

HRM Practices in Nepalese Public Financial Institutions

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Abstract

The aim was to assess the role of HRM practices in Nepalese public financial institutions. A descriptive research design was used. The mean was used to describe the position of HRM practices. The result was that performance-related reward, performance appraisal, training and development, empowerment, selection, and communication were properly practiced in Nepalese public financial institutions; HRM practices were properly used in Nepalese public financial institutions. Selection, communication, training and development, performance appraisal, performance-related reward, and empowerment have been adequately used in Nepalese public financial institutions. HRM practices have been satisfactorily used in Nepalese public financial institutions.

Introduction

HRM practices are concerned with organizational activities that focus on managing human resources and confirming the deployment of resources to achieve organizational goals (Schuler & Jackson, 1987). HRM practices were defined as selection, communication, training and development, performance appraisal, performance-related reward, and empowerment in this study (Ko & Smith-Walter, 2013; Taamneh et al., 2018; Aboramadan et al., 2020; Sittisom, 2020; Jaiswal & Kumar, 2020).

While dealing with the public enterprises (PEs) in Nepal, they were established with the aim of providing essential goods and services related to the daily lives of all citizens at an affordable price as well as easy access to them, creating employment opportunities, building up the foundation of physical infrastructure for development, developing a self-reliant and independent economy, assisting in import substitution and export promotion, and establishing a welfare state to promote social justice. There are seven sectors of public enterprises (PEs). The social sector, industrial sector, public utility sector, trading sector, service sector, financial sector, and development committees are considered public enterprises. Financial sector public enterprises' net profit was Rs. 17,470.30 million in fiscal year 2077/78 (2020/21). The contribution ratio of operating income to GDP is 1.48 percent from financial sector PEs in FY 2077-78. The highest contribution of income tax from financial sector PEs is Rs. 6,489.7 (43.79 percent) million than the

other sector PEs (trading sector, industrial sector, service sector, social sector, public utility sector) in FY 2077/78 (Ministry of Finance, 2079).

HRM practices have been satisfactorily used in Jordanian banks (Taamneh et al., 2018), UAE banking sectors (Farouk et al., 2016), USA federal-level public sector organizations (Ko & Smith-Walter, 2013), Nepalese commercial banks (Bhandari, 2019), and Nepalese joint ventures and other financial institutions (Pandey, 2014). This study deals with assessing the status of HRM practices in Nepalese public financial institutions.

Review of Literature

In six significant semiconductor contract manufacturing organizations in Malaysia, Boon et al. (2007) identified HRM/TQM practices that included communication, employee participation, reward and recognition, teamwork, empowerment, leadership, and customer focus. Apospori et al. (2008) recognized external recruitment, internal recruitment, training, performance management, and communication as strategic HR practices used in the twenty-one countries of northern and southern Europe. Gould-Williams and Gatenby (2010) recognized performance-related reward, performance appraisal, and training and development as HR practices used by local government workers in England. Ko and Smith-Walter (2013) considered communication, training and development, performance-related rewards, performance appraisal, empowerment, participation in decision-making, and selection as HRM practices in USA federal-level public sector organizations.

Communication, training and development, teamwork, reward and recognition, and performance appraisal were considered HRM practices used in fifteen manufacturing organizations (Peter & Eunice, 2014). HRM practices were considered as training and development, performance appraisal, recruitment and selection, and rewards and benefits used in Jordanian organizations (Aladwan et al., 2015). Farouk et al. (2016) considered recruitment and selection, training and development, compensation and incentives, and performance appraisal as HRM practices used in UAE banking sectors. HRM practices were recognized as integration and hosting practice, training practice, performance appraisal practice, career practice, reward practice, communication practice, and celebration and recognition practice in Portuguese public administration employees (Cesário & Magalhães, 2016). Thanigaivel et al. (2017) considered pay practice, job security, training and development, and supervisor support as HRM practices used in telecommunication and internet service providers in Malaysia. Performance appraisal, recruitment and selection, empowerment, training and development, and compensation and rewards were recognized HRM practices used in Jordanian banks (Taamneh et al., 2018).

Sriviboon and Jermisittiparsert (2019) recognized selection, compensation, and training and development as HR practices used in the Tai pharmaceutical firm. HRM practices were considered as teamwork and participation, recruitment and selection, performance appraisal, training and development, and compensation and incentives in manufacturing organizations in Kosovo (Islami, 2021). HRM practices were recognized as recruitment and selection, involvement, work conditions, performance evaluation and competencies, remuneration and rewards, training, development and education in Minas Gerais, Brazil (Demo et al., 2022).

In the Nepali context, Suryanarayana (2022) recognized recruitment and selection, equal employment opportunities, good and safe working conditions, and training and development as perceived HRM practices used in the Nepali banking sector. Decentralization and self-managed teams, selection hiring, information sharing, training and development, compensation policy, and job security were recognized HR practices used in Nepalese joint ventures and other financial institutions (Pandey, 2014; Bhattarai et al., 2024). Compensation and promotion based on performance, job security, selective hiring, teamwork, workers' involvement in problem-solving, internal career opportunity, training and development, and broadly defined job descriptions were considered HRM practices used in Nepalese commercial banks (Bhandari, 2019; Karki et al., 2023). Thus, performance appraisal, selection, communication, training and development, performance-related reward, and empowerment were considered HRM practices.

Methodology

The quantitative research approach has been used. The descriptive research design has been applied to describe

the position of HRM practices in Nepalese public financial institutions. The data has been taken from its primary source. 2251 officer-level employees of Nepalese public financial institutions have been considered the population (Ministry of Finance, 2079). 472 officer-level employees were sampled in this study. A purposive sampling method has been used. A structural questionnaire was used to collect the data. All responses have been taken using the seven-point Likert scale question. Mean has been used to assess the position of communication, selection, performance-related reward, training and development, performance appraisal, empowerment, and HRM practices in Nepalese public financial institutions.

Reliability of Variables

Table 1 displays the reliability of HRM practices as well as empowerment, performance-related reward, performance appraisal, training and development, communication, and selection.

Table 1: *Reliability of Variables*

Constructs	Cronbach’s Alpha
Human Resource Management (HRM) Practices	0.851
Selection	0.905
Training and Development	0.915
Performance Appraisal	0.908
Performance-Related Reward	0.916
Communication	0.891
Empowerment	0.901

Communication has the smallest Cronbach’s alpha (0.891), and performance-related reward has the highest Cronbach’s alpha (0.916). The all-variables coefficient of Cronbach’s alpha is above 0.70. Thus, all variables are acceptable (Nunnally & Bernstein, 1994). It indicates that the reliability of all variables is good and allows for further analysis.

Result

Status of HRM Practices

The status of HRM practices is identified by using the mean. Variable-related mean scores and standard deviations are revealed in Table 2.

Table 2: *Status of HRM practices*

Variables	Mean	Std. Deviation
Selection	4.600	1.481
Training and Development	4.818	1.430
Performance Appraisal	5.025	1.289
Performance-Related Reward	5.030	1.388
Communication	4.502	1.545
Empowerment	4.774	1.568
HRM Practices	4.794	0.758

All variables are measured using a seven-point Likert scale, so the moderate mean score is four. The mean score of all variables is found to fall within the range of 4.461 to 5.030. Communication, performance-related reward, performance appraisal, training and development, empowerment, and selection are properly practiced in Nepalese public financial institutions. HRM practices are properly used in public financial institutions in Nepal.

Discussion and Conclusion

The result of the study reveals that HRM practices are properly used in Nepalese public financial institutions.

This result is consistent with the previous study showing that HRM practices were properly used in Jordanian banks (Taamneh et al., 2018), UAE banking sectors (Farouk et al., 2016), USA federal-level public sector organizations (Ko & Smith-Walter, 2013), Nepalese commercial banks (Bhandari, 2019), and Nepalese joint ventures and other financial institutions (Pandey, 2014).

Public financial institutions in Nepal use a variety of HRM practices, including empowerment, performance-related reward, communication, training and development, performance appraisal, and selection. HRM practices have been satisfactorily used in Nepalese public financial institutions. Policymakers can use empowerment, performance-related reward, performance appraisal, empowerment, training and development, and selection to improve HR management.

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