on expectations and areas for development.	385	3.818	0.973

*Source:* Field Survey, 2024

Table 14 provides the results of the descriptive study investigating employee perceptions of the impact of performance appraisal on employee performance. Each statement in the table represents a specific aspect of performance appraisal, and respondents were asked to rate their agreement on a scale.

The statement with the highest mean in Table 14 is " Periodic Review in performance appraisal enhances my career progress." (Mean = 3.951), indicating that respondents generally perceive periodic review of performance as highly effective for their development. The corresponding standard deviation is 0.887, suggesting that there is relatively little variability in respondents' perceptions regarding the effectiveness of communication during performance appraisal.

Conversely, the statement with the lowest mean in Table 14 is " Performance Evaluation helps me understand my strengths and weaknesses." (Mean = 3.696), indicating a slightly lower level of agreement among respondents regarding the effectiveness of employee feedback in improving performance. The standard deviation associated with this statement is 1.020, indicating a moderate degree of variability in respondents' opinions about the effectiveness of employee feedback compared to the other statements.

#### **4.1.2.5 Descriptive Study of Recruitment and Selection on Employee Performance**

In this study, the perception of employees in the Nepalese service sector regarding the role of recruitment and selection practices on employee performance has been investigated. Through a descriptive study, the effectiveness of recruitment and selection processes in identifying and hiring suitable candidates for organizational roles has been explored. The findings provide insights into how employees perceive the impact of recruitment and selection practices on their performance within the workplace.

**Table 15***Descriptive Study of Recruitment and Selection on Employee Performance*

Statements	N	Mean	S.D.
The recruitment process effectively identifies candidates with the necessary qualifications and skills.	385	3.675	0.982
The selection process provides fair and equal opportunities for all candidates.	385	3.816	0.973
The organization's recruitment methods align with its culture and values.	385	3.764	0.984
Feedback provided to candidates after the selection process is helpful for their career growth.	385	3.766	0.988
The organization's recruitment process ensures diversity and inclusion in the workforce.	385	3.912	0.900
The selection criteria are clear and transparent to all candidates.	385	3.966	0.914
The organization's recruitment process effectively attracts top talent to the organization.	385	3.997	0.834

*Source:* Field Survey, 2024

Table 15 displays the findings from the descriptive study examining employee perceptions of the impact of recruitment and selection on employee performance. Each statement in the table represents a specific aspect of recruitment and selection, with respondents providing ratings on a scale.

The statement with the highest mean in Table 15 is "The organization's recruitment process effectively attracts top talent to the organization" (Mean = 3.997), indicating that respondents generally perceive the recruitment process as highly effective in attracting top talent. The corresponding standard deviation is 0.834, suggesting relatively low variability in respondents' perceptions regarding this aspect.

On the other hand, the statement with the lowest mean in Table 15 is "The recruitment process effectively identifies candidates with the necessary qualifications and skills" (Mean = 3.675), indicating a slightly lower level of agreement among respondents regarding the effectiveness of identifying qualified candidates. The standard deviation associated with this statement is 0.982, indicating some variability in respondents' opinions about the effectiveness of this aspect compared to the others.

#### 4.1.2.6 Descriptive Study of Employee Performance

In this section, a descriptive study of employee performance concerning human resource management practices in the service sector has been conducted. The analysis delves into various dimensions of employee performance, including productivity, job satisfaction, job involvement, and overall effectiveness, with a focus on how these factors are influenced by the implementation of HRM practices within service-oriented organizations.

