



Human Resource Management Practices and Performances in Nepalese Financial Institutions

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Abstract

Background: This study explores the dynamic relationship between human resource management practices and employee performance in Nepalese financial institutions. It investigates eight key elements, including Financial Compensation, Non-Financial Compensation, Leadership, Coaching, Empowerment, Participation, Organization Culture, and Motivation to address the research objectives.

Objectives: The primary aim of this research is to analyse the impact of various human resource practices on employee performance in Nepalese financial institutions. Eight hypotheses are formulated, each targeting the relationship between Employee Performance and one of the essential components.

Methods: The primary data collection instrument for this study is a structured questionnaire. This survey is being conducted on employees at various financial institutions in Nepal. The sample comprises 405 respondents. Descriptive and inferential statistical procedures, such as correlation analysis, regression analysis, and One-Way ANOVA, are used to analyse the collected data.

Results: Regression analysis reveals a significant positive relationship between financial compensation and employee performance, emphasizing its crucial role. Conversely, no substantial relationships are found between employee performance and non-financial compensation, leadership, coaching, empowerment, participation, organisational culture, or motivation. The ANOVA test highlights the significance of job position, particularly in managerial roles, on employee performance.

Conclusions: This study emphasises the critical role of an effective financial compensation system in improving employee performance in Nepalese financial institutions. While several human resource practices showed no significant impact, it emphasises the need to tailor these practices to specific job functions. These findings have significance for Human Resources Managers, guiding them in optimising practices for improved employee performance and organisational productivity.

Keywords: Compensation, Leadership, Empowerment, Motivation, Employee Performance

Paper Type: Research paper

JEL Classification: G21, J32, J33, M52, M54

Introduction

In the current competitive environment, firms realise that human resources are crucial to success. There is growing interest in identifying the elements that affect staff motivation and consumer satisfaction (Dahal, 2021). A firm's growth aim depends on staff performance, making it important to its success. Financial Institutions and Markets are vital to Nepal's development. The success of this industry depends on a skilled and well-equipped workforce. Financial organisations in Nepal often struggle with personnel turnover while striving for high standards. Poor compensation management may contribute to this issue. Employers and employees use compensation to align interests. Ivanceich and Glueck (1989) found that well-designed pay plans may attract and retain skilled workers and motivate them. Leadership, coaching, empowerment, involvement, company culture, motivation, and monetary compensation form the foundation for employee success. Avolio et al. (2009) define successful leadership as clear counsel and assistance that helps employees succeed. Grant (2014) found that targeted coaching improves employee performance and happiness. Importantly, empowerment promotes innovation, commitment, and proactivity in the workplace (Ghimire et al., 2021). Likewise, Cameron and Quinn (2006) say company culture affects employee behaviour and performance.

The changing HRM role is rapidly heading toward being a fundamental business leadership function, in which HRM's contribution ensures that the organisation is ready for success now and in the future (Dahal, 2022; Mothafar et al., 2022). Identifying the most critical circumstances for developing an engaged workforce is a significant study subject (Uba et al., 2019). Organisations should use various reward and recognition systems to encourage high-performance behaviour (Ghimire et al., 2023; Hassan, 2016). The banking sector is a suitable avenue for this study because of its huge size, continuity in governance, and relative business performance (Suryanarayana, 2022). Compared to other sectors, attrition has been reported to be a major concern in the Nepalese banking sector (Gautam, 2016). Commercial banks have several issues that jeopardise their capacities and competitiveness, particularly since the onset of the global economic crisis (Alsafadi & Altahat, 2021). Career development and training centres boost employee performance. Salary and allowances hurt employee performance insