

**IMPACT OF JOB DESIGN AND RETENTION PRACTICES ON  
EMPLOYEE COMMITMENT IN COMMERCIAL BANKS OF NEPAL**

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

by

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## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Impact of Job Design and Retention Practices on Employee Commitment in Commercial Banks of Nepal.” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose. 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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We have examined the dissertation entitled impact of Job Design and Retention Practices on Employee Commitment in Commercial Banks of Nepal presented by Ms. Asmita Koirala for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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## **LIST OF ABBREVIATIONS**

ANOVA: Analysis of Variance

EC: Employee Commitment

HRM: Human Resource Management

RE: Retention through Compensation

SME: Small Manufacturing Entity

SPSS: Statistical Package for the Social Sciences

TS: Task Significance

TV: Task Variety

## **EXECUTIVE SUMMARY**

The topic of the study was to assess that impact of job design and retention practices on employee commitment in commercial banks of Nepal. The purpose of this research is to assess major job design and retention practices in Nepalese commercial banks and to examine the impact of job design and retention practices on employee commitment in commercial banks of Nepal.

A mix of descriptive as well as causal comparative research design has been used to develop a framework for this research. The different job design factors such as task variety, feedback, task significance and task identify are analyzed to know the overall job design fitness of the sampled organization. Furthermore, retention practices through compensation and employee commitment is also measured of employees of the sampled commercial banks.

To test the hypothesis, data was collected from a sample of 114 respondents through a question that was developed carefully by the researcher and administered to the employees of the sampled banks through a purposive judgmental technique of sampling method. A multiple regression analysis along with single regression analysis was run to fulfill the objectives of this research while simultaneously testing for the hypotheses developed in the research. The regression results revealed that when all of the variables were entered there was only a significant positive relationship between job design and employee commitment. A significant relationship could not be established between the independent variable retention through compensation and dependent variable employee commitment. However, when only one variable was used to test for the hypothesis there existed a relationship between all of the dependent variable and the independent variable. The findings implied that whatever the banks were currently doing as a strategy to increase employee commitment, it is in line with what the employees want. Furthermore, the age group of 46+ needs to be targeted to develop tools and techniques so that such age groups feel they are perceived to be important to the organization or to think they have great influence on the lives of others as they have very low task significance scores. The managers needs to design their jobs in such a way that they boost the task significance for such age groups.

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the study**

Today advancement of information technology has brought to center stage the importance of human resource, more than ever before (Jyothi & Venkatesh, 2006). In a competitive scenario, effective utilization of human resource has become necessary, and the primary task of organizations is to identify, recruit, and channel competent human resources into their business operations for improving productivity and functional efficiency. Qualified, motivated, and experienced human resources are also essential in economic liberalization and globalization era.

Human resource management is the most exciting area in the field of management. The responsibility of recruiting and selecting the right person for the organization is HRM department. This is the science of managing employee/workforces in an organization. It ensures right person at right place at right time. It also provides training and development opportunities for their efficient performance (Khadka, Gurung, & Chaulagain, 2014). HRM develops practices which foster teamwork and flexibility and makes the employees feel that they are valued, and their contribution is essential for the development and growth of organization.

HRM as the set of programs, functions, and activities designed and carried out in order to maximize both employees as well as organizational effectiveness (Aswathappa, 2005). It is also a process, which consists of the acquisition, development, motivation, and maintenance of human resource (DeCenzo & Robbins, 2005). It treats employees as the essential means of realizing organizational objectives rather than mere objectives (Jyothi & Venkatesh, 2006). It focuses on engendering commitment among employees by winning their hearts.

Human resource is a crucial aspect of HRM. Especially key or talent employees are destiny of the organization. The retention of those employees is one of the significant issues of HRM.

Contemporary context. Employee retention is the ability of the management to retain its employees for a longer period of time. It needs favorable policies and practices, which let the key employees stick to an organization.

An organization's staff is one of the most critical factors with respect to its output and profitability. The competitiveness of an organization results from the total sum of its' work-related activities. Similarly, the quality of an organization's performance is determined by how employees accept their tasks and dedicate their efforts wholeheartedly with passion and creativity. Thus optimal performance of an organization would be achieved when optimal employees were placed according to job requirements and employees were changed as jobs were designed effectively.

As the size of corporate organization becomes larger, the interest in jobs and job characteristics also increase. Kim & Lee suggests that attributes of a specific job induce psychological conditions of organization's members, and that by using this employees can be motivated to improve organizational performance.

Traditionally, organization has approached job performance and system efficiency through staff development and training. Training continues to be an important part of the appropriate utilization of human resources, but underutilization can be influenced by many variables. Organizational literature identifies that underutilization can be related to the design of the work. Restructuring the design of work offers opportunities to enact full scopes of practice, minimize performance uncertainty and performance pressure, boost work satisfaction and work motivation, foster high quality work performance and promote effective work delivery.

Organizations invest a lot of resources for employees to make them able or corporate ready. High employee turnover ratio or flyaway of talent employee is the greater loss of the organization. It can be a problem because of increased recruiting, selection, and training costs and work disruptions (Robbins &Coulter, 2018).

Newstrom (2007) stated that excessive employee turnover can have several negative effects on an organization. They include:

- Separation costs (exist interview time, separation pay, and unemployment tax increase)

- Training costs for few new employees (both orientation and skill development instruction; both formal and informal learning experiences)
- Vacancy costs (temporary help or overtime pay; productivity loss and service disruption)
- Placement costs (attracting, screening, and relocating new hires)
- Morale effects (loss of friendship, concerns about personal job loss during downsizing).
- Poor compensation and benefits, negative work environment, frustration, constant friction with their superiors or other members, unfair treatment, lack of recognition; challenging job; job security; motivation; and opportunity for career development, and rtc. are the main causes of leaving or quitting job by employees. Thus, organization should address these things in time to retain their key employees.

Jyothi and Venkatesh (2006) suggested the following aspects while attempting to retain employees: (i) planning ahead, (ii) clarity in job requirements, (iii) identify a good source of recruitment, (iv) screening and interview, (v) provide challenging work, and (vi) focus on compensation and working conditions.

Aguinis (2020) suggested that job design refers to a spectrum of job factors, ranging from internal and external organizational factors to the way tasks are organized, that affect what people do at work and how effectively they can do it. Compensation is one of the key drivers of motivation because humans are naturally inclined to perform better when they perceive that they will get sufficient payment or returns from their efforts. While people exert effort for different reasons, today's competitive economic environment coupled with the consumer society has made compensation arguably the most important motivation factor.

Employee retention is an important function of HRM. Retaining function comprises the activities of (i) rewarding employees for performing their job effectively; (ii) ensuring harmonious working relation between employees and managers; and (iii) maintaining a safe healthy work environment (Cascio, 2006). Cascio (2006) also suggested that fair treatment of employees, open communication, face-to-face resolution of conflict, promotion of teamwork, respect for the dignity of each individual, and pay increases based on merit are essential to retain employees.

This study examines and analyzes the retention of employee in banking sector of Nepal. A bank is a financial institution that accepts deposits through different kinds of accounts and lends those

deposits either directly or indirectly. Banking industry is generally a highly regulated and reliable industry of Nepal.

The history of banking industry is not long in Nepal. It was started from 1937 AD. There is one central bank, twenty seven commercial banks and twenty development banks in Nepal. However, this study covers only commercial bank i.e. Nepal Investment Bank ,Himalayan Bank and Everest Bank studying and understanding job, structuring job elements, duties and tasks in a manner that helps to achieve optimal performance, satisfaction and profitability through the process of job design is a vital part of any Human Resources Management in an organization. It is in the light of this that this study intends to assess the impact of job design on the performance of Nepalese commercial banks.

## **1.2 Statement of the Problem**

Retention of best, talent, and most desirable employees is a key challenge to organization (Ekmekci, 2010). HRM department should take a deep concern in their employee turnover rate because it incurs direct and indirect expenses (Rajaratnam, 2020). Costs of employee turnover seriously impact on organizational performance and growth (Rusbult, 1981). For this, designing the job plays the crucial role while analyzing the job performance of the employees.

Job design and retention practices on employee commitment is one of the big challenges to the organizations (Pradhan, 2020). In order to attain corporate goals, organizations have to retain their key employees. There have been a number of valuable research studies on employee retention. (McCann, Graves, & Cox, 2014), Howard and et al. (2007), Trulson (2007), Gbervbie (2010), etc. have conducted many research in the field of HRM and employee retention. However, none of these studies provides a picture of the job design practices in commercial banks of Nepal with reference to NIBL, HBL and EBL. A company's strength is determined by its personnel. Because human resources are a unique resource that demands specific managerial attention and effort, they must be treated with care (Storey, 2013). Some organizations have been known to experience a high staff turnover despite offering above average salaries (Aguinis, 2012). Furthermore, different people are motivated by different things. Managers and supervisors must understand what motivates individual employees rather than taking a one-size-fits-all strategy (George & Jones, 2013). Thus, issues relating these have been drawing the attention,



such as - Do banks apply fair HR practices to retain employees? Are banks practicing motivational efforts to retain their talents? Are employees satisfied with their present job?

