



# Impact of Human Resource Management Policies and Practices on Employee Motivation, Commitment and Performance

Gopal Man Pradhan<sup>1</sup>, Prakash Shrestha<sup>2\*</sup> , Keshab Khadka<sup>3</sup> 

<sup>1</sup>Associate Professor, Bhaktapur Multiple Campus, Tribhuvan University, Nepal

<sup>2</sup>Associate Professor, Nepal Commerce Campus, Tribhuvan University, Nepal

<sup>3</sup>Assistant Professor, Graduate School of Management, Mid- West University, Surkhet, Nepal

Orcid Id: <sup>2</sup>[0000-0002-6973-9343](https://orcid.org/0000-0002-6973-9343), <sup>3</sup>[0009-0005-9485-4473](https://orcid.org/0009-0005-9485-4473)

\*Corresponding Author Email: [prakash.shrestha1@ncc.tu.edu.np](mailto:prakash.shrestha1@ncc.tu.edu.np)

**Received:** 29 August 2024, **Revised:** 18 September 2024, **Accepted:** 22 September 2024, **Published:** 30 September 2024

**ABSTRACT:** The primary goal of this study is to demonstrate how human resource management (HRM) policies and practices, which include employee job status, job security, internal promotion, and individualized rewards, have a substantial impact on employee motivation and commitment and their level of performance in the organization. Employees of commercial banks, insurance companies and financial companies at the managerial and assistant levels were included in this study. According to the study, there is a substantial and positive association between HRM policies and practices with that of employee motivation, and commitment. Similarly, a high level of employee motivation and commitment would contribute to the improvement of their level of performance in the institution as they accomplish the allocated duty based on their best efficiency, ability, and knowledge. It is the reason that management of the organization needs to focus on the improvement of employee job status, job security, internal promotion, and individualized rewards along with other variables of HRM policies and practices so that employees would feel motivated and committed to the accomplishment of assigned jobs. It is essential for the improvement of employee performance and also the overall performance of the organizations so that they can sustain and perform business activities in society for a long duration of time.

**KEYWORDS:** Job status, job security, internal promotion, individualized rewards, motivation, and commitment



## 1. INTRODUCTION

In the present competitive business environment, manpower is said to be a potential asset of the organization, and the motivation and commitment of which would be supportive of the competitive strengths of the organization in the market. For this purpose, it is necessary to take some measures such as job status, job security, internal promotion individualized rewards, and other career development programs and rewards for improving and maintaining a level of motivation and commitment of the employees along with improving their level of performance. Human resource management (HRM) plays a pivotal role in enhancing organizational performance (Huselid, 1995). Moreover, the functions of HRM, encompassing training and development, employee engagement, performance evaluation, compensation, job security, and recruitment, have been correlated with outcomes pertaining to organizational performance (Wildan, 2023), which encompass, but are not limited to employee competencies, motivation levels, commitment, quality of work, overall performance, and opportunities for contribution (Lepak et al., 2006; Liao et al., 2009).

Human resources management involves an organized, cohesive, and strategic approach to people's employment, growth, and welfare in functioning businesses. Other definitions include the method by which management develops the workforce and makes an effort to produce the human performances required by the organization, as well as a special kind of employment management that seeks to gain an advantage over competitors by strategically implementing a highly competent and dedicated workforce (Shrestha & Prajapati, 2024; Shrestha & Prajapati, 2023) through a range of personnel, structural, and cultural approaches (Armstrong, 2016; Agustian, et. al, 2023; Shrestha, 2024). It is evident that human resource management plays a significant role in modern business management, which views incentives as one of the most crucial components in raising employee performance in companies. Gunn (2018) elucidates the connection between motivation and accountability. According to the author, granting employees greater responsibility, which is accomplished through promotion, can inspire them. Stability in one's job might enhance an employee's attitude toward the company. The findings of critical studies on the function and significance of human force in the growth and development of organizations

as well as the development of human communities' highlight the idea that a community cannot be considered developed until its human resource needs have been fulfilled. The research conducted by Mira et al. (2019) showed the noteworthy and favorable impacts of human resource management (HRM) practices, particularly those related to social support, recruitment and selection, job analysis, worker empowerment, training and development, worker relations, and rewards, on employee performance. This result is consistent with the findings of Etaan and Jain (2019), who showed that HRM practices, specifically, performance appraisal, sourcing work for training and development, and reward management had a favorable impact on worker performance.

Furthermore, Ngwenya and Aigbavboa (2017) demonstrated how particular HRM strategies enhanced workers' productivity and job execution in a building firm. They emphasized how well HRM procedures had improved productivity and work performance. Additionally, the survey discovered that contented workers performed their jobs better. Consequently, HRM procedures effectively and efficiently manage personnel to achieve the organization's key objectives (Zafar et al., 2018). However, Al Damoe et al. (2017) have shown in a study that businesses adopting HRM techniques can achieve important HR outcomes. The study by Lim and Ahmad (2021) demonstrated the important and advantageous effects of HRM practices on worker performance, particularly with regard to work-life balance, training and development, and pay and benefits. Similarly, Hee and Jing (2018) studied that how HRM practices such as work-life policies, compensation and benefits, performance appraisal, and training and development can affect workers' productivity. Employee performance was closely linked to training and development, job stability, work status, personalized rewards, employee promotion, and performance evaluation.

Authors of human resource policies and practices have discovered that, among other things, having a skilled and knowledgeable labor force is an essential component of developing companies and nations. Respecting their demands and how management satisfies them can therefore result in HR job satisfaction and, ultimately improve their commitment towards the organization. A measure of an employee's involvement at work is called job satisfaction (Woo et al., 2005). It is crucial to look into employees' job satisfaction because work has become a significant

part of their lives and has a lasting impact on them in terms of penetration on satisfaction as well as the role that job dissatisfaction plays on organizations and even society (Kurdi, et. al., 2020).

In most organizations, a variety of HRM policies and practices may have an impact on employee commitment and motivation. Employment status, job security, hiring and selection, training, rewards, advancement, flexible work hours, career development, organizational values and beliefs, support, work-life balance, location, working conditions, social environment, respect and recognition, and organizational justice and prestige are some of the factors affecting employee motivation, commitment and their level of performance. Numerous researchers in the fields of management and social science have examined the impact of various factors on the motivation, commitment, and performance levels of employees within an organization. Many management scholars have studied the impact of job status, job security, internal promotion individualized rewards and various HRM practices and policies on employee motivation and commitment and their level of performance (Shrestha 2024). However, there is a lack of research about the impact of such specific HRM policies and practices in the context of Nepalese service sector institutions on employees' motivation and commitment which would maintain their level of performance in the organization.

Based on the above study and analysis of the research gap, the research questions taken under this study include what is the status of HRM policies and practices (such as job status, job security, internal promotion, and individualized reward system practices) in the service sector institution?, what is the relationship between employee job status, job security, internal promotion, and individualized reward with that of employee motivation and commitment and their level of performance?, what is the impact of employee job status, job security, internal promotion, and individualized reward on employee motivation and commitment and their level of performance?.

## 2. LITERATURE REVIEW

A worker's commitment and motivation may be impacted by a number of variables, including hiring and selection, performance reviews, employment

status, job security, internal promotions, customized reward programs, working conditions, teamwork structures, and more. However, in the majority of Nepalese firms, the importance of employment status, job stability, internal advancement, and a customized compensation system on these factors is decreasing. It indicates a shift in organizational policy toward contract work. Since job security is one of the most significant HR elements, it is planned to investigate the effect of job security on commitment and satisfaction, which are effective factors in organizational effectiveness. Numerous academics contend that fostering a less secure environment could lower motivation at work, organizational commitment, and productivity (Battaglio, 2010; Qu et. al. 2024). On the one hand, work satisfaction is an independent variable that influences dependent variables like return, absenteeism, turnover, leaving the service, and how people behave in social, cultural, and political contexts as well as in society at large (Hunjira et al., 2010). However, it is a dependent variable that is influenced by factors including pay, perks, relationships with superiors and coworkers, job stability, and type of employment. Furthermore, workers' dedication to their work awakens their working consciousness, which improves performance and rationalism since it strengthens faith (Steers et al., 1993; Ozer and Gunluk, 2010). There are good theoretical grounds to believe that a decline in job security may displace or minimize intrinsic motivation and lower employee morale.

According to research, employees' feeling of job security decreases when civil service safeguards are weakened, and this has a detrimental effect on their loyalty to the company (Yang & Kassekert, 2009). Furthermore, studies show that a sense of job stability increases a worker's loyalty to the company, which can result in better worker output (Coggburn et al., 2010; Gossett, 2003). Employee job security was decreased by the job security-related regulation modification and implemented as part of the personnel structure, which in turn undermined organizational commitment (Hur & Perry, 2019). Organizational commitment, according to Meyer and Allen (1991), is the degree to which a worker identifies with a specific organization and participates in its operations. It is assumed that dedicated workers would put forth more effort at work, which is why there is a correlation between

organizational commitment and workers' work effort and performance (Mowday, Porter, & Steers, 1982). An increasing amount of research is pointing to a connection between different organizational performance metrics and what are known as high-performance or high-commitment human resource management (HRM) practices (Guest, 1997).

**Motivation:** It is a human psychological aspect. It is the process of motivating and inspiring people to complete the task at hand to the best of their abilities. It is the process of instilling a willingness in the staff to do the tasks at hand as effectively as feasible. It is the process of motivating staff to put up their best effort in order to meet company goals. Humans take action to satisfy their societal and basic requirements. In other words, workers fulfill their duties efficiently to fulfill their needs, desires, and wishes. The management uses motivation as a tool to understand why and how employees interact and perform in accordance with organizational requirements. It invigorates subordinates' conduct and guides them toward the accomplishment of shared objectives. According to Stoner et al. (1996), motivation is the readiness to put in a high degree of effort to achieve organizational goals, contingent on the effort's capacity to meet a personal need. According to Koontz and Wehrich (1990), the term "motivation" refers to a broad range of impulses, goals, needs, wishes, and other comparable forces that prompt an individual or group of individuals to work. A large number of researchers are involved in the field of motivational research. Numerous academics have shared their perspectives on employee motivation. These theories involve need hierarchy, two factors, equity, ERG, Expectancy theory, etc.

**Commitment:** A key element in the success of an organization is employee dedication. In general, it describes how passionate and committed a worker is to their job and the company they work for. Long-term retention, excellent work environments, and exceeding job requirements indicate committed employees. There exist distinct categories of employee commitment, which include normative, continuous, and affective commitment. An emotional connection to the organization is known as affective commitment. Because they sincerely desire to stay in their positions, employees with strong affective commitment stick

with the company. Continuance Commitment is associated with the perceived expense of departing from the company. High continuation commitment workers don't leave because they believe they have any other options or because staying will save them more money than leaving would. The sense of duty to stick with the organization is known as normative commitment. High normative commitment employees believe they should stick around for moral or ethical grounds. Since employee organizational commitment is a strong indicator of work motivation and performance and one of the most significant indicators of employee work morale, the study focuses on it (Boardman & Sundquist, 2009; Caillier, 2012; Locke, 1997; Wright, 2004).

**Performance:** Employee performance encompasses ability, knowledge, motivation, personality, attitude, and work ethic, as well as the work environment and relationships between the company and its employees. The ultimate goal is to improve employee performance and increase employee passion and enthusiasm at work. Individual qualities, including aptitudes, interests, and personality traits, and effort level—which includes drive, work ethic, attendance, and job design—are the first elements that impact employee success. Thirdly, the support he received from the company in the form of work standards, technology and equipment, work environment, training and development, and employee-organization interactions. According to Yulasmı (2016), performance is the quality and quantity of work achieved by employees in carrying out their duties following the responsibilities given to them. The indicators of measuring employee performance in respect of recruitment, selection, and training are adjusted to the interests of the organization itself.

**Job status:** Employee job status refers to the classification or type of employment an individual holds within an organization. It can impact various aspects of their work experience, including job security, benefits, and work responsibilities. Key job status may include permanent, contract, full-time, part-time, temporary, intern, and so on. It also includes the position and job responsibility that the employee obtained and devoted while working in the organization. Understanding an employee's job status is crucial for managing expectations, legal compliance,

and providing appropriate benefits and support. It also affects how performance evaluations, promotions, and other employment practices are handled. What is the job status of the employees in the organization that can have an impact on their motivation, commitment, and level of performance?

*Hypothesis 1: There is a significant and positive relationship and impact of employee job status with that of employee motivation, commitment, and level of performance.*

**Job security:** Job security refers to the assurance to the employees that they will remain in their job for a long duration of time. It encompasses the stability and predictability of one's employment situation. The major components of job security consist of employment stability, long-term employment, long contracts and agreements, skill relevance, legal protection of the job, maintaining stable revenue, understanding company culture, and improving productivity. It is crucial for workers because it offers them financial security, peace of mind, and the freedom to make plans for the future without having to worry about losing their jobs all the time. On the other hand, employers can benefit from increased productivity, employee loyalty, and overall organizational effectiveness. The job insecurity theory (Ashford, Lee, & Bobko, 1989; Greenhalgh & Rosenblatt, 1984) provides the most evidence in favor of this viewpoint. Subjective threats to an employee's employment position are referred to as job insecurity. Usually, an employee's impression of an objective threat is the source of the threat. Because of this, academics contend that job insecurity will inevitably influence workers' attitudes and actions, which will subsequently impact their dedication, contentment, output, attrition, and resistance to change (Bosman, Buitendach, & Laba, 2005).

*Hypothesis 2: There is a significant and positive relationship and impact of employee job security with that of employee motivation and commitment and their level of performance.*

**Internal Promotion:** Internal promotion is the process of providing higher-level job responsibility to employees based on their qualifications, experience, and capability. It is often used to reward and retain talented employees to leverage their existing knowledge and experience for the productivity of the

organization. The common components of internal promotion consist of career development, retention, improved experience and knowledge, improved efficiency, reduced cost, maintaining employee morale, support for succession planning, understanding company culture and system, performance evaluation, and support to face risks and challenges. Usually, internal promotion is a strategic decision for managing talents that would be beneficial both to the employees and also to the organization for its growth and sustainability. According to Setyawati et al. (2022), promotion is the transition from one position to a higher one with more status and responsibilities. Promotional activities have a significant part in employees' aspirations to rise above their current positions and experience an improvement in their level of living. A promotion is an indication that an employee's ability to hold a more senior role is valued and acknowledged. The greatest incentive for staff members is promotion; with this drive, they will compete healthily. Aside from a pay raise, this is a powerful incentive. Employees are encouraged to enhance their performance and establish job stability inside the organization through promotions. Organizations that emphasize the value of promotions and their accompanying benefits can better understand how employees view promotions and how recognition, appreciation, and a sense of belonging, rather than just money, motivate workers to do their jobs more effectively (Castelino, 2021).

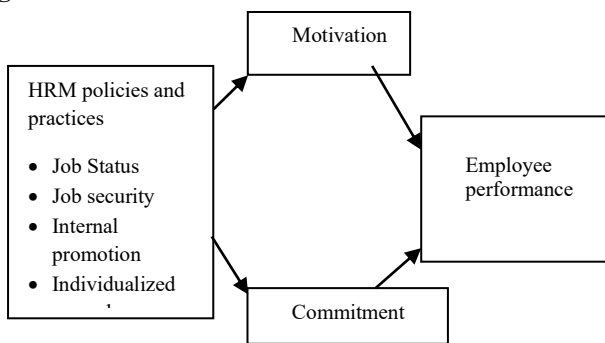
*Hypothesis 3: There is a significant and positive relationship and impact of employee internal promotion with that of employee motivation and commitment and their level of performance.*

**Individualized reward:** Individualized rewards are a management strategy used in organizations to provide recognition and compensation to the specific preferences, motivations, and achievements of individual employees. This strategy acknowledges that people are motivated by different things and that employees need to provide various forms of rewards and benefits based on time, situation, requirement, and level of performance. The common aspects of individualized rewards consist of performance-based incentives, fulfilling career goals, motivation, based on performance feedback, and flexibility based on time and requirement. When rewards align with individual

preferences, employees are more likely to feel valued and motivated and it boosts their engagement in the job by making them feel that their contributions are recognized by the management. Similarly, when employees are motivated by rewards that matter to them, they may be more inclined to perform at a higher level and they are more likely to remain in the organization for a long duration time. However, for the successful implementation of an individualized reward system, it is required to formulate an effective plan to ensure fairness and effectiveness.

*Hypothesis 4: There is a significant and positive relationship and impact of employee individualized rewards with that of employee motivation and commitment and their level of performance.*

**Figure 1. Theoretical Framework**



**3. RESEARCH METHODOLOGY**

The main objective of this study is to explore the status of employee job status, job security, internal promotion, and individualized rewards. Besides, its objectives are to examine the relationship between employee job status, job security, internal promotion, and individualized rewards with that of employee motivation and commitment and their performance. It is also concentrated on analyzing the impact of employee job status, job security, internal promotion, and individualized rewards on employee motivation and commitment along with their performance.

*Nature and sources of data:* The primary data used in this study were gathered by distributing questionnaires to convenient respondents. As such, the research is of the descriptive, correlational, and causal comparison types. To gather input from managerial and assistant-level employees of banks, insurance, and financial companies, certain HRM policies and practices

elements, such as employee employment status, job security, internal advancement, and customized rewards, are taken into consideration in this research. Besides, HR outcomes have been measured in terms of employee motivation and commitment and their level of performance.

In this study, the main focus is to maintain a correlation between employee job status, job security, internal promotion, and individualized rewards with that of employee motivation and commitment and their level of performance. In this study, employees from five commercial banks, five insurance companies, and five finance companies were taken into account as samples to analyze. Commercial banks include NIC Asia Bank Ltd, Nepal SBI Bank Ltd, Rastriya Banijaya Bank, and Nepal Bank Ltd., similarly, insurance companies include LIC Nepal, and Himalayan Everest Ltd. National Insurance Company Ltd, Asian Life Insurance Ltd., and Siddhartha Insurance Ltd., and finance companies include Goodwill Finance Ltd., Srijana Finance Ltd., Central Finance Ltd., Nepal Finance Ltd., and Janaki Finance Ltd. In this survey research, information was collected by focusing on HRM policies and practices of the organization and their correlation with employees' motivation and commitment and their level of performance. This study used questionnaire developed by Guest (1997).

The total number of respondents taken for the study was 425 including both managerial and assistant level employees. Out of a total of 425 respondents, 176 were from four commercial banks, 131 were from insurance companies, and the remaining 118 were from finance companies. The following table shows the detailed information of sample respondents taken for research work:

**Table 1. Particulars of Sample Institutions and Respondents**

Particulars /No. of respondents	Commercial Banks	Insurance Companies	Finance Companies	Total
No of sample Institutions	5	5	5	15
No. of questionnaire distributed	192	162	141	495
No. of response received	176	131	118	425
Percentage of respondent	92%	81%	84%	86%



The sample institutions were selected on a judgmental sampling approach, in which rather than the statistical logic, convenience and relevancy were focused. Though 495 questionnaires were distributed, only the responses of 425 questionnaires were received which were used in this study as they were in usable form. The study is based on cross-sectional analysis.

**Table. 2** Profile of respondents

Item	Freq	%	Item	Freq	%
<i>Gender</i>			<i>Marital status</i>		
Male	244	57.41	Single	123	28.94
Female	181	42.59	Married	260	61.18
			Divorce	42	9.08
<i>Education</i>			<i>Age</i>		
School Level	34	8.00	Under 20 years	24	5.65
Bachelor	225	52.94	21 – 34 years	106	24.94
Master	151	35.53	35 – 44 years	112	26.35
Others	15	3.53	45 – 54 years	104	24.47
			55 and above	79	18.59
<i>Job level</i>			<i>Information source</i>		
Clerical	231	54.35	Personal visit	213	50.12
Officer	134	31.53	Friends	102	24.00
Managerial	60	14.12	Internet	110	25.88
			Online		
<i>Annual income level</i>			<i>Work experience</i>		
Less than Rs. 250,000	25	5.88	0 – 5 years	76	17.88
Rs. 250,001 to Rs. 500,000	56	13.18	6- 15 years	124	29.18
Rs. 500,001 to Rs. 750,000	204	48.00	16- 25 years	112	26.35
Rs. 750,001 to Rs. 10,00,000	103	24.24	26 – 30 years	88	20.71
Above Rs. 10,00,000	37	8.70	Above 30 years	25	5.88

Table 2 shows the detailed profile of all the respondents from different perspectives such as gender, marital status, education, age, job level, income level, information, sources, and work experiences. Regarding gender 57.41 percent represent male whereas 42.59 percent are female. Regarding marital status 28.94 percent are single, 61.18 percent are married and 9.08 are diverse. For education level, 8.00 percent have completed school level, 52.94 percent bachelor level, 35.53 percent master level, and 3.53 percent above the master level. For age group, 5.65 percent represents under 20 years, 24.94 percent between 21 to 34 years, 26.35 percent between 35-44

years, 24.47 percent between 45 to 54 years, and 18.59 percent represents above 55 years. Regarding job level, 54.35 percent represents to clerical level, 31.53 percent officer level, and 14.12 percent are at the managerial level. Regarding sources of information 50.12 percent is collected through personal visits to the respondents, 24.00 percent through friends and relatives, and 25.88 percent is collected through the internet online. For annual income level, 5.88 percent of respondents have annual income less than Rs. 250,000, 13.18 percent have between Rs.250,001 to Rs.500,000, 48.00 percent have between Rs.500,001 to Rs.750,000, 24.24 percent have income level between Rs.750,001 to Rs.10,00,000 and 8.70 percent have income level above Rs.10,00,000. Regarding work experience 17.88 percent of respondents have up to 5 years, 29.18 percent have between 6-15 years, 26.35 percent have between 16 to 25 years, 20.71 percent have between 26 to 30 years, and 5.88 percent of respondents have experience above the 30 years.

**Research Design:** Descriptive correlation and casual comparative research designs are used in this study to analyze the various issues raised in the research work. In the context of HRM practices, such as employee job status, job security, internal promotion, and individualized rewards with that of employee motivation, commitment, and their impact on the level of performance of the employees in service sector institutions, the descriptive research design is used for fact-finding, conceptualization, description, and operation searching for adequate information. To determine the association between HRM practices of employee job status, job security, internal promotion, individualized rewards, and employee motivation, commitment, and performance, this study has employed a correlation research approach. The research design adopted designed used by *Guest (1997)*. The business organizations under this study were comprised of banks, insurance, and finance companies.

**Statistical Tools and Analysis:** To analyze data, a few fundamental statistical and general quantitative methods are used. The mean, standard deviation, and analysis of variance are the statistical methods used in data analysis. Correlation analysis is also used to illustrate the link between the variables being studied. The dependability of the data is assessed by measuring

the Cronbach's Alpha. The goodness of fit and the existence of a significant difference between the means of the variables under investigation are assessed using the F test. Pearson correlation and descriptive statistics were used to analyze the data numerically because this study found a relationship between HRM policies and practices and employees' motivation, commitment, and performance level through HRM policies and practices such as work status, job security, internal promotion, and customized rewards. EViews 6 and SPSS 13 were two of the software tools used for data analysis.

In this section of the study, convenience respondents' questionnaire responses to primary data collection were analyzed. Presenting the descriptive, correlational, and causal analyses of the existence of HRM practices in institutions serving the service sector is the main goal of this section of the data analysis. The goal of the descriptive study design is to gather information about the context of HRM policies and practices, employee commitment and motivation, and performance levels. In order to determine the association between HRM practices and policies with that of employee commitment and motivation, and performance level, this study also used a correlation research methodology. The employment status, job security, internal promotion, and individualized rewards of employees are among the HRM policies and practices examined in this study.

#### 4. RESULTS AND FINDINGS

##### *Descriptive and Reliability Analysis*

This section presented the position job status, job security, internal promotion, and individualized rewards along with employee motivation, commitment, and performance in service sector institutions of Nepal. These service sector institutions include commercial banks, insurance, and finance companies. For determination of position and reliability of job status, job security, internal promotion, individualized rewards, employee motivation, commitment, and performance, based on participant-rated level of agreement or disagreement with each statement, a 5-point Likert scale and statistical tools such as maximum, minimum Mean, Standard Deviation, and Cronbach Alpha are taken into calculation.

**Table 3.** *Descriptive Statistics and Reliability Analysis*

SN	HRM Practices	Min	Max	Mean	SD	Alpha
1	Job Status	1	5	3.82	0.92	0.85
2	Job Security	1	5	4.33	0.96	0.84
3	Internal Promotion	1	5	4.21	0.95	0.81
4	Individualized Rewards	1	5	3.76	0.93	0.72
5	Employee Motivation	1	5	3.08	0.81	0.75
6	Employee Commitment	1	5	3.36	0.86	0.78
7	Employee Performance	1	5	3.45	0.84	0.78

Table 3 shows the result of minimum, maximum, means, standard deviation, and Cronbach's Alpha of both independent and dependent variables based on analysis of the opinions of respondents. All the study variables showed a positive rating and overall good reliability because Cronbach's Alpha of all the variables is above 70 percent. The job status has a mean value of 3.82(D=0.92) and the highest internal consistency (CA=0.85). The job security has a mean value of 4.33(SD=0.96) and has a good internal consistency (CA=0.84). The internal promotion has a mean value of 4.21(SD=0.95) and has an acceptable internal consistency (CA=0.81). The individualized rewards have a mean value of 3.76 (SD=0.93) and have an acceptable internal consistency (CA=0.75). The employee motivation has a mean value of 3.08(SD=0.81) and an acceptable internal consistency (CA=0.75). The employee commitment has a mean value of 3.36(SD=0.86) and a good internal consistency (CA=0.84) and similarly, the employee performance has a mean value of 3.45(SD=0.96) and an acceptable internal consistency (CA=0.78). The overall variables showed reliable scales, with Cronbach's alpha values ranging from 0.72 to 0.85. Similarly, the mean scores for the items range between 3.08 and 4.33, which suggests generally high ratings. Standard deviations vary from 0.81 to 0.96, indicating few variabilities in responses. The minimum and maximum values range from 1(highly satisfied) to 5 (highly dissatisfied) scale.

##### *Pearson and Spearman Rho Correlation*

The table shows an association between various dependent factors consisting of Job Status (JS1), Job Security (JS2), Internal Promotion (IP), Individualized Rewards (IR) with Employee Motivation (EM),



Employee Commitment (EC), and Employee Performance (EP). Between dependent and independent variables, the upper bound displays the parametric Pearson correlation coefficient, and the lower bound, the non-parametric Spearman correlation coefficient. The P-value, which indicates the coefficient is significant at the 5% and 1% levels, is shown in parenthesis.

**Table 4. Pearson correlation**

	JS1	JS2	IP	IR	EM	EC	EP
JS1	1						
JS2	0.328 (0.000)	1					
IP	0.422 (0.000)	0.391 (0.000)	1				
IR	0.341 (0.035)	0.352 (0.039)	0.411 (0.000)	1			
EM	0.612 (0.022)	0.511 (0.005)	0.321 (0.037)	0.421 (0.005)	1		
EC	0.589 (0.009)	0.523 (0.039)	0.378 (0.043)	0.356 (0.024)	0.434 (0.032)	1	
EP	0.644 (0.042)	0.521 (0.049)	0.423 (0.036)	0.465 (0.039)	0.576 (0.045)	0.621 (0.042)	1

**Note:** JS1: Job status; JS2: Job security; IP: Internal promotion; IR: Individualized rewards; EM: Employee motivation; EC: Employee commitment; EP: Employee performance

The above correlation table shows the Pearson correlation and Spearman rho association of human resource management policies and practices consisting of employee job status, job security, internal promotion, individualized rewards with that of employee motivation and commitment, and their level of performance. The Pearson correlation shows that there are significant and positive correlations between employee job status, job security, internal promotion, and individualized rewards of employee motivation. Similarly, there is a significant and positive correlation between employee job status, job security, internal promotion, and individualized rewards of employee commitment. It is also indicated that their a positive correlation between employee motivation and commitment with that of their level of performance in the organization. Similarly, the outcome also showed that there is a high constructive association between job status and employee motivation, commitment, and level of performance.

**Regression results of HRM policies and practices on employee motivation**

The study of the regression table provides the regression results of the effect of HRM policies and practices such as employee job status, job security, internal promotion, and individualized rewards on employee motivation in service sector institutions.

**Table 5. Regression Analysis of HRM Practices and Employee Motivation**

Model	Unstandardized Coefficients		t	Beta	Sig.
	B	Std. Error			
(Constant)	4.254	0.679	4.261		0.000**
Job Status (JS1)	0.112	0.067	2.102	0.142	0.012*
Job Security (JS2)	0.135	0.048	2.023	0.175	0.015*
Internal Promotion (IP)	0.125	0.051	2.022	0.151	0.023*
Individualized Rewards (IR)	0.187	0.023	2.121	0.212	0.006**

R= 0.372, R<sup>2</sup>= 0.345, Adjusted R<sup>2</sup>= 0.325, F- Value= 22.721  
Note: \*p<0.05, \*\*p<0.01

a. Dependent Variable: Employee Motivation  
 $EM = \beta_0 + \beta_1 JS1 + \beta_2 JS2 + \beta_3 IP + \beta_4 IR + \epsilon$   
 $= 4.254 + 0.112 JS1 + 0.135 JS2 + 0.125 IP + 0.187 IR + e$   
 T = (4.261), (2.102), (2.023), (2.022), (2.121)  
 p- value = 0.000\*\*, 0.012\*, 0.015\*, 0.023\*, 0.006\*\*  
 R= 0.372, R<sup>2</sup>= 0.345, Adjusted R<sup>2</sup>= 0.325, F-Value= 22.721  
 Overall p-value = 0,000\*\*

The R<sup>2</sup> is 0.345. This indicates that this approach only accounts for 34.5% of the total variety, with other elements not included in the research work accounting for some of the description. The total p-value is 0.000, and the F-value is 22.721. The F-value is significant at a 5% level of significance, as indicated by the ANOVA table, indicating that the multiple regression model utilized in this study is fit and suitable. The calculated p-values of employee job status, job security, internal promotion, and individualized rewards are 0.012, 0.015, 0.023, and 0.006 respectively which are noteworthy at a 5% level of significance. Therefore, all four factors are the forecasters of the motivation of employees. While studying the beta coefficient, one variable individualized rewards compassion to employee motivation is highly positive (0.212), similarly, all other variables have also a positive impact on employee motivation. The result suggested that there is a positive association between HRM



policies and practices with that of employee motivation.

**Regression results of HRM policies and practices on employee commitment**

The study of the regression table provides the regression results of the effect of HRM policies and practices such as employee job status, job security, internal promotion, and individualized rewards on employee commitment to service sector institutions.

**Table 6. Regression Analysis of HRM Practices and Employee Commitment**

Model	Unstandardized Coefficients		t	Beta	Sig.
	B	Std. Error			
(Constant)	4.123	0.579	4.243	0.13	0.000**
Job Status (JS1)	0.121	0.059	2.112	0.17	0.016*
Job Security (JS2)	0.134	0.046	2.053	0.18	0.019*
Internal Promotion (IP)	0.121	0.053	2.062	0.25	0.027*
Individualized Rewards (IR)	0.167	0.035	2.128		0.008**

R= 0.354, R<sup>2</sup>= 0.334, Adjusted R<sup>2</sup>= 0.313, F- Value= 22.523  
 Note: \*p<0.05, \*\*p<0.01

a. Dependent Variable: Employee Commitment  
 $EC = \beta_0 + \beta_1 JS1 + \beta_2 JS2 + \beta_3 IP + \beta_4 IR + \epsilon$   
 $= 4.123 + 0.121 JS1 + 0.134 JS2 + 0.121 IP + 0.167 IR + \epsilon$   
 T = (4.243), (2.112), (2.053), (2.062), (2.254)  
 p- value = 0.000\*\*, 0.016\*, 0.019\*, 0.027\*, 0.008\*\*  
 R= 0.354, R<sup>2</sup>= 0.334, Adjusted R<sup>2</sup>= 0.313, F-Value= 22.523  
 Overall p-value = 0,000\*\*

The R<sup>2</sup> is 0.334. It demonstrates that this model accounts for close to 33.4% of the overall variation, with additional components not included in this research effort accounting for a portion of the description. The total p-value is 0.000, and the F-value is 22.523. The F-value is significant at a 5% level of significance, as indicated by the ANOVA table, indicating that the multiple regression model utilized in this study is fit and suitable. The calculated p-values of employee job status, job security, internal promotion, and individualized rewards are 0.016, 0.019, 0.027 & 0.008 reverently which are noteworthy at a 5% level of significance. Therefore, all the four factors are the forecasters of the employee commitment. While examining the beta coefficient,

one factor which is individualized rewards sensitivity to employee commitment is highly positive (0.254), similarly, all other factors have also a positive effect on employee commitment. The outcome recommends that there is a positive relationship between HRM policies and practices of employee commitment.

**Regression results of HRM policies and practices on employee performance**

The study of the regression table provides the regression results of the effect of HRM policies and practices such as employee job status, job security, internal promotion, and individualized rewards on employee performance of service sector institutions.

**Table 7. Regression Analysis of HRM Practices and Employee Performance**

Model	Unstandardized Coefficients		t	Beta	Sig.
	B	Std. Error			
1 (Constant)	4.221	0.534	4.121		0.000**
Job Status (JS1)	0.115	0.069	2.132	0.16	0.015*
Job Security (JS2)	0.145	0.067	2.056	0.17	0.017*
Internal Promotion (IP)	0.156	0.065	2.064	0.19	0.021*
Individualized Rewards (IR)	0.178	0.045	2.148	0.25	0.005**

R= 0.324, R<sup>2</sup>= 0.312, Adjusted R<sup>2</sup>= 0.302, F- Value= 22.545  
 Note: \*p<0.05, \*\*p<0.01

a. Dependent Variable: Employee Performance  
 $EP = \beta_0 + \beta_1 JS1 + \beta_2 JS2 + \beta_3 IP + \beta_4 IR + \epsilon$   
 $= 4.221 + 0.1115 JS1 + 0.145 JS2 + 0.156 IP + 0.178 IR + \epsilon$   
 T = (4.121), (2.132), (2.056), (2.064), (2.258)  
 p- value = 0.000\*\*, 0.015\*, 0.017\*, 0.021\*, 0.005\*\*  
 R= 0.324, R<sup>2</sup>= 0.312, Adjusted R<sup>2</sup>= 0.302, F-Value= 22.545  
 Overall p-value = 0,000\*\*

The R<sup>2</sup> is 0.312. It indicates that around 31.2% of the overall variation is explained by this method, with other factors accounting for the remaining portion not covered by the study. There is an overall p-value of 0.000 and an F-value of 22.545. The ANOVA table indicates that the F-value is notable at a 5% level of significance, indicating that the multiple regression strategy utilized in this study effort is appropriate and fit. Employee employment status, job security, internal advancement, and customized rewards had computed p-values of 0.015, 0.017, 0.021, and 0.005, respectively, which are significant at the 5% level of



significance. Therefore, all the four factors are the forecasters of the employee performance. While examining the beta coefficient, one variable individualized rewards sensitivity to employee performance is highly positive (0.254), similarly, all other factors have also a positive impact on employee performance. The result recommended that there is a positive relationship between human resource management policies and practices of employee performance.