**Table 16**

*Descriptive Study of Employee Performance*

Statements	N	Mean	S.D.
My level of job satisfaction positively impacts my overall performance.	385	3.787	1.130
Talent Retention efforts make me feel valued in the organization.	385	3.964	0.973
Supervisor Support enhances my job performance and motivation.	385	3.891	1.079
Employee Engagement activities contribute to my dedication and commitment.	385	4.010	0.907
Organizational Commitment influences my overall performance and loyalty.	385	3.953	0.972
A positive work environment significantly contributes to my productivity and performance.	385	3.984	0.979
Recognition of my contributions by peers and colleagues boosts my morale and job satisfaction.	385	3.906	0.977

*Source:* Field Survey, 2024

Table 16 illustrates the results of the descriptive study examining various aspects of employee performance within the Nepalese service sector. The statement with the highest mean in Table 16 is "Employee Engagement activities contribute to my dedication and commitment" (Mean = 4.010), indicating that respondents perceive engagement activities as highly impactful in fostering dedication and commitment. The corresponding standard deviation is 0.907, suggesting relatively low variability in respondents' perceptions regarding this aspect.

Conversely, the statement with the lowest mean in Table 16 is "My level of job satisfaction positively impacts my overall performance" (Mean = 3.787), indicating a slightly lower

level of agreement among respondents regarding the influence of job satisfaction on performance. The standard deviation associated with this statement is 1.130, indicating some variability in respondents' opinions about this aspect compared to the others.

#### 4.1.3 Correlation Analysis

In this study, correlation analysis has been conducted to explore the relationship between human resource management practices and employee performance. The analysis investigates how variables such as training and development, compensation and incentives, performance appraisal, recruitment and selection, and employee performance are interrelated within the context of the Nepalese service sector.

**Table 17**

*Rule of Thumb about Strength of Correlation*

<b>Coefficient Range</b>	<b>Strength of Relationship</b>
$r > 0.60$	Strong relationship
$0.30 < r < 0.60$	Moderate relationship
$r \leq 0.30$	Weak Correlation

(Source: Levin & Fox, 2006)

**Table 18**

*Correlation Matrix*

Variables	TAD	CAI	PAP	RAS	EMP	
TAD	Pearson Correlation Sig. (2-tailed)	1				
CAI	Pearson Correlation Sig. (2-tailed)	.593** 0.000	1			
PAP	Pearson Correlation Sig. (2-tailed)	.445** 0.000	.740** 0.000	1		
RAS	Pearson Correlation Sig. (2-tailed)	.468** 0.000	.591** 0.000	.702** 0.000	1	
EMP	Pearson Correlation Sig. (2-tailed)	.488** 0.000	.568** 0.000	.569** 0.000	.594** 0.000	1

Source: Field Survey, 2024

The correlation analysis indicates a moderate positive relationship between Training and Development (TAD) and Employee Performance (EMP), with a Pearson correlation coefficient of 0.488. This suggests that as the extent of training and development opportunities provided to employees increases, there is a corresponding improvement in their performance levels. The significance value of 0.000 at the 5% level indicates that this relationship is statistically significant, emphasizing the importance of investing in training and development initiatives to enhance employee performance.

Similarly, Compensation and Incentives (CAI) exhibit a moderate positive correlation with Employee Performance (EMP), with a coefficient of 0.568. This implies that as the adequacy and effectiveness of compensation and incentives offered to employees increase, their performance levels also tend to improve. The significance value of 0.000 at the 5% level confirms the statistical significance of this relationship, highlighting the pivotal role of compensation and incentives in driving employee performance.

Furthermore, Performance Appraisal (PAP) demonstrates a moderate positive correlation with Employee Performance (EMP), reflected in a Pearson correlation coefficient of 0.569. This suggests that the effectiveness of performance appraisal processes positively influences employee performance, as feedback and evaluation mechanisms contribute to performance improvement. The significance value of 0.000 at the 5% level underscores the statistical significance of this correlation, emphasizing the importance of robust performance appraisal practices.

Similarly, Recruitment and Selection (RAS) show a moderate positive correlation with Employee Performance (EMP), with a coefficient of 0.594. This implies that the efficiency and fairness of recruitment and selection processes positively impact employee performance, as appropriate hiring decisions contribute to the organization's overall performance. The significance value of 0.000 at the 5% level confirms the statistical significance of this relationship, highlighting the critical role of recruitment and selection practices in driving employee performance.

Overall, the significant positive correlations between these human resource management practices and employee performance underscore the importance of strategic HRM interventions in fostering organizational success and employee productivity.