Considering all of the outline presented above, the researcher decided to carry out research in NIBL, HBL and EBL in understanding if the employees are motivated or not and if they are motivated, the research aims to know what motivates an employee that is working in one of the leading commercial banks in Nepal.

### **1.3 Objective of the Study**

The primary purpose of the study is to examine the impact of job design and retention practices on employee commitment in commercial banks of Nepal. The specific purpose of the study are as follows:

- To assess major job design and retention practices in Nepalese commercial banks of Nepal, and
- To examine the impact of job design and retention practices on employee commitment in Nepalese Commercial Banks

### **1.4 Rationale of the Study**

Job design is the crucial tasks of the banks. It is also the retention on of employee and division of the work or employee involvement. Retention of key employee is the main function of management. It refers to the methods employed by the management to convenience the key employees stay with the organization for a longer period of time. Since key employees are the brain of organization, retention of such employees should be the major concern of the management.

This study (i) contributes knowledge industry, especially in the field of retention of key employees, (ii) fulfills the gaps of previous studies, in the case of Nepal the researcher could not find any research or study, thus it would be the first study, (iii) shows relationships between employee Job design and HR practices like-hiring practices, compensation and benefits, participative management, training and development, opportunity for growth, motivation, etc.

and (iv) faces the dramatically increasing complexity. Changing environment, increasing size of organization, increasing inventory level of employees, rules and procedures are the main cause of increasing complexity. Talent employees are required to manage such complexity. Thus, the study on employee retention is very important.

### **1.5 Hypothesis of the Study**

The following are the hypothesis for the study:

- H0: There is a significant positive relationship between job design and employee commitment.
- H1: There is a significant positive relationship between retention through compensation and employee commitment.
- H2: There is a significant positive relationship between the independent variable retention through compensation and job design with the dependent variable employee commitment.

### **1.6 Limitations of the study**

The research is based on following limitations:

- Firstly, purposive judgmental sampling technique was used to draw only from the list of commercial banks of Nepal. Nepal Investment Bank, Himalayan Bank Ltd. and Everest Bank Ltd.
- The sample size of the research is only 115 which is evenly distributed among 3 firms, which means that the sample size is small which might not adequately represent the population intended for the study.
- The variables used in the study may not be the best gauge for job design and retention practices for firms in Nepal even though they have been developed through intense review of literature published in renowned journals.
- Results from studies on a specific industry may have limitations to generalizing to other banks, finance companies and other sectors of the economy and vice-versa.

Hence, accuracy of the study is depending on provided information but adequate attention is given to reliability and validity of the research.

## **1.7 Organization of the study**

The whole studies are divided into five chapters.

### **Chapter I: Introduction**

The first chapter covers introduction, which includes general background, statement of the problem, focus, significance, objectives, limitations and chapter plan of the study.

### **Chapter II: Review of Literature**

The review of literature in the field of the study being conducted. This includes review of the theories of the concerned topic and also reviews supportive text, books, bulletins and annual reports published by banks, related articles and previous thesis.

### **Chapter III: Research Methodology**

The research methodology to conduct the study, and tools and techniques used in the analysis of the data. This chapter includes, conceptual framework, research design, and sources of data, population and samples and the method of data analysis.

### **Chapter IV: Data Presentation and Analysis**

This chapter is devoted to the presentation and analysis of data through definite course of research methodology. This chapter presents and analyzes mainly primary data .Major findings of the study are also included in this chapter.

### **Chapter V: Summary, Conclusion and Implications**

This chapter includes summary, conclusion and recommendations for improving retention of employees in the banking sector.

The bibliography and questionnaire are included at the end of the dissertation.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

Literature review shows the overall scenario of the employee retention as well as its evidence in the world. The reviewed research articles, thesis or dissertations, etc. were received from national and international libraries, journals, publications of banking industry and websites. A review of those studies is important in order to develop an approach that can be employed in this study.

#### **2.1 Theoretical Review**

This involves the explanation theories related to job design and employee engagement.

##### **2.1.1 Hackman and Oldham's (1976) Job Characteristics Model**

This model identifies five key job characteristics: Skill variety; task identity; task significance; autonomy and feedback. These five features when present in a job, leads to three critical psychological states amongst the employees: Experienced meaningfulness; experienced responsibility and knowledge of results. The three psychological states culminate into increased work satisfaction, internal work motivation, performance and reduced absenteeism and employee turnover.

Studies have gone further to show the link between Job design and employee engagement. Some studies have shown that monotonous work can lead to psychological distress and disengagement (Melamed et al, 1995). People whose work is autonomous experience a feeling of responsibility, and are then more likely to invest into their work, even in the face of obstacles (Shantz et al., 2013). Studies have also supported that feedback on performance when done in the right way, is highly motivating to the employees.

A study done by Shantz et al. (2013) to test the job characteristics model by Hackman and Oldham on how it's linked with engagement revealed significant positive relationship between job design characteristics and employee engagement. Skill variety showed the strongest positive relationship with engagement. In the same study, the researcher further found out that engaged workers were more likely to help others perform their jobs better which is an indication of

positive citizenship behavior. The same study findings also supported the widely held concept that highly engaged employees are less likely to behave in any deviant manner such as coming late or being absent from work.

### **2.1.2 Social Exchange Theory**

The social exchange theory further explains the findings of the studies linking job design to employee commitment. It states that employers and employees are in an interdependent relationship such that if the employees perceive to be treated fine by the employers, they respond by putting more vigor and enthusiasm towards work. Engagement is conceived as increased energy and enthusiasm towards work as portrayed by the employees. Employees feel well-treated by their employers if they are allowed to have autonomy in their work. As a result, employees is committed in performing their tasks at the optimum level of engagement.

Socio exchange theory argues that employees with conducive job designs are more satisfied with their jobs and highly likely to be loyal their organization. The theory also predicts that positive and beneficial actions directed at employees by the management of an organization, creates feelings of obligation for employees to reciprocate in positive, beneficial ways, including feelings of loyalty, commitment and performance (Eisenberger et al, 1986)

## **2.2 Related Studies (Empirical Review)**

Howard and et al. (2007) conducted on "HR professionals and workers in China". Their study reveals that 38 percent of the HR professionals surveyed in China indicated that turnover in their organization increased in the past 12 to 18 months. 73 percent of employees had resigned from previous jobs, and 24 percent had already held three or more jobs, despite their relative youth. 22 percent said they were likely to leave their positions in the next year. The top two turnover reasons were lack of growth and development opportunities with the current employer and the availability of better career opportunities elsewhere. Similarly, Compensation is overrated as a retention driver.

Sarkar and Kumar (2007) conducted on "Effective recruitment and selection: An approach towards model building". His study reveals that the current trend is that organizations are looking for methods of reducing the time and effort in the recruitment and selection process. Likewise,

the methods of team staffing should translate to competitive advantages to a firms. In similar demonstrated that recruitment strategies can lead to positive organizational outcomes. Moreover, adopting qualitative system in recruitment and selection has helped organizations to grow as they have been able to get the right people for their vacancies. In addition, the appropriate channels have helped the organizations to get the different and varied sources to which they can turn to for effective hiring.

Al-Ahmadi (2009) investigated the impact of job design on employees' performance in the school of Kalmunai Zone in Sri Lanka. Performance was strongly related to task characteristics such as sense of job significance; feeling important in eyes of others; realizing ones' competence; and freedom to make decisions. In his study, Al Ahmadi concluded that the organizations must put more effort and attention in improving task identity, feedback and autonomy in order to improve quality level of job design that can improve employees' performance and hence achieve quality results.

Adhikari and Gautam (2011) conducted research on "Improvement of Human Resource Development of Companies through Recruitment" found that Although the Nepalese economy has embraced an open market policy and is attempting to join the global market, competitive advantage is being hindered by a failure to address human resource development (HRD) and by poor performance management (PM) practices. Firm's competitiveness depends on its capacity to manage performance and improve the development of the skills and competencies of employees through learning. Nepalese company has embraced an open market policy and is attempting to join the global market, competitive advantage is being hindered by a failure to address human resource development (HRD). In order to manage performance of employee in Nepalese companies, a clear link between organizational objectives and outcomes should be established by developing a human capital base in organizations. Likewise, HRD professionals help to integrate HRD functions and organizational objectives by motivating them through training and development.

Fahr (2011) carried out a study on job design and satisfaction. The researcher inquired on work conditions and job design. He sampled people under the age of 65 years to provide information

concerning their job satisfaction. He found out that when assigning an employee to a workplace with an enriched job, in the sense that he has a high degree of autonomy and varied tasks, it will increase the job satisfaction irrespective of his personal suitability for such a workplace. Enriched jobs increase the satisfaction of all employees.

(Muogbo, 2013) conducted a research on "Selection Strategy of employee in Company". His study reveals that overall average employee engagement score dropped to 56 percent in 2010 from 60 percent the previous year. The 2015 engagement levels represented the largest decline in employee engagement research that he has seen in the last 15 years. By examining employee engagement data, the researcher can provide road map and have them focus their effort on the top drivers that motivate employees. The top three engagement drivers are career opportunities, brand alignment and retention.

A study done by Richard (2014) in Nigerian Hospitals on the effect of job design on job satisfaction amongst doctors and nurses showed that the four features of job design; Variety, identity, significance and feedback, are strongly associated with job satisfaction. Correlation analysis showed that there are other factor contributing to employee satisfaction as Job design was associated with only 65% variation in job satisfaction

Bacon and Hoque. (2014) conducted on " HRM in the SME sector: Valuable employees and coercive networks". Their study reveals that Recruitment and selection in any organization is a serious business as the success of any organization or efficiency in service delivery depends on the quality of its workforce who was recruited into the organization through recruitment and selection exercises. Since recruitment and selection involve getting the best applicant for a job .it has been emphasized that recruitment procedures that provide a large pool of qualified applicants, paired with a reliable and valid selection regime, will have a substantial influence over the quality and type of skills new employees possess.

Ekwoaba, Ugochukwu and Ndubuisi (2015) conducted a study on" The Impact of Recruitment and Selection Criteria on Organizational performance". Their study reveals that recruitment and selection criteria have significant effect on organization's performance. Recruitment and selection in any organization is a serious business as the success of any organization or

efficiency in service delivery depends on the quality of its workforce who was recruited into the organization through recruitment and selection exercises. This is more so as the right type of labor is hard to come by. Furthermore, given that organizational environment is ever changing, the company's management is implored to constantly evaluate the bank's selection methods on the basis of their validity, impartiality, scope of usage, and cost.

A study done in a large-sized Croatian organization by Vokic and Hernaus (2015) found an interplay amongst the three principle human resource concepts; Job satisfaction, employee engagement and loyalty. Correlation was strong amongst the three concepts. A sample of 567 employees was interviewed and correlation analysis between employee engagement, job satisfaction and loyalty were drawn. The study established that work engagement is strongly and positively related to employee loyalty with a casual-effect relationship. The relationship between job satisfaction and employee loyalty was mediated by employee engagement.

Jyothi and Venkatesh (2017) conducted on "Recruitment and employee retention in the organization". Their study reveals that while attempting to retain employees, the organization can play the crucial role of (i) planning, (ii) clarity in job requirements, (iii) identify a good source of recruitment, (iv) screening and interview, (v) provide challenging work, and (vi) focus on compensation and working conditions. Employee retention is an important function of HRM. Retaining function comprises the activities of (i) rewarding employees for performing their job effectively. Likewise, they also focused on ensuring harmonious working relation between employees and managers and maintaining a safe healthy work for the effective organizational performance.

A study by Sthapit & Shrestha (2018) sought to examined the influence of human resource management practices on employee retention and the moderating effect of level, age group and gender on the determinants of employee retention in the hospitality industry companies of Nepal. The study had employed a cross sectional descriptive study design with a sample of 292 respondents from six out of eight five star hotels of Nepal. The study made use of correlational analysis, Jonckheere-Terpstra test, as well as post hoc and Mann-Whitney U tests. The study concluded that entry level category of employees are mostly influenced by rewards and



compensation increasing their commitment towards the organization to reduce their turnover, whereas in case of higher level managers, the employer branding is an important retention measure, The study further concluded that for male-hotel employees, career growth and balance work life are the strongest and weakest retention measures in Nepalese five star hotels.

Soenanta, Akbar, & Sanwulan (2020) conducted a research on effect of job design and organizational commitment to employee retention in a lightning company with an objective to study the effect of job design and organizational commitment on employee retention. The approach used by the researcher was a quantitative approach with a survey method. The size used for the research was 204 with the selection being random. The result showed that job design and organizational commitment had a positive direct effect on employee retention and job design had a positive direct effect on organizational commitment as well. The implication drawn from the study was the weak or strong retention needs to be considered in company management because it will have an impact on the tendency or resilience of employee turnover.

A study by Dangol (2020) which aimed at investigating the motivational factors such as goal-setting, monetary rewards, recognition programs and training had adopted a descriptive research design to find out the relationship that existed between employee performance and the motivating factors. The independent variable used in this study was goal-setting, monetary rewards, training and recognition while the dependent variable was employee performance. The sample included 130 employees from a total of 30 companies that were operating in Nepal. The data was collected using structured questionnaires. Statistical tools such as regression analysis, correlational analysis, frequency distribution and mean scores were used to analyze the data and the results were presented using tables and figures where it added value. The research revealed that there existed a positive and significant relationship between recognition programs, goal-setting and training on employee performance. Furthermore, the findings suggest that employees value their own personal growth over other things.

### **2.3 Research Gap**

There have been a number of valuable research studies on employee retention. (McCann, Graves, & Cox, 2014), Howard and et al. (2007), Trulson (2007), Gbervbie (2010), etc. have conducted

many research in the field of HRM and employee retention. However, none of these studies provides a picture of the job design practices in commercial banks of Nepal with reference to NIBL, HBL and EBL. Researcher of this kind are very important to reflect the exact condition of retention and related motivational factors causing employee retention. Thus, this study attempts to fill this gap linking with international research studies.

## **2.4 Review of conceptual framework**

Human Resource must be activated, trained, developed and above all motivated in order to realize individual and organizational goals. An individual who has ability, skills and knowledge would not do much without motivation. However, an individual with skills, knowledge and ability with added motivation is assure way to success (Grant, 2008).The performance of a worker does not depend largely on ability, intelligence, skills and knowledge . If we do not motivate a worker, they would not as such be a problem solver (Abbegleen, 2001).

It is generally acclaimed that incentive such as good pay, good condition of service, provision of decent accommodation, opportunity for staff training etc. However, it is not a matter of course to motivate an individual staff because the success of any motivational effect solely depends on the extent to which the motivation meets the needs of the individual employee.

Finally, the test for management of either private or public organizations therefore is to determine the valued needs and motivations that will make an employee react according to the organizational desires to increase productivity.

Retention has a relationship with motivation. Rate of employee retention can enhanced by applying motivation theory such as Maslow's Hierarchy of Needs, Herzberg' Motivator-Hygiene, Vroom's Expectancy Theory, and Stacey's Equity Theory. Maslow's Hierarchy of Needs theory that there is a hierarchy of five human needs: physiological, safety, social, esteem, and self-actualization (Robbins and Coulter, 2006).

This hierarchy of needs relates to retention of employees. Maslow classified the five needs into two blocks- higher and lower level. Social, esteem and self-actualization needs come under higher level. These are satisfied internally and higher relation with retention. Physiological and

safety needs come under lower level. These are satisfied externally, they are crucial in employee retention, however must be addressed other HR practices.

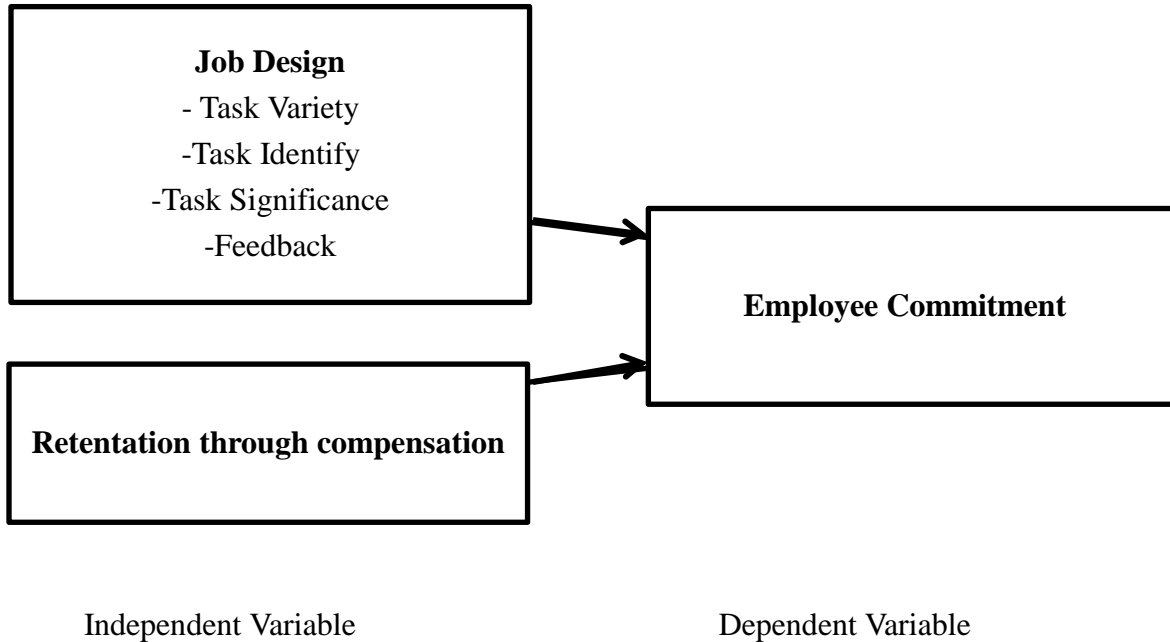


Figure 1 Conceptual Framework

## 2.5 Review of Variables

### 2.5.1 Job Design

Job design is “A process of putting together various elements to form a job, bearing in mind organizational and individual worker requirements, as well as considerations of health, safety, and ergonomics” (Moeed et al., 2013).

#### 2.5.1.1 Job Design Characteristics

Task characteristic is one of the most studied dimensions of work design. It involves focus on how work itself is accomplished. It is the range and nature of the tasks associated with a given job. Morgeson & Humprey (2006).

Work autonomy has been studied the most as a feature of task characteristics (Morgeson & Humphrey, 2006). It is the extent of freedom one has over one's work scheduling, decision-making and work methods (Breugh, 1985). Met-analysis done by Humphrey et al., 2007 suggests that Low anxiety, reduced stress and burnout amongst workers at the work place are associated with job autonomy. Moreover, autonomy is strongly related to attitudinal job outcomes such as job satisfaction, organizational commitment and motivation.

Task Variety which is the degree to which a job requires an employee to perform a wide range of tasks is similar to task enlargement (Herzberg, 1968). Jobs that are more involving and include different work activities are more enjoyable and interesting (Sims et al, 1976). Task variety has been found to be related with job satisfaction and employee performance (Humphrey et al., 2007).

Task significance is another feature of task characteristics that has also gained attention in organization research. Task significance is the impact of one's work on other work or on the entire organization. Task significance has also been associated with job satisfaction, organizational commitment and motivation (Grant, 2008). Task significance has been associated with burnout and positive relationships with perceptions of work load (Morgeson & Humphrey, 2007). It was argued that employees with high task significance are more likely to be overloaded by their responsibilities.

Task Identify is the extent to which work involves a whole piece of work and results can be easily identified. It is the comparison of being able to complete the whole unit of work versus part of it (Hackman and Oldham, 1976). Its effect on job satisfaction and organization commitment has been found to be minimal. However, its strong association with work burnout and subject performance continues to stir attention amongst organization researchers. Studies have also identified relationships between task identity and employee engagement and would suggest that designing jobs with high task identity will improve employee commitment (Christian, Garza & Slaughter,2011).

Feedback from job is another feature of task job design. It is defined as the feedback from the job itself or knowledge of the activities related to the job (Morgeson & Humphrey, 2006). Workers adjust their behaviors based on the goals they hold in the organization.

### **2.5.2 Employee Commitment**

Employee commitment involves placing more emphasis on how the employee feels when he or she is completely engaged (Robert, Birch & Cooper, 2012). Work commitment is a robust and consistent state that is fully characterized by vigor; dedication (work is a significant and meaningful pursuit); and absorption (work is engrossing and something on which the worker fully concentrates).

Employee commitment has also been defined as “a perfect persistent positive affective state of fulfilment in employees, characterized by vigor, dedication and absorption” (Schaufeli, et al., 2002).

Employee Commitment is the psychological attachment and the resulting loyalty of an employee to an organization. A large numbers of studies have been conducted to investigate the concept of organizational commitment. Still, commitment is the most challenging and researchable concept in the fields of management, organizational behavior. There have been several measures and definitions about employee commitment. Meyer and Allen (1991) described three dimensional model of commitment: Affective, Continuance and Normative. He said Affective Commitment is based on how much individual ‘want’ to remain in the organization. Continuance Commitment refers to an awareness of the costs associated with leaving the organization. Continuance commitment based on individual having to remain with the organization lost their previous investment before gone. Normative Commitment reflects a feeling of obligation to continue employment. Employees with a high level of normative commitment feel that they ought to remain with the organization. To remain competitive in the face of these pressures employee commitment is crucial. Without employee commitment there can be no improvement in any business area. To succeed in the face of increasing competition organizations need improved productivity at all levels. This requires commitment on the part of all employees which can only be achieved through better management practices in the area of managing rewards and compensation, by creating a perception of fairness through competitive wages and benefits (Colbert, 2004). One of the challenges facing modern organizations involves maintaining employee commitment in the current competitive pressures. With no assurance of continued employment, employees have now raised their expectations in other areas. For instance employees expect employers to demonstrate their commitment in terms of pleasant working

environment where a fair and just reward and compensation provides employees with the baseline requirements met to go for higher things like job satisfaction and fulfillment hence enhancing organizational commitment (Harter et. al, 2002).

### **2.5.3 Employee Retention**

Ahlich (2000) reported that retention is those policies and practices, which organization implement in order to keep their core employees within the organization. For this purpose, organization take different step to make them stay for longer period. The researcher further argues although it is important to hire the talented employees yet to retain them is crucial for the organization. Yazam and kamal (2011) retention is a “voluntary move by an organization to create an environment which engages employees for long term.”

A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed (Walter, 1976).

Hiring practices, compensation and benefits, job security, participative management, training and development, growth opportunities, etc. are the main components of HR practices which help to retention of employee. The organization should recognize these components and should apply suitable strategies to retain their key employees.

There may be various reasons for leaving organizations. McCann (2014) finds out some reasons of leaving organization, which are: basic financial needs not met lack of competitive salary, poor benefits, poor communication, negative work environment, lack of recognition, unfair treatment, lack of challenging job, lack of job security and life conflicts.

Howard and et al. (2017) conducted a research and they identify the following reasons for employee turnover: “Lack of growth opportunities, better career opportunity elsewhere, insufficient compensation, did not find work interesting, insufficient rewards/ recognition, did not feel efforts where appreciated, job was not what was expected, poor fit with the organizational culture, external factors, job left too little time for personal life, skills/abilities not a good match for the job, felt unfairly treated/discriminated against, job changed focus or scope

overtime, poor relationship with the manager, the economy changed, making a move people, and poor relationship with co-workers”.

### **2.5.3.1 Methods/strategies of employee retention**

Retention of key employees is essential for organizational success. Trulson (2007) suggested following five methods: “maintaining staffing levels, implementing team management, updating recruitment/screening process, addressing compensation issues, and professional development programs.

Howard and et al. (2007) mentioned following thirty two methods of retention: “Link pay and performance, succession management program, career planning services, employee retention as a corporate objective, organization’s vision/mission, training and development opportunities, improving compensation, specialized retention plans, new-hire orientation, monetary rewards, employment brand, openness in communication, performance management system, mentors/coaches for new hires, selection practices, internal studies, increased managers’ accountability for retention, educate managers on how to retain employees, tracing the impact of retention, benefits packages, team-building activities, non-monetary rewards, benchmarking, stock options, rotational assignments, exit interviews, employee involvement in decision making, flexible work schedule, virtual office/telecommuting, special employee services, relaxed dress code, and job security”.

Trulson (2007) stated following seven recommendations on his research study as retention strategies: “Implement team based management style, encouraging employee involvement, use committee to address major issues and initiatives; employ friendly schedule; examine and improve the recruitment and screening process; training and certification program; institute a professional development program”.

Gberevbie (2010) suggested ten strategies of employee retention. They are as follows: “Payment of monthly salaries to employees, relatively good monthly salary and allowances, provision of car, housing and furniture loan facilities, health insurance scheme, job security, regular promotion, health care services to employees’ families, maternity leave with full pay for female employees and regular training of employees”.

Gberevbie (2010) revealed that “there is no significant relationship between respondents’ job status and their views on strategies for employee retention and performance in the FCS of Nigeria. Gberevbie (2010) states that “out of the 108 respondents sampled, 97 or 89.81 percent agree that strategies for employee retention of the FCS of Nigeria are inadequate to retain competent workforce for enhanced performance. Kaiser and Hawk reveal technical training was the highest rated retention practice.

Howard and et al. (2007) revealed following factors or drivers promoting retention and employee satisfaction: “A good manager, opportunity for accomplishment, recognition for individual contributions, great company leadership, a creative or fun work place culture, a compatible work group/team, opportunities to learn and grow, an organization you feel proud to work for, interesting work, opportunities for advancement, benefits, employee autonomy, balance between work and personal life, compensation, promise of stability/job security, employee lifestyle support, variety in the work, flexible work conditions, opportunity for expatriate assignments, and amount of vacation/annual leave”.



## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

This chapter deals about research methodology used in this study. The basic objective of this study is to examine the impact of job design and employee retention of Nepal investment bank, Himalayan bank and Everest bank and to find out the relation of retention and its components. For achieving the objective, the following research methodology was followed in the course of conducting the research.

This research states both qualitative and quantitative approach. However, the exploratory research may be conducted by one or more of three approaches: (i) examining existing literature, (ii) questioning knowledgeable individuals, and (iii) examining a few selected cases (Wolf, 2007). The relationship between HR practices and employee retention was explored and whatever relationship exists was described.

#### **3.1 Research Design**

Research design consists methods that are used for collection, analysis and measurement of data in order to fulfill the research objective. The research design used in the research study was a combination of descriptive as well as causal comparative design which was used to fulfill the objectives of this research whereby structured online questionnaire was used as research instrument. Considering the purpose of the study which is studying the impact of job design and retention practices on employee commitment in commercial banks in Nepal, the researcher thought it was suitable to use quantitative data in nature. The study is also part descriptive as the study, the descriptive statistics was used by researcher to draw insights about the employee and the organizations that they are a part of. The main reason to use descriptive statistics was to draw insight about relevant research questions about variables. Also for the analysis of the data, Statistical Package for Social Sciences (SPSS) was used.

#### **3.2 Sources of Data**

Materials used for the study are gathered from both primary and secondary sources. Quantitative data is any data that is in numerical form such as statistics, percentages or numbers (Given,

2008). In contrast, qualitative research delves deeper into personal experiences with the goal of defining and analyzing meaning using text, narrative, or visual-based data, by establishing themes unique to that group of participants (Corrine, 2011).

The data collected was a blend of qualitative as well as quantitative data in nature. The qualitative data that is collected is information relating to the respondents gender, education qualifications, age. While the quantitative data is collected through the main section of the structured questionnaire method. This quantitative section employed the 5 point Likert scale to measure how respondents feel about different situations that are intended to measure a specific variable.

Data can be obtained from primary or secondary sources. Primary data refers to those data collected directly from the sources by employing methods such as questioning, interviewing by the researcher. Secondary data, however, is data which has been collected from other sources and published. Secondary sources of data can be obtained from company records, industry analyses reports, government publications or even annual share-holder statements presented by the company.

The primary data was be collected mostly through a structured questionnaire method. As Sekaran (2003) highlights in her work, a neat questionnaire with appropriate introduction, instructions and well-arranged set of questions and response alternatives will make it easier for the respondents to answer them. With a view of this concept, the questionnaire that this study employs is also similar to what Sekaran explains a questionnaire should be. The questionnaire includes a brief introduction to the study that is being conducted. Such introduction is followed by a preliminary section which aims to know the personal data about the respondents. It includes questions relating to age, education level attained, gender, marital status, number of years working in the organization and position level in the organization. After the preliminary section, the main section includes questions that aims to answer the major objectives of this study. The questions in this section is in the form of a 5 point Likert Scale and the questions are built in such a way that they measure both the independent variables and the dependent variable.

### **3.2.1 Primary Source**

Primary data is information sourced by the researcher. The information is gathered for a specific purpose or research work. It is therefore more valid and authentic though very costly, time consuming and energy sapping. Mainly Questionnaire and informal personal interview are the primary data used in this study.

### **3.2.2 Questionnaire**

Questionnaire is set of questions printed and administered on respondents. It is simply a formalized approach of asking someone for information. All questions and the answers to the questions would provide data for arriving at a conclusion. The questions as much as possible would motivate the respondent to provide the necessary information (Kuruja & Elegwa, 2013) . In this study, questionnaire is prepared and distributed to the staff of sample Bank.

Informal Personal interview implies a face-to-face conversation between the interviewer and the respondent of the interviewee. The interviewer asks questions and records the respondents' answer while the interview is progress or immediately afterwards. Personal interview despite its cost is very fast in terms of response and the researcher can influence the interview environment seek clarification where necessary. Also, information gathered through personal interview is unadulterated given it an edge over questionnaire which may be answered with biased mind by the respondents (Walter, 1976).

For this study, Copies of questionnaire were distributed to the respondents at their places of work personally by the researcher. They were asked to fill the required information at their convenience. Each questionnaire assuring the respondents of strict confidentiality of their comments and response is collected. Similarly, informal personal interview with the Head of operations and other more employees (altogether 38 employees) from each sample banks and total 114 respondents.

### **3.3 Population and Sampling Techniques**

Specifically, all the Nepalese organizations in the banking sector constitute the population of the research. To be precise, all the Nepalese commercial banks and the employees working inside the corporations are the population.

There are twenty-seven commercial banks in Nepal. The study covers three commercial banks with more than 25 years of operation in Nepal namely Nepal Investment Bank Limited, Himalayan bank Ltd and Everest Bank Limited as they already have placed strong HRM system on job designing for employee retention. The sample size of the respondents is one hundred fourteen consisting equal 38 employees from each sample bank. The justification for this technique is based on the fact that it enables every subject in the sampling frame to have equal opportunity to be selected without bias in systematic manner (Ogbeide, 1997). The justification for the size of the sample being 114 is that it is the optimum number the researcher feels is adequate to take a sample across organizations and people who have very similar day to day role and functions. Such size, the researcher feels, captures most of the characteristics of the population without wasting valuable resources such as money and time.

### **3.4 Tools and Techniques of Data Analysis**

The analysis of data requires a number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing statistical inferences (Kothari, 2008). It involves preparing the data for analysis, conducting different analysis, moving deeper and deeper into understanding the data (some qualitative researchers like to think of this as peeling back the layers of an onion), representing the data, and making an interpretation of the larger meaning of the data (Creswell, 2011).

Primary data was collected and systematically sorted. Since they are mainly the qualitative data, they converted into quantitative data using Likert's 5 scale model, ranging from best to the worst like strongly agree, agree, undecided, disagree and strongly disagree. Then they were properly tabulated. Secondary data was rearranged according to customary accounting principles. They were tabulated in the systematic way.

Data analysis is defined as a critical evaluation of the obtained and aggregated data with the goal of understanding the qualities of the object under examination and uncovering patterns and correlations among the variables that are associated with it (Sekaran, 2003). This study mainly uses quantitative data analysis techniques to interpret the collected data from the structured questionnaire.

### **Reliability test**

A reliability test along with validity test is administered to control for the goodness of the data. The reliability of a measure indicates the extent to which it is without bias and hence ensures consistent measurement across time and across various items in the instrument (Sekaran, 2003). For the reliability analysis of the questionnaire, a test for cronbach's alpha is done. If the alpha has a coefficient of .7 or greater the scale is supposed to be internally consistent, otherwise deleting of some items may be warranted from the questionnaire (Tavakol & Dennick, 2011).

### **Descriptive Statistics**

Descriptive statistics is used to know the current situation of employee performance and motivation levels in all of the sample banks. It is used in the research to identify and understand the demographic profile of the respondents as well. Similarly, mean score along with standard deviation is used to identify the average value of distribution of figures in the sample data as well as the variability in the scores of the samples.

### **Inferential Statistics**

Correlational analysis is be used to study if there are any possible connections between the variables that are chosen for this study. Meanwhile, the research also focuses on the degree of positive and negative relationship to draw a conclusion from the survey. The study uses regression analysis to examine the influence and relationship between the dependent and independent variables. The regression model used is the least squares method of causal analysis.

Furthermore, ANOVA table is used to determine whether the connections and relationships between the variables are significant or not. A standard significance level of 5 % is chosen for the study. All of the inferential statistics is tested for significance at 5 %, to know whether the

obtained results are statistically significant or not. A p-value for all of the coefficients of the variables as well as the overall model is also obtained to know at what levels the model and variables is significant.

In order to analyze data, appropriate tools and techniques were used. Statistical tools like average, standard deviation, coefficient of standard deviation, correlation were used. Microsoft excel and other analytical software programs have been used to analyze and interpret data. Tables were used whenever required to exhibit and analyze the data.

## CHAPTER-IV

### RESULT AND DISCUSSION

This is one of the major chapters of the study as it includes detail analysis and interpretation of data from which concrete result of employee retention of bank (with reference to NIBL, EBL and HBL) can be obtained. In this chapter, the relevant data and information necessary for the study are presented and analyzed keeping the objectives set in mind. To make this study effective, precise and easily understandable, this chapter is categorized in three parts; presentation, analysis and interpretation. The analysis is mainly based on primary data. In presentation section data are presented in table. At last the results of analysis are interpreted. In this chapter, data are interpreted and analyzed with the means of collected questionnaires.

#### 4.1. Overview of Descriptive Statistics.

Table 1 Desriptives

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
TI	114	4.00	5.00	4.54	.302
FE	114	3.33	5.00	4.24	.45
EC	114	3.00	5.00	4.10	.55
TS	114	3.00	5.00	4.14	.56
TV	114	3.00	5.00	4.44	.41
RE	114	4.0	5.0	4.46	.40
Valid N (listwise)	114				

*Note: From Researcher's Survey 2021*

The descriptive table shows the average values of the variables for all of the employees. The scale used to record the participants response was a 5 point Likert scale with 1 being associated with strongly disagree and 5 being associated with strongly agree. As it can be observed the mean value for Task Identify is approximately 4.54. It means that majority of the employees had a positive viewpoint towards the task identify and knew the degree of what the job allows the employees to perform and to clearly identify the outcome of their effort. Similarly, feedback has

a mean value of 4.24 which suggests that the employees know whether the job that they are doing is providing them feedback on how the job is being completed without any supervisor reporting to them on or giving them any feedback. Furthermore, it can be observed that the average value of task significance is approximately 4.14 with a standard deviation of .56. It can be inferred from such a statistic that most of the employees feel that their job is important and impacts others within and outside of the organization. Furthermore, the average value for task variety is 4.44 which means that employees feel that the job they are doing required a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of a person. Since, all these variables represent job design the average value for the variable job design is approximately 4.34 which suggests that job design has a very good score of 4.34 and the employees feel that the job that they are performing is very well designed. Furthermore, another independent variable RE, has an average value of 4.46 which suggests that the employees are being paid very well as it lies in the top end of the Likert scale spectrum.

Similarly, the average of the dependent variable employee commitment is around 4.1 with a standard deviation of approximately .55. It can be inferred from statistics that the commitment of the employees to the organization is very high as such number equates to between strongly agree and agree on the 5 point Likert scale.