## 5. DISCUSSION

The present liberal economy policy of the world provided great scope for business expansion only through competitive strength. It is the reason that business institutions of the present environment can survive and sustain their business activities only through the development of competitive advantages through the best use of their human creativity, skills, and knowledge. To obtain benefits from a growing market, it is necessary to place the right people at the right jobs so that competitive strengths can be maintained. Besides, it is necessary to provide a proper reward system based on the skills of employees, resources, and requirements of the organization. This is necessary to retain efficient employees of the organization for a long time. The present analysis concentrates on evaluating human resource management policies and practices in terms of employee job status, job security, internal promotion, and individualized rewards in commercial banks, insurance companies, and finance companies. The managers of Nepalese corporate organizations in the last few years have become more conscious of job status, job security, internal promotion individualized rewards, and other HRM practices for improving employee motivation and commitment to improving their level of performance.

## 6. CONCLUSION AND RECOMMENDATION

The present shows the relationship between selected HRM policies and practices variables and employee motivation and commitment and their level of performance in the organization. The study concludes that the HRM policies and practices have a great influence on employees' motivation and commitment and their level of performance. The study recommended that employees should be involved in

the formulation and revision of HRM policies and practices so that they may feel that their needs are taken care of. It recommends that employee motivation and commitment and their level of performance in other industries should also be studied. Further research on other factors besides employee job status, job security, internal promotion, and individualized rewards that influence employee motivation and commitment and their level of performance should also be studied. It is also suggested that further research needs to incorporate the perspectives of a much wider range of stakeholders beyond the managerial and assistant levels. In particular, the employee perspective needs to be explored in much greater depth. The effective implementation of proper HRM policies and practices contributes to maintaining employee motivation commitment and level of performance which would be supportive for sustaining business and the long-term functioning of the organization. Usually, in practice, it is found that motivated and committed employees have a high level of performance which would be supportive for best use of organizational resources and to maximize productivity. This helps develop competitive advantages of the organization which ultimately contribute to the long-term functioning of the organization.

## REFERENCES

- Agustian, K., Pohan, A., Zen A., Wiwin, & Malik, A. J. (2023) Human Resource Management Strategies in Achieving Competitive Advantage in Business Administration; *Journal of Contemporary Administration and Management*, 1(2), 108-117. <https://doi.org/10.61100/adman.v1i2.53>
- Al Damoe, F. M., Hamid, K., & Sharif, M. (2017). The mediating effect of organizational climate on the relationship between HRM practices and HR outcomes in the Libyan public sector. *Journal of Management Development*, 36(5), 1–25. <https://doi.org/10.1108/JMD-04-2015-0055>.
- Armstrong, M (2016). Armstrong's handbook of *human resource management*. London: Kogan Page.
- Ashford, J. S., Lee, C., & Bobko, P. (1989). Content, causes, and consequences of job insecurity: A theory-based measure and substantive test. *Academy of Management Journal*, 32, 803-829.
- Battaglio, R. P., Jr. (2010). Public service reform and motivation: Evidence from an employment at-will

- environment. *Review of Public Personnel Administration*, 30, 341-363.
- Boardman, C., & Sundquist, E. (2009). Toward understanding work motivation: Worker attitudes and the perception of effective public service. *The American Review of Public Administration*, 39, 519-535. <https://doi.org/10.1177/0275074008324567>.
- Bosman, J., Buitendach, J. H., & Laba, K. (2005). Job insecurity, burnout and organizational commitment among employees of a financial institution in Gauteng. *Journal of Industrial Psychology*, 31, 32-40. <https://doi.org/10.4102/sajip.v31i4.210>.
- Caillier, G. J. (2012). Satisfaction with work-life benefits and organizational commitment/ job involvement: Is there a connection? *Review of Public Personnel Administration*, 33, 340-364. <https://doi.org/10.1177/0734371X12443266>.
- Castelino, J. (2021). A study on the impact of promotion as a motivational tool on employee performance. *International Journal for Research in Engineering Application & Management*, 7(2), 111-114.
- Cogburn, J. D., Battaglio, R. P., Jr., Bowman, J. S., Condrey, S. E., Goodman, D., & West, J. P. (2010). State government human resource professionals' commitment to employment at will. *The American Review of Public Administration*, 40, 189-208. <https://doi.org/10.1177/0275074009333596>
- Etaan, J. L., & Jain, M. (2019). Human resource management practices and employee performance in Turkana county assembly, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(7), 228-245
- Gossett, W. C. (2003). The changing face of Georgia's merit system: Results from an employee attitude survey in the Georgia department of juvenile justice. *Public Personnel Management*, 32, 267-278. DOI:10.1177/009102600303200206.
- Greenhalgh, L., & Rosenblatt, Z. (1984). Job insecurity: Toward conceptual clarity. *Academy of Management Review*, 9, 438-448.
- Guest, D.E. (1997). Human resource management and performance: a review and research agenda, *The International Journal of Human Resource Management*, 8, 263-276.
- Gunn, N. (2018). Encouraging Employee Motivation Through Internal Promotion; *Incentive Solutions*.
- Hee, O. C., & Jing, K. R. (2018). The influence of human resource management practices on employee performance in the manufacturing sector in Malaysia. *International Journal of Human Resource Studies*, 8(2), 129-147. <https://doi.org/10.5296/ijhrs.v8i2.12826>.
- Hunjra, A. I., Chani, M.I., Sher, A., Azam, M., & Kashif, U. R. (2010). Factors effecting job satisfaction of employees in Pakistani banking sector. *Afr. Journal of Business Management*, 4(10): 2157-2163.
- Hur, H. & Perry, J. L. (2019). Job Security Rule Changes and Employee Organizational Commitment; *Review of Public Personnel Administration*. 23(1), 231-241. <https://doi.org/10.1177/0734371X19842622>
- Huselid, M. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635-872.
- Koontz, H. & Wehrich, H. (1990). *Essentials of Management*. Singapore: McGraw Hill.
- Kurdi, B. A., Alshurideh, M. T. & Alnaser, A. S. (2020) The impact of employee satisfaction on customer satisfaction: Theoretical and empirical underpinning. *Management Science Letters*, 10(15), 3561-3570. <https://doi.org/10.5267/j.msl.2020.6.038>
- Lepak, D. P., Liao, H., Chung, Y., & Harden, E. E. (2006). A conceptual review of human resource management systems in In J. Martocchio (Ed.), *Strategic human resource management research: Research in personnel and human resource management*, 25, 217-271.
- Liao, H., Toya, K., Lepak, D. P. & Hong, Y. (2009). Do they see eye to eye? Management and employee perspectives of high-performance work systems and influence processes on service quality. *Journal of Applied Psychology*, 94, 371-391. <https://doi.org/10.1037/a0013504>.
- Lim, C. T., & Ahmad, N. (2021). The relationship between human resource management practices and employee performance. *Research in Management of Technology and Business*, 2(1), 123-136. <https://doi.org/10.30880/rmtb.2021.02.01.009>.
- Locke, E. A. (1997). The motivation to work: What we know. In M. Maehr & P. Pintrich (Eds.), *Advances in motivation and achievement* (Vol. 10, pp. 375-412). Greenwich, CT: JAI Press.
- Meyer, J. P., & Allen, J. N. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1, 61-89
- Mira, M. S., Choong, Y. V., & Thim, C. K. (2019). The effect of HRM practices and employees' job satisfaction on employee performance. *Management Science Letters*, 9(6), 771-786. <https://doi.org/10.5267/j.msl.2019.3.011>.
- Mowday, R. T., Porter, W. L., & Steers, M. R. (1982). Employee-organization linkages: The psychology of commitment, absenteeism, and turnover. New York, NY: Academic Press.

- Ngwenya, L., & Aigbavboa, C. (2017). Improvement of productivity and employee performance through an efficient human resource management practice. In J. Kantola, T. Barath, S. Nazir, & T. Andre (Eds.), *Advances in human factors, business management, training and education. Advances in intelligent systems and computing* (volume 498, pp. 727–737).
- Ozer, G., & Gunluk, M. (2010). The effects of discrimination perception and job satisfaction on Turkish public accountants' turnover intention. *African Journal of Business Management*, 4(8), 1500-1509.
- Qu, Y., Liu, W., Tan, Y. & Gao, H. (2024) Organizational Commitment and its Relationship to the Employees' Work Performance of an Oil Company. *Journal of Business and Management Studies*, 6(1), 110-126. <https://doi.org/10.32996/jbms.2024.6.1.6>
- Setyawati, N., Woelandari, D. S. & Rianto, M.R. (2022) Career Development, Motivation and Promotion on Employee Performance, October 2022, *East Asian Journal of Multidisciplinary Research*, 1(9), 1957-1970. <https://doi.org/10.55927/eajmr.v1i9.1453>
- Shrestha, P. & Prajapati, M. (2023). Strategic human resource management practices in banks and insurance companies. *NCC Journal*, Vo. 8 No. 1, 99–106. <https://doi.org/10.3126/nccj.v8i1.63862>
- Shrestha, P. & Prajapati, M. (2024). Impact of strategic human resource management practices on employee retention. *The Batuk*, 10(1), 55–71. <https://doi.org/10.3126/batuk.v10i1.62298>.
- Shrestha, P. (2024). Improving commitment among employees with human resource management practices: evidence from insurance companies. *Patan Prospective Journal*, 4(1), 82-92. <https://doi.org/10.3126/ppj.v4i01.70204>.
- Steers, R., Porter M., & Lyman W. (1993). *Motivation and behavior in work*, translated by AA Alavi, *Public Management Training Center Publications*, Tehran, Iran.
- Stoner, J., Freeman A.F., Edward, R. & Gilbert, D. R. (1996). *Management*. New Delhi: Prentice Hall of India.
- Wildan, M. A. (2023). Employee Performance Lens on Rapid Changing in Information Technology 4.0. *Kaav International Journal of Economics, Commerce & Business Management*, 10(2), 9-16. <https://doi.org/10.52458/23484969.2023.v10.iss2.kp.a2>
- Woo, G. K., Jerrold K., & Leong K. L. (2005). Effect of service orientation on job satisfaction, organizational commitment, and intention of leaving in a casual dining chain restaurant. *Journal of Hospital Management and Health Policy*, 24, 171–193. <https://doi.org/10.1016/j.ijhm.2004.05.004>.
- Wright, B. E. (2004). The role of work context in work motivation: A public sector application of goal and social cognitive theories. *Journal of Public Administration Research and Theory*, 14, 59-78. <https://doi.org/10.1093/jopart/muh004>
- Yang, K., & Kassekert, A. (2009). Linking management reform with employee job satisfaction: Evidence from federal agencies. *Journal of Public Administration Research and Theory*, 20, 413-436. <https://doi.org/10.1093/jopart/mup010>
- Yulamsi. (2016). The Effect of Recruitment, Selection, and Placement on Employee Performance. *Scientific Magazine UPI YPTK*, 23, 68-76.
- Zafar, A., Memon, A., & Khan, M. N. (2018). Implication of HR components on employee performance: A comparative analysis of public & private sector employees. *Pakistan Administrative Review*, 2(2), 223–232. <https://nbnresolving.org/urn:nbn:de:0168-ssoar-5889>.

#### How to cite this Article:

Pradhan et al. (2024), Impact of Human Resource Management Policies and Practices on employee motivation, commitment and Performance, *VEETHIKA-An International Interdisciplinary Research Journal*, 10(3), pp. 29-41. DOI: <https://doi.org/10.48001/veethika.2024.10.03.004> Copyright ©2024 QTanalytics India (Publications). This work is licensed under a Creative Commons Attribution-Non-Commercial 4.0 International License.