#### 4.1.4 Regression Analysis

In this study, the impact of human resource management practices on employee performance has been systematically analyzed. By examining key HRM practices such as training and development, compensation and incentives, performance appraisal, and recruitment and selection, the study aims to assess their influence on various dimensions of employee performance within the Nepalese service sector. Through rigorous analysis, including multivariate regression analysis, the research seeks to elucidate the extent to which HRM practices contribute to enhancing employee productivity, job satisfaction, and overall organizational effectiveness.

**Table 19**

*Model Summary of Regression Model*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.671	0.450	0.444	0.544

*Source:* Field Survey, 2024

Table 19 provides a summary of the regression model utilized in the study, showcasing key metrics for evaluating the model's performance. The correlation coefficient (R) of 0.671 indicates a moderately strong positive relationship between the independent variables (Recruitment and Selection, Training and Development, Compensation and Incentives, Performance Appraisal) and the dependent variable (Employee Performance). The coefficient of determination (R Square) stands at 0.450, suggesting that approximately 45% changes in the dependent variable is explained by independent variables used in the model. The Adjusted R Square, accounting for the number of predictors, is 0.444, adjusting the R Square value for a more accurate estimation. Furthermore, the Standard Error of the Estimate, at 0.54370, reflects the average difference between observed and predicted values, indicating the model's accuracy. Overall, the regression model demonstrates a substantial proportion of explained variance in employee performance, underscoring the significance of the included predictors.

**Table 20***ANOVA Table of Regression Model*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	91.94	4	22.99	77.76	0.00
1 Residual	112.33	380	0.30		
Total	204.27	384			

*Source:* Field Survey, 2024

Table 20 presents the ANOVA table for the regression model employed in the study. The F-statistic is 77.76 with a corresponding p-value of 0.00, indicating that the regression model is statistically significant. Overall, the ANOVA table confirms there is linear relationship between independent and dependent variable.

**Table 21***Beta Coefficient of Regression Model*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.702	0.186		3.769	0.000		
TAD	0.182	0.050	0.176	3.642	0.000	0.622	1.607
CAI	0.188	0.067	0.175	2.781	0.006	0.365	2.738
PAP	0.154	0.067	0.148	2.279	0.023	0.342	2.920
RAS	0.323	0.058	0.304	5.517	0.000	0.476	2.100

*Source:* Field Survey, 2024

In Table 21, the beta coefficients of the regression model are presented, offering insights into the relationship between the independent variables (TAD, CAI, PAP, RAS) and the dependent variable (EMP). For TAD (Training and Development), the unstandardized coefficient (B) is 0.182, indicating that a unit increase in TAD is associated with a 0.182 unit increase in the dependent variable. The standardized coefficient (Beta) of 0.176 suggests the strength of the relationship between TAD and EMP after accounting for the variability in other predictors. The significance level (Sig.) of 0.000 indicates that TAD has a statistically significant impact on EMP. Additionally, the Variance Inflation Factor (VIF)

of 1.607 suggests that there is no issue of multicollinearity between TAD and other independent variables.

Similarly, for CAI (Compensation and Incentives), the unstandardized coefficient is 0.188, with a corresponding Beta value of 0.175. This signifies that a unit increase in CAI results in a 0.188 unit increase in EMP, and CAI has a statistically significant impact on EMP (Sig. = 0.006). The VIF of 2.738 indicates a low level of multicollinearity between CAI and other predictors.

For PAP (Performance Appraisal), the unstandardized coefficient is 0.154, with a Beta value of 0.148. This indicates that PAP has a positive effect on EMP, and the impact is statistically significant (Sig. = 0.023). The VIF of 2.92 suggests no multicollinearity issues.

Lastly, for RAS (Recruitment and Selection), the unstandardized coefficient is 0.323, with a Beta value of 0.304. This indicates a strong positive relationship between RAS and EMP, and the impact is statistically significant (Sig. = 0.000). The VIF of 2.1 suggests minimal multicollinearity concerns. Overall, these coefficients provide valuable insights into how changes in each independent variable affect employee performance within the regression model.

## **4.2 Discussion**

The first objective of this study indicated a generally positive perception among employees towards human resource management (HRM) practices in the Nepalese service sector, encompassing training and development, compensation and incentives, performance appraisal, and recruitment and selection. While the majority of employees view these practices favorably, some variability in perceptions exists, particularly concerning performance appraisal and employee performance. This study's results align with previous research by Salman et al. (2024), Panjaitan et al. (2023), Alsafadi and Altahat (2021), Jashari and Kutllovci (2020), and Jouda et al. (2016), which also found a positive association between HRM practices and employee performance. However, some previous studies, such as those by Otoo and Mishra (2018) and Hee and Jing (2018), have reported varying results regarding the impact of specific HRM practices on employee performance. Additionally, findings from Gu et al. (2023) and Rana and Sharma (2019) highlight the importance of employee participation and human capital in improving organizational

resilience and fortifying organizational futures amidst technological disruptions. These comparisons underscore the significance of HRM practices in shaping employee performance outcomes and organizational success while acknowledging the complexity and variability in their impact across different contexts.

The second objective of this study concluded significant and positive relationships between various human resource practices and employee performance in the Nepalese service sector. Specifically, Training and Development (TAD), Compensation and Incentives (CAI), Performance Appraisal (PAP), and Recruitment and Selection (RAS) all demonstrate moderate positive correlations with Employee Performance (EMP), indicating that investing in these HR practices is associated with improved employee performance levels. These findings align with several previous studies, including Jouda et al. (2016), Panjaitan et al. (2023), Hee and Jing (2018), Salman et al. (2024), and Alsafadi and Altahat (2021), which also reported positive associations between HRM practices and employee performance in various organizational contexts. However, there are deviations in findings from studies such as Otoo and Mishra (2018), Sarker (2017), and Luu (2023), which reported mixed results regarding the impact of specific HRM practices on employee performance or highlighted the mediating role of factors like job satisfaction or environmental passion. Overall, while this study reinforces the importance of effective HR practices in enhancing employee performance, it also highlights the need for further research to explore the nuanced factors influencing this relationship across different industries and contexts.

The regression analysis conducted in this study highlights the significant positive impact of various human resource practices on Employee Performance (EMP) within the Nepalese service sector. Training and Development (TAD), Compensation and Incentives (CAI), Performance Appraisal (PAP), and Recruitment and Selection (RAS) practices have all been found to exert a statistically significant positive influence on EMP. These findings align with previous research by Hee and Jing (2018), Jashari and Kutllovci (2020), and Jouda et al. (2016), which also reported positive associations between HRM practices and employee performance. However, the current study's results contrast with those of Otoo and Mishra (2018), who found that performance appraisal did not impact employee

performance in firms. Additionally, while this study emphasizes the importance of HRM practices in enhancing employee performance, it deviates from the findings of Luu (2023), which highlighted the mediating role of environmental passion in the relationship between HRM practices and employee creativity. Overall, the current study underscores the critical role of strategic HRM interventions in driving organizational success and employee productivity, aligning with most previous research in this area.

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

In the dynamic landscape of Nepal's banking service sector, characterized by intense competition and evolving business dynamics, the effective management of human resources is paramount for organizational success. Despite the pivotal role of trained and motivated personnel in driving performance and contributing to national objectives, there exists a gap in understanding the intricacies and effectiveness of Human Resource Management (HRM) practices within Nepalese service sector organizations. The dearth of comprehensive studies on this subject leaves a critical knowledge gap, particularly concerning the impact of HRM practices on employee performance. Therefore, this study aims to address this gap by conducting a thorough analysis of HRM practices within the banking sector. Specifically, it seeks to explore the current HRM practices employed by these organizations, investigate the relationship between HR practices and employee performance, and assess the impact of HRM practices on employee performance. By shedding light on these aspects, the study aims to provide valuable insights into the nature, scope, and efficacy of HRM strategies within the Nepalese banking service sector, ultimately contributing to a deeper understanding of the dynamic interplay between HRM practices and organizational outcomes in this unique context.

This study revealed significant positive relationships between various human resource management (HRM) practices and employee performance within the Nepalese service sector. Training and Development (TAD), Compensation and Incentives (CAI), Performance Appraisal (PAP), and Recruitment and Selection (RAS) exhibit moderate to strong positive correlations with Employee Performance (EMP). These correlations signify that enhancements in HRM practices are associated with improved performance outcomes among employees. Moreover, the regression analysis further confirms the impact of each HRM practice Training and Development (TAD), Compensation and Incentives (CAI), Performance Appraisal (PAP), and Recruitment and Selection (RAS) on employee performance, highlighting their significant and positive influences.

The practical implications include the importance of implementing effective human resource management practices, such as training and development, compensation and

incentives, performance appraisal, and recruitment and selection, to enhance employee performance in the Nepalese service sector. These practices can contribute to organizational success by fostering a motivated and productive workforce. The theoretical implications highlight the significance of understanding the relationship between HRM practices and employee performance, providing insights for future research in this area. Recommendations include the adoption of strategic HRM interventions tailored to the unique context of the Nepalese service sector to optimize employee performance and organizational outcomes..

## **5.2 Conclusion**

The findings of this study reveal a generally positive perception among employees towards human resource management (HRM) practices in the Nepalese banking service sector. Specifically, employees view training and development initiatives, compensation and incentives structures, performance appraisal processes, and recruitment and selection procedures favorably, indicating a conducive organizational environment. However, it is notable that there exists some variability in perceptions, particularly concerning performance appraisal and employee performance. While the majority of employees perceive HRM practices positively, there are fluctuations in perceptions, suggesting areas for potential improvement. Despite this variability, the overall outlook remains satisfactory, indicating that HRM practices have the potential to positively influence employee performance within the banking sector. These findings underscore the importance of continued efforts to enhance HRM practices, address areas of concern, and maintain a supportive organizational climate conducive to employee growth and productivity.

## **5.3 Implications**

Theoretical implications of this study underscore the importance of strategic human resource management (HRM) interventions in fostering a conducive work environment and enhancing employee productivity within the Nepalese banking service sector. The findings contribute to existing HRM theories by providing empirical evidence of the positive impact of HR practices, such as training and development, compensation, performance appraisal, and recruitment and selection, on employee performance. Practically, organizations

operating in the Nepalese service sector can leverage these insights to optimize their HRM practices, fostering a culture of continuous learning and development, fair compensation structures, transparent performance appraisal processes, and effective recruitment and selection strategies. By investing in these areas, organizations can enhance employee performance, ultimately driving organizational success and competitiveness in the marketplace. Additionally, it is recommended that future research explores the longitudinal effects of HRM practices on employee performance and considers contextual factors that may influence the effectiveness of these practices within the Nepalese banking service sector.

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## APPENDICES

### Appendix 1 Questionnaire

I hope this message finds you well. I am reaching out to you as a valued participant for my research on the "**Impact of Human Resource Practices on Employee Performance in the Nepalese Banking Service Sector.**" Your expertise and insights are crucial to the success of this study, and your contribution would greatly enrich our understanding of HRM practices within Nepal's banking service enterprises. I understand that your time is valuable, but your input holds significant importance in shaping the findings of my dissertation. Your willingness to share your thoughts and experiences will not only contribute to academic research but also benefit organizations and professionals in the Nepalese service sector. I kindly request your participation in this research endeavor. Your valuable insights will play a pivotal role in advancing our knowledge in this field. Thank you for considering my request, and I look forward to your participation.

Thanks

Anita Shrestha

Shanker Dev Campus

### Part I: Demographic Profile of Respondents

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

- 1 Gender  Male  
 Female
- 2 Marital Status  Single  
 Married
- 3 Academic Qualification  SLC/SEE  
 10+2  
 Bachelors  
 Masters

4 Monthly Income

- Less than 30,000
- 30,000 to 50,000
- More than 50,000

5 Length of Employment

- Less than 6 months
- 6 months to 1 year
- 1- 2 years
- More than 2 years

6 Designation (Job position)

- Executive
- junior
- Senior
- others

7 Working Department

- Administration
- Customer Service
- Human Resource
- Others

**Part II: Core Questions of HRM and Employee Performance** [*Source: (Kueh, 2022); (Jouda et al., 2016)*]

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

S.N.	Training and Development	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
TAD1	On-the-Job Training improves my skills and knowledge effectively.					
TAD2	Off-the-Job Training enhances my abilities and understanding of tasks.					
TAD3	Job Rotation provides me with valuable learning experiences.					
TAD4	Coaching and mentoring positively impact my professional growth.					
TAD5	Employee Development programs contribute to my					

	overall career advancement.					
TAD6	Participation in workshops and seminars enhances my professional skills effectively.					
TAD7	Access to online training modules improves my knowledge and understanding of job tasks.					
CAI1	Performance-based rewards motivate me to excel in my tasks.					
CAI2	Employee Recognition makes me feel valued and appreciated.					
CAI3	Non-monetary rewards contribute to my job satisfaction.					
CAI4	Extrinsic rewards positively influence my job performance.					
CAI5	Intrinsic rewards are important for my overall job engagement.					
CAI6	Flexibility in work hours as a reward motivates me to achieve better results.					
CAI7	Opportunities for career advancement based on performance encourage me to strive for excellence.					
PAP1	Employee Feedback helps me improve my performance.					
PAP2	Communication during performance appraisal is effective for my development.					
PAP3	Goal Setting in performance appraisal guides my efforts effectively.					
PAP4	Performance Evaluation helps me understand my strengths and weaknesses.					

PAP5	Periodic Review in performance appraisal enhances my career progress.					
PAP6	Constructive feedback received during performance appraisal sessions helps me set actionable goals for improvement.					
PAP7	Performance appraisal discussions with my supervisor provide clarity on expectations and areas for development.					
RAS1	The recruitment process effectively identifies candidates with the necessary qualifications and skills.					
RAS2	The selection process provides fair and equal opportunities for all candidates.					
RAS3	The organization's recruitment methods align with its culture and values.					
RAS4	Feedback provided to candidates after the selection process is helpful for their career growth.					
RAS5	The organization's recruitment process ensures diversity and inclusion in the workforce.					
RAS6	The selection criteria are clear and transparent to all candidates.					
RAS7	The organization's recruitment process effectively attracts top talent to the organization.					
EMP1	My level of job satisfaction positively impacts my overall performance.					

EMP2	Talent Retention efforts make me feel valued in the organization.					
EMP3	Supervisor Support enhances my job performance and motivation.					
EMP4	Employee Engagement activities contribute to my dedication and commitment.					
EMP5	Organizational Commitment influences my overall performance and loyalty.					
EMP6	A positive work environment significantly contributes to my productivity and performance.					
EMP7	Recognition of my contributions by peers and colleagues boosts my morale and job satisfaction.					

## Appendix 2 SPSS Results

### Appendix 2.1 Frequency Table

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	224	58.2	58.2	58.2
	Female	161	41.8	41.8	100.0
	Total	385	100.0	100.0	

		Marital Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	122	31.7	31.7	31.7
	Married	263	68.3	68.3	100.0
	Total	385	100.0	100.0	

### Length of Employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 6 months	23	6.0	6.0	6.0
	6 month to 1 Year	73	19.0	19.0	24.9
	1 to 2 year	139	36.1	36.1	61.0
	More than 2 years	150	39.0	39.0	100.0
	Total	385	100.0	100.0	

### Income level (Monthly)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 30,000	38	9.9	9.9	9.9
	30,000 to 50,000	257	66.8	66.8	76.6
	More than 50,000	90	23.4	23.4	100.0
	Total	385	100.0	100.0	

### Designation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Executive	112	29.1	29.1	29.1
	Junior	180	46.8	46.8	75.8
	Senior	82	21.3	21.3	97.1
	Other	11	2.9	2.9	100.0
	Total	385	100.0	100.0	

### Working Department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Administration	75	19.5	19.5	19.5
	Customer Service	192	49.9	49.9	69.4
	Human Resource	57	14.8	14.8	84.2
	Others	61	15.8	15.8	100.0
	Total	385	100.0	100.0	

		<b>Education Level</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SLC/SEE	19	4.9	4.9	4.9
	10+2	26	6.8	6.8	11.7
	Bachelors	244	63.4	63.4	75.1
	Masters	96	24.9	24.9	100.0
	Total	385	100.0	100.0	

## Appendix 2.2 Reliability Statistics

### Training and Development

#### Reliability Statistics

Cronbach's Alpha	N of Items
0.779	7

### Compensation and Incentives

#### Reliability Statistics

Cronbach's Alpha	N of Items
0.813	7

### Performance Appraisal

#### Reliability Statistics

Cronbach's Alpha	N of Items
0.836	7

### Recruitment and Selection

#### Reliability Statistics

Cronbach's Alpha	N of Items
0.855	7

Employee Performance

### Reliability Statistics

Cronbach's Alpha	N of Items
0.850	7

### Appendix 2.3 Descriptive Analysis

#### Descriptive Statistics

	N	Mean	Std. Deviation
On-the-Job Training improves my skills and knowledge effectively.	385	3.61	1.157
Off-the-Job Training enhances my abilities and understanding of tasks.	385	3.6286	1.11790
Job Rotation provides me with valuable learning experiences.	385	3.6442	1.13221
Coaching and Mentoring positively impact my professional growth.	385	3.7766	0.99842
Employee Development programs contribute to my overall career advancement.	385	3.7558	1.01429
Participation in workshops and seminars enhances my professional skills effectively.	385	3.9143	1.02593
Access to online training modules improves my knowledge and understanding of job tasks.	385	3.7506	1.05582
Performance-based rewards motivate me to excel in my tasks.	385	4.0078	0.92277
Employee Recognition makes me feel valued and appreciated.	385	3.9818	0.95861
Non-monetary rewards contribute to my job satisfaction.	385	3.8182	1.04492

Extrinsic rewards positively influence my job performance.	385	3.8597	0.94432
Intrinsic rewards are important for my overall job engagement.	385	3.7636	1.01228
Flexibility in work hours as a reward motivates me to achieve better results.	385	3.8675	0.98985
Opportunities for career advancement based on performance encourage me to strive for excellence.	385	3.7299	1.05562
Employee Feedback helps me improve my performance.	385	3.7013	1.10474
Communication during performance appraisal is effective for my development.	385	3.9377	0.92492
Goal Setting in performance appraisal guides my efforts effectively.	385	3.7403	1.00523
Performance Evaluation helps me understand my strengths and weaknesses.	385	3.6961	1.01991
Periodic Review in performance appraisal enhances my career progress.	385	3.9506	0.88692
Constructive feedback received during performance appraisal sessions helps me set actionable goals for improvement.	385	3.7662	1.01160
Performance appraisal discussions with my supervisor provide clarity on expectations and areas for development.	385	3.8182	0.97264
The recruitment process effectively identifies candidates with the necessary qualifications and skills.	385	3.6753	0.98215
The selection process provides fair and equal opportunities for all candidates.	385	3.8156	0.97349
The organization's recruitment methods align with its culture and values.	385	3.7636	0.98358
Feedback provided to candidates after the selection process is helpful for their career growth.	385	3.7662	0.98816
The organization's recruitment process ensures diversity and inclusion in the workforce.	385	3.9117	0.89994
The selection criteria are clear and transparent to all candidates.	385	3.9662	0.91367

The organization's recruitment process effectively attracts top talent to the organization.	385	3.9974	0.83385
My level of job satisfaction positively impacts my overall performance.	385	3.7870	1.13024
Talent Retention efforts make me feel valued in the organization.	385	3.9636	0.97293
Supervisor Support enhances my job performance and motivation.	385	3.8909	1.07942
Employee Engagement activities contribute to my dedication and commitment.	385	4.0104	0.90709
Organizational Commitment influences my overall performance and loyalty.	385	3.9532	0.97248
A positive work environment significantly contributes to my productivity and performance.	385	3.9844	0.97882
Recognition of my contributions by peers and colleagues boosts my morale and job satisfaction.	385	3.9065	0.97713
TAD	385	3.7246	0.70394
CAI	385	3.8614	0.68035
PAP	385	3.8015	0.70345
RAS	385	3.8424	0.68761
EMP	385	3.9280	0.72936
Valid N (listwise)	385		

## Appendix 2.4 Correlation Analysis

		Correlations				
		TAD	CAI	PAP	RAS	EMP
TAD	Pearson Correlation	1	.593**	.445**	.468**	.488**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	385	385	385	385	385
CAI	Pearson Correlation	.593**	1	.740**	.591**	.568**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	385	385	385	385	385

PAP	Pearson Correlation	.445**	.740**	1	.702**	.569**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	385	385	385	385	385
RAS	Pearson Correlation	.468**	.591**	.702**	1	.594**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	385	385	385	385	385
EMP	Pearson Correlation	.488**	.568**	.569**	.594**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	385	385	385	385	385

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

## Appendix 2.5 Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.671 <sup>a</sup>	0.450	0.444	0.54370

a. Predictors: (Constant), RAS, TAD, CAI, PAP

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	91.941	4	22.985	77.755	.000 <sup>b</sup>
	Residual	112.332	380	0.296		
	Total	204.274	384			

a. Dependent Variable: EMP

b. Predictors: (Constant), RAS, TAD, CAI, PAP

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
	(Constant)	0.702	0.186		3.769	0.000		
1	TAD	0.182	0.050	0.176	3.642	0.000	0.622	1.607
	CAI	0.188	0.067	0.175	2.781	0.006	0.365	2.738
	PAP	0.154	0.067	0.148	2.279	0.023	0.342	2.920
	RAS	0.323	0.058	0.304	5.517	0.000	0.476	2.100

a. Dependent Variable: EMP

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**ABSTRACT** This study delves into the impact of human resource management (HRM) practices on employee performance within Nepal's service sector. It seeks to fill existing knowledge gaps and enhance organizational success through a comprehensive analysis of HRM effectiveness. The research design encompasses a mixed-methods approach, drawing data from 385 respondents representing various service sectors in Kathmandu and Pokhara. Utilizing descriptive statistics and statistical analyses like correlation and regression, the study investigates the relationship between HRM practices (Training and Development, Compensation and Incentives, Performance Appraisal, Recruitment and Selection) and employee performance. In conjunction with a mixed-methods approach, this study adopts descriptive statistics and statistical analyses like correlation and regression. Data collection involves 385 respondents from different service sectors in Kathmandu and Pokhara, enabling a comprehensive examination of HRM practices' impact on employee performance. The findings revealed that significant positive correlations and impacts of HRM practices (Training and Development, Compensation and Incentives, Performance Appraisal, Recruitment and Selection), on Employee Performance (EP) emphasizing the strategic importance of tailored interventions for organizational success. Implications of this study extend to practical insights for organizations operating in Nepal's service sector, emphasizing the need for strategic HRM interventions to optimize employee performance and drive organizational success. These findings also advocate for further research in this area to deepen understanding and refine HRM practices for enhanced outcomes. Keywords: HRM practices, employee performance, Nepalese banking service sector, correlation analysis, regression analysis

**CHAPTER I INTRODUCTION**

**1.1 Background of the Study**

In today's dynamic business landscape, where knowledge and expertise are critical assets, innovative Human Resource Management (HRM) practices play a pivotal role in attracting, retaining, and enhancing shareholder value (Altarawmneh & Al-Kilani, 2010). Effective HRM encompasses various aspects, including human resource planning, job analysis, recruitment, selection, orientation,