#### 4.1.1 Gender Wise Distribution

This section presents gender wise distribution of respondents of the three sample banks. The data is presented in table and graphs.

Table 2 Gender Wise Distribution

<b>Gender</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	64	56.1	56.1	56.1
	Female	50	43.9	43.9	100.0
	Total	114	100.0	100.0	

Source: From Researcher's Survey 2021



The table above shows the respondents on the basis of gender where there is majority of male employees representing 56.1% of the sample and rest 43.9% are female employees.

#### 4.1.2 Age Wise Distribution

The section presents the data distribution on the basis of age.

Table 3 Age Wise Distribution

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	27	23.7	23.7	23.7
	26-36	29	25.4	25.4	49.1
	36-45	31	27.2	27.2	76.3
	46+	27	23.7	23.7	100.0
Total		114	100.0	100.0	

*Note: From Researcher's Survey 2021*

The above table show the age-group of employees. Out of 114 samples, 27 are of age group 18-25 years, 29 are age group of 26-35 years, 31 are age group of 36-45 years, and 27 are age group of 46+ years.

#### 4.1.3 Experience Wise Distribution

This section presents the distribution on the basis of experience of respondents.

Table 4 Experience Wise Distribution

Experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 2 years	40	35.1	35.1	35.1
	2-5 years	34	29.8	29.8	64.9
	more than 5 years	40	35.1	35.1	100.0
Total		114	100.0	100.0	

*Note: From Researcher's Survey 2021*

As can be observed from the table, 35.1% of the respondents have an experience of less than 2 years while the same percent of the respondent also have more than 5 years of experience. 29.8% of the respondents however, have experience between 2 to 5 years.

#### 4.1.4 Job Position Wise Distribution

This section classifies the respondents on the basis of their job position at the three sample banks.

Table 5 Job Position Wise Distribution

Job Title		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Trainee Assistant	25	21.9	21.9	21.9
	Jr Assistant	18	15.8	15.8	37.7
	Assistant	23	20.2	20.2	57.9
	Sr Assistant	19	16.7	16.7	74.6
	Management Trainee	11	9.6	9.6	84.2
	Jr Officer	8	7.0	7.0	91.2
	Officer	4	3.5	3.5	94.7
	Sr Officer	6	5.3	5.3	100.0
	Total	114	100.0	100.0	

*Note: From Researcher's Survey 2021*

The above table represents about the job title hold by the respondents of NIB, EBL and HBL. It shows that most of the respondents are trainee assistant that is 21.9% of the sample, which is followed by assistant that is 20.2% and rest on other position.

#### 4.1.5 State of Employment Wise Distribution

This section explains about the state of employment of respondents at the three sample banks.

Table 6 State of Employment Wise Distribution

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### State of Employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Permanent Employee	106	93.0	93.0	93.0
	Provisional Employee	8	7.0	7.0	100.0
	Total	114	100.0	100.0	

---

*Note: From Researcher's Survey 2021*

This above table shows about the state of employment of respondents of EBL, NIB and HBL. It shows that majority of sample taken were permanent employees that is 90.6% and rest 6.8% is employee who are kept as provisional. This means that majority of employees are permanent employees.

#### 4.1.6 Average by Job Title

The respondents were asked to rate various factors using the scale 'SD=Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree'. The results of the study were as follows:

Table 7 Average by Job Title

Job Title	TI Mean	FE Mean	TS Mean	TV Mean	EC Mean	RE Mean
Trainee Assistant	4.49	4.32	4.16	4.49	4.10	4.4
Jr Assistant	4.57	4.31	4.38	4.42	4.25	4.5
Assistant	4.60	4.26	4.02	4.40	4.08	4.6
Sr Assistant	4.49	4.12	4.24	4.45	4.07	4.5
Management Trainee	4.48	4.21	3.89	4.39	3.98	4.3
Jr Officer	4.56	4.33	3.94	4.33	4.16	4.4
Officer	4.50	4.25	4.31	4.50	4.19	4.5
Sr Officer	4.75	4.05	4.21	4.55	4.04	4.3

---

*Note: From Researcher's Survey 2021*

The table above shows the variables average by job title that the respondents hold. It can be seen that the average score of job design which is measured by the variables task identify, feedback, task significance and task variety across all levels is very high which job design as well has a very high statistic of around ~4 across all job titles. However, from the table, it can be observed that for Jr Officer and Management Trainee the variables task significance has a lower average but not my much though. Furthermore, the employee retention is also very high as the average score across all job titles is higher than 4.2 which means all the employees across the levels are satisfied with their compensation package. The average statistic for employee commitment, however, is similar across job titles except for management trainee. It can be inferred from such statistic that except management trainee every other level of employee are very committed to the job that is given to them.

#### 4.1.7 Average by Experience

In this section the major variables for this study has been segregated by experience level of the employees and analysis has been done for such data.

Table 8 Average by Experience

		TI	FE	TS	TV	EC	RE
		Mean	Mean	Mean	Mean	Mean	Mean
Experience	less than 2 years	4.58	4.25	4.15	4.42	4.17	4.5
	2-5 years	4.52	4.25	4.04	4.51	4.01	4.4
	more than 5 years	4.52	4.24	4.23	4.40	4.12	4.5

*Note: From Researcher's Survey 2021*

The table above shows the average of the respondents by the experience of the respondents. The task identify score is around 4.5 for all employees surveyed which means that the respondents know to the degree to which a job allows employees to perform a whole piece of work and to clearly identify the outcome of their effort. Furthermore, the feedback variable across all experience level is also similar with scores around 4.25 which means that the respondents know the degree to which carrying out the work activities required by the job provides the individual

with direct and clear information about the effectiveness of his or her performance. The score for Task significance for all groups is also very high with average scores above 4 which means that the respondents know the extent to which a job is important to and impacts others within and outside of the organization. Furthermore, the high score of task variety shows that the job has multiple tasks that needs to be completed to get a job done. It can also be observed that the employee compensation along with employee commitment across all experience group is also very high with average scores of approximately four for both of the variables.

#### 4.1.8 Average by State of Employment

In this section the major variables for this study has been segregated by employment by type of the employees and analysis has been done for such data.

Table 9 Average by State of Employment

			TI	FE	TS	TV	EC	RE
			Mean	Mean	Mean	Mean	Mean	Mean
State	of	Permanent	4.55	4.24	4.13	4.45	4.08	4.5
Employment		Employee						
		Provisional	4.47	4.33	4.31	4.33	4.38	4.3
		Employee						

*Note: From Researcher's Survey 2021*

As it can be observed from the table, the variables used to measure the job design of the three organizations shows similar average for permanent employee as well as the provisional employee. For both groups, the job design variables has a statistic of approximately higher than 4. For retention through compensation, the permanent employee has a higher average than the provisional employee, highlighting that the permanent employee gets paid much higher than provisional employee. Furthermore, the employee commitment for provisional employee is higher than that of the permanent employee.

#### 4.1.9 Average by Age

In this section the major variables for this study has been segregated by age of the respondents and analysis has been done for such data.

Table 10 Average by Age

		TI	FE	TS	TV	EC	RE
		Mean	Mean	Mean	Mean	Mean	Mean
Age	18-25	4.60	4.28	4.20	4.41	4.13	4.5
	26-36	4.45	4.22	4.28	4.41	3.97	4.5
	36-45	4.57	4.19	4.12	4.51	4.04	4.4
	46+	4.55	4.32	3.97	4.41	4.30	4.5

*Note: From Researcher's Survey 2021*

As can be observed from the table, the task identify for all age groups are distributed very similarly with average scores of around 4.5. Similarly, the other job design variables such as feedback, task significance, task variety have an average score of around 4 for all the age groups except for the age group 46+ for the variable task significance. The other independent variable which is retention through compensation for all the age groups is very similar with average scores around 4.5. Lastly, the independent variable employee commitment is also very high with average scores of 4 which suggests that regardless of age group the commitment in the organization is very high.

#### 4.2 Preliminary Regression Analysis

The data collected from the survey questionnaire needs to be evaluated in terms of mean, standard deviation, kurtosis and skewness to determine whether they are a good fit to run a regression analysis or not.

Table 11 Preliminary Regression Analysis

<b>Descriptive Statistics</b>							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
JD	114	3.90	4.85	4.3441	.21	.165	-.491
RE	114	4.0	5.0	4.469	.40	.114	-1.475
EC	114	3.00	5.00	4.1053	.55	-.167	-.449
Valid	N	114					
(listwise)							

*Note: From Researcher's Survey 2021*

The assumptions that are needed to fit a linear regression analysis is conducted to assess the fit between variable distributions are their reliability and validity in such statistical analysis. A test of normalcy of the constructs; job design, retention through compensation and employee commitment were performed to assess the fit of these variables. Normality of a scale or construct is said to be present when skewness and kurtosis values fall within the acceptable bound for measurement purposes. A rule of thumb developed by George and Mallery(2010) asserts that the values for skewness and kurtosis between -2 and +2 are considered to be acceptable in order to prove that the constructs data are normally distributed. As observed from the table above, all of the test statistic of skewness and kurtosis are approximately within the bounds given by George and Mallery (2010).

### 4.3 Reliability Analysis

A reliability analysis of the variables in this study was performed to know whether the scale was developed properly or not. According to literature of George & Mallery (2003), Loewenthal (2001), scales with reliability values within the limits of 0.6 are considered acceptable to be used for data collection and analysis. All the scales that are used in this study yielded a reliability coefficients that were higher than a value of 0.5. Based on a rule of thumb developed by George and Mallery (2003) which states that any scale which has a cronbach’s alpha greater than  $\geq .9$  is Excellent,  $\geq .8$  is Good,  $\geq .7$  is Acceptable,  $\geq .6$  is Questionable,  $\geq .5$  is Poor, and  $\leq .5$  is Unacceptable. However, in work done by Pallant (2013), the author has stated that if there are less than five items in a scale a cronbach’s alpha of .5 threshold limit is acceptable.

Table 12 Reliability Analysis

Constructs	No. Of Items	Cronbach’s Alpha
Task Identify	4	0.905
Feedback	3	0.833
Task Significance	4	0.812
Task Variety	3	0.812
Retention through Compensation	2	0.858
Employee Commitment	4	0.860

*Note: From Researcher’s Survey 2021*

As it can be seen from the reliability analysis table, all of the cronbach's alpha is in the appropriate range considering the number of items, so the scale is considered to be highly reliable.

#### 4.4 Test for Collinearity

A test for collinearity was done to know whether the independent variables were hugely correlated with each other to the point that they influence the statistics for the regression analysis.

Table 13 Collinearity Diagnostics

Model		Coefficients <sup>a</sup>	
		Tolerance	VIF
1	JD	.989	1.011
	RE	.989	1.011

a. Dependent Variable: EC

*Note: From Researcher's Survey 2021*

As can be observed from the Collinearity diagnostics table, the variables have a VIF values of 1.011 for each of the predictor variables in regression. This means that there exists no multi-collinearity problem between the independent variables which suggests that test-statistics obtained from regression is reliable.

#### 4.5 Correlational Analysis

Table 14 Correlational Analysis

		RE	JD
EC	Pearson Correlation	.423**	.624**
	Sig. (2-tailed)	.000	.000
N		114	114

*Note: From Researcher's Survey 2021*

The above table shows correlational values between all the independent variables and the dependent variables. A Pearson correlation test statistic was run using SPSS between dependent



variables and independent variables. Correlational analysis was done to know whether any relationship exists between the dependent as well as the independent variable. Higher correlation means that the two variable moves in a single direction whereas lower correlation means that the two variables does not exhibit much relationship among them. It can be observed from the correlation table that there exists a positive correlation between the dependent variable employee commitment and all the independent variables such as retention through compensation and job design. The highest correlation value was between the variables employee commitment and job design which had a Pearson statistic of 0.624. Furthermore, retention through compensation had a correlation coefficient of .426 with the dependent variable employee commitment All the correlations are statistically significant even at 1% level of significance, so the obtained correlation coefficient are extremely significant. The results obtained support the hypothesis that were developed in chapter 1 of this dissertation.

## 4.6 Regression Analysis

### 4.6.1 Test for Hypothesis 0

In order to test the first hypothesis a linear regression model was built to check whether any relationship existed between job design and employee commitment. It was also done to check the amount of variability in employee commitment caused by job design.

Table 15 Model Summary

<b>Model Summary</b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.624 <sup>a</sup>	.389	.383	.73963	

a. Predictors: (Constant), JD

*Note: From Researcher's Survey 2021*

The R value represents the value of correlation coefficient between the dependent variable employee commitment and the independent variable job design. R square represents the variation in employee commitment explained by job design. In the above table, it can be seen that 38.9% of the variability in employee commitment can be explained by job design.

Table 16 ANOVA  
ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.998	1	38.998	71.287	.000 <sup>b</sup>
	Residual	61.270	112	.547		
	Total	100.268	113			

a. Dependent Variable: EC

b. Predictors: (Constant), JD

*Note: From Researcher's Survey 2021*

The ANOVA table above shows whether the overall regression model is a good fit for the data or not. The table shows that the relationship between job design and employee commitment is statistically significant as the F-value is 71.287 and p-value obtained from the model is less than .000, so the model is a good fit and statistically significant.

Table 17 Regression Coefficients  
Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	.601	.393	1.531	.129
	JD	.807	.096	8.443	.000

a. Dependent Variable: EC

*Note: From Researcher's Survey 2021*

The Beta value in the table is used to determine how important job design variable is in explaining the variance in employee commitment. The result presented in the table shows the Beta value of .807, which means for every one scale increment in job design, employee commitment increase by .807. The coefficients is also highly significant as the p-value obtained is less than 0.000.

#### 4.6.2 Test for Hypothesis 1

The test for hypothesis 1 involves checking to see if there exists any statistically significant positive relationship between the dependent variable employee commitment and the independent retention through compensation.

Table 18 Model Summary

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.171	.85751

a. Predictors: (Constant), RE

*Note: From Researcher's Survey 2021*

The R value represents the value of correlation coefficient between the dependent variable employee commitment and the independent variable retention through compensation. R square represents the variation in employee commitment explained by retention through compensation. In the above table, it can be seen that 17.9% of the variability in employee commitment can be explained by retention by compensation. The correlation coefficient of .423 is also moderately strong.

Table 19 ANOVA

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.912	1	17.912	24.360	.000 <sup>b</sup>
	Residual	82.356	112	.735		
	Total	100.268	113			

a. Dependent Variable: EC

b. Predictors: (Constant), RE

*Note: From Researcher's Survey 2021*

The ANOVA table above shows whether the overall regression model is a good fit for the data or not. The table shows that the relationship between retention through compensation and employee commitment is statistically significant as the F-value is 24.360 and p-value associated with the

relationship from the model is less than .000, so the model is a good fit and statistically significant. It means the model is good at predicting the variability in the dependent variable.

Table 20 Regression Coefficients

<b>Coefficients<sup>a</sup></b>					
Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	2.142	.358	5.981	.000
	RE	.413	.084	4.936	.000

a. Dependent Variable: EC

*Note: From Researcher's Survey 2021*

The above table represents the degree of relationship between the independent variable retention through compensation and the dependent variable employee commitment. The degree is established with the value of the Beta. The beta value of retention through compensation is .413 which means for every one increase in retention by compensation the value of employee commitment rises by 0.413 or 41.3%. The beta value for retention is also highly significant as the t-stat associated with the beta value is 4.936 and the p-value is less than 0.000.

### 4.6.3 Test for Hypothesis 2

Table 21 Model Summary

<b>Model Summary</b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.624 <sup>a</sup>	.389	.378	.74291	

a. Predictors: (Constant), JD, RE

*Note: From Researcher's Survey 2021*

The table of model summary for hypothesis 4 and 5 presents the correlation coefficient and r-squared for the relationship between the dependent variable employee commitment and all the other independent variables such as job design and retention through compensation. The multiple correlation between the dependent variable and independent variable is .624 which represents moderately strong relationship between the variables. The r-squared of .389 means that 38.9 %

of the variability that occurs in the dependent variable employee commitment can be explained by the independent variable. However, it can be observed that adjusted r-squared is lower than r-squared, this is because adjusted r-square takes into account the added predictors in the model.

Table 22 ANOVA

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.005	2	19.503	35.336	.000 <sup>b</sup>
	Residual	61.263	111	.552		
	Total	100.268	113			

a. Dependent Variable: EC

b. Predictors: (Constant), JD, RE

*Note: From Researcher's Survey 2021*

The ANOVA table for the hypothesis 4 and 5 presents the fitness of the model. It signifies if the model has any predictability power or not. It can be observed from the table that the model has an F-value of 35.336 associated with it while the p-value of the model is less than 0.000. Such low p-value means that the model is extremely significant and can predict accurately approximately 99 out of 100 scenarios. But the key here is that the model has much residuals i.e. out of the total variation of 100.268 only 39.005 of the variation is explained by the model. However, such variation is accurately explained almost a hundred out of hundred times.

Table 23 Regression Coefficients

<b>Coefficients<sup>a</sup></b>					
Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	.594	.399	1.491	.139
	RE	.011	.097	.115	.909
	JD	.797	.129	6.182	.000

a. Dependent Variable: EC

*Note: From Researcher's Survey 2021*

The above table represents the degree of relationship between the independent variables job design and retention through compensation with the dependent variable employee commitment.

The degree is established with the value of the unstandardized beta. As it can be observed from the table that only job design is the statistically significant variable in the model as its p-value is less than 1%. Other independent variable such as retention through compensation isn't statistically significant as their p-values are much higher than the acceptable threshold to be considered statistically significant. Upon further inspection, it can be seen that the variable with the highest impact is the job design which has a coefficient value of 0.797. Even though the model is statistically significant, half of the variables in the model are insignificant and no relationship could be determined from the data collected by the researcher. However, it can be inferred from this analysis that job design does help in improving the performance of employees over time.

## 4.7 Major findings and comparative analysis

The major findings and comparative analysis of the collected data and their statistical analysis has been described below:

Table 24 Summary of Findings

<b>Mean</b>	
<i>Job Design</i>	4.34
<i>Retention Through Compensation</i>	4.46
<b>Correlation Coefficient</b>	
<i>Job Design</i>	0.624
<i>Retention Through Compensation</i>	0.423
<b>Regression</b>	
<i>Job Design(sig)</i>	0.000<0.01
<i>Retention Through Compensation(sig)</i>	0.000<0.01
<b>H0</b>	Accepted
<b>H1</b>	Accepted
<b>H2</b>	Accepted
<i>H0 There is a significant positive relationship between job design and employee commitment.</i>	
<i>H1 There is a significant positive relationship between retention through compensation and employee commitment.</i>	
<i>H2 There is a significant positive relationship between the independent variable retention through compensation and job design with the dependent variable employee commitment.</i>	

*Note: From Researcher's Survey 2021*

### Mean

The mean for the sample respondents for the variable job design was 4.34 and for retention through compensation was 4.46 which means that the respondents viewed that the job design was designed very good and the compensation that was being offered to them was also adequate as suggested by a higher average for both the independent variables. Since retention through

compensation has a higher average than job design, it can be inferred that the respondents feel compensation provides much more employee commitment than job design.

### **Correlation Coefficient**

Correlation coefficient of job design of all the respondents with the dependent variable is 0.624 while the correlation of retention through compensation is 0.423 with the dependent variable which indicates that both show a moderate positive relationship between the variables.

However, since the job design variable has a higher correlational coefficient than retention through compensation it can be inferred that job design practices is much better at the sample banks than the retention through compensation practices.

### **Regression Analysis.**

The results showed from regression analysis that the independent variable job design and retention through compensation both have a significant impact on employee commitment of all the three organizations that were sampled. Furthermore, it could be established that job design had a bigger impact in employee commitment than retention through compensation.



## CHAPTER V

### DISCUSSIONS, CONCLUSIONS & IMPLICATIONS

#### 5.1 Discussions

This study was on the impact of job design and retention through compensation on employee commitment in commercial banks of Nepal. On the basis of gender, the study showed that the mix of gender between male and female was about equal with female respondents representing 43.9 % of the sample, while male respondents represented 56.1% of the sample. On the basis of age-distribution of respondents, the majority of the respondents were of the age group 36-45, representing 27.2 % of the respondents, while the least representation came from the age group 46+ and 18-25, representing 23.7 % of the respondents. When viewed from the perspective of married status, it was revealed that 56.1% of the respondents were married while 43.9 % of the respondents were single. Considering the state of employment, the study revealed that 93.0% of the respondents are permanent employees whilst 7.00 % of the employees are provisional employees. Such results are to be expected as fresh hires directly off of university are hired as provisional and all other hires are permanent. Based on experience levels, the respondents representing less than 2 years and more than 5 of experience were the majority, representing 35.1% of the sample each, while the least age group was 2-5 years that represented the population was 29.8%. Based on the position of jobs assigned, the majority of the respondents were senior assistant level which represented 16.7% of the respondents. The least representation came from the job position of officer with representation of about 3.5% of the respondents. Other positions are somewhat equally represented with mean representation of about 11.4% between the remaining positions. Since a blend of snowball sampling and convenience sampling was used, biasness may be present in the samples and the above representativeness of the sample may not be adequate in representing the population.

This study hypothesized that there was a significant positive relationship between job design and retention through compensation with employee commitment in Chapter 1 of this study. Upon analysis of the data collected, when all of the variables was entered for analysis it was revealed that there does exist a positive significant relationship between the variables job design and

retention through compensation and the independent variable employee commitment. The regression along with correlation results showed that the correlation coefficient between the variables entered were .624 and was significant even at 1% level of significance. This means that the bank's retention by compensation rewards policy along with job designing programs were in line with what the employees were demanding which caused the employees to be committed in performing their jobs. Even though a relationship could not be established between the variables retention through compensation when jointly regressed with the other independent variable job design with employee performance, it does not mean there is no relationship among them, it just means not enough data was collected to showcase a relationship Ummah & Mahroof (2011) demonstrated that financial incentives had a significant impact on the performance of the employees in the organization. Sharma (2015) also further added that monetary incentives are a good use to motivate workforce in the organization. Dangol (2020) had already demonstrated from their study that there indeed was a relationship that existed between recognition programs, goal-setting and training on employee performance in the organizations that she studied. A study done by Nwannebuife (2017) also reaffirmed the fact that extrinsic factors such as recognition programs does help employee to be more productive in the organization. So, the relationships established in this study along with the empirical studies reaffirms that the employee performance is enhanced through recognition programs and monetary rewards program that are in line with the employee expectations.

## **5.2 Conclusions**

The purpose of the study was to examine about the impact of motivation factor that has on employee performance of the sampled commercial banks in Nepal. The sampling methodology used for the research was convenience and snowball sampling. The blend of descriptive and causal comparative was used as research design.

The job design aspects of the overall work was measured by using four sub-variables namely task-variety, task significance, feed-back and task identify. All of the measurements from the employees from the sampled banks showed that the four sub-variables showed a positive reaction on the part of the respondents as they felt the job was well designed considering the various aspect of the work that had to be performed for a job. The retention practices through

compensation was also admired by a lot of respondents in the survey as they felt the compensation practice was more than adequate and is largely sufficient to stay at the institutions that was giving them.

The finding of the study shows that job design and retention through compensation has boosted the motivation level of employees as evidenced from the regression analysis which showed that there is a positive relationship between retention through compensations on commitment in banking industry. Furthermore, there is also a positive relationship between job designs on employee commitment. This means that the bank's retention through compensation policy along with job design programs were in line with what the employees were demanding which caused the employees to be motivated in performing their jobs. The finding revealed that all the factor taken for study such as variables retention through compensation and job design has a positive significant relationship with employee performance.

### **5.3 Implications**

- The finding of the study discovered that job design and retention through compensation has direct impact on employee commitment of the sampled banks of Nepal. So, it implies that whatever the managers of the banks were currently doing as a strategy to increase employee commitment, it is in line with what the employees want.
- The findings of the study revealed that there is positive relationship between dependent variable employee commitment and variables job design and retention through compensation. It suggests that the sampled banks managers should continue to use these factors to motivate employee for the achievement of organization goals.
- The task-significance for age group 46+ had the lowest score of 3.97 among all the other age groups and associated scores. So, these group can be targeted to develop tools and techniques so that such age groups feel they are perceived to be important to the organization or to think they have great influence on the lives of others. The managers needs to design their jobs in such a way that they boost the task significance for such age groups.
- A lot of empirical research has been done in the field of motivations and its impact on employee performance in general. In Nepal as well, researchers such as Dangol (2020) as well as Sharma (2015) have done empirical studies to know which motivational factors is the

most important factor which motivates an employee to excel at his or her job. Sharma (2015) conducted his study on a private school whereas Dangol (2020) based their study on a handful of organizations and didn't focus on a single organization. However, not much research has been done to the researcher's knowledge in the financial institutions sector concerning motivation level of the employees. So an implication about need for further research in these area needs to be determined to further find additional ways to improve upon the commitment levels of the employee in a financial organization.

- This research focuses on revealing the effect of job design and retentions factors on employee commitment of the sampled banks. So further research can be done on other banks and financial institutions to reveal others factors that has not been covered in this research. Also, the sample size taken for this research was only 114 were used for the study. Therefore, future study should cover large sample size. Also, further suggested that the conceptual framework developed should be empirically tested in a large-scale survey across different sectors and industries.

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## APPENDIX -I

### Research Questionnaire

#### Personal Information:

Gender:       Male       Female       Other

Age:          18-25      26-36       36-45      46+

Marital Status: married      single

Name of Institutions: Nepal Investment Bank      Himalayan Bank

Everest Bank

Years of Experience:  less than 2 years       2-5 years       more than 5 years

Job Title:  Junior Assistant     Assistant     Sr. Assistant

Jr. Officer       Officer      Sr. Officer

Employed in Province:  1    2    3    4    5    6

State of Employment:  Permanent Employee       Provisional Employee

Education Level :  +2 Pass     Bachelors Pass       Masters Pass

#### Task Identify

Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The job involves completing a piece of work that has an obvious beginning and end.					

The job is arranged so that I can do an entire piece of work from beginning to end.					
The job provides me the chance to completely finish the pieces of work I begin.					
The job allows me to complete work I start.					

Feedback

Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The work activities themselves provide direct and clear information about the effectiveness (e.g., quality and quantity) of my job performance.					
The job itself provides feedback on my performance.					
The job itself provides me with information about my performance.					

Employee Commitment

Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My job inspires me.					
I feel happy when I am working intensely					

I am immersed in my work.					
I am proud of the work that I do.					

Task Significance

Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The results of my work are likely to significantly affect the lives of other people					
The job itself is very significant and important in the broader scheme of things.					
The job has a large impact on people outside the organization.					
The work performed on the job has a significant impact on people outside the Organization.					

Task Variety

Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The job involves a great deal of task variety					
The job involves doing a number of different things.					
The job requires the performance of a wide range of tasks.					

Retention through Compensation

Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I feel the organization pays me adequately for the work I do					
The amount I am being paid to is sufficient to stay at this institutions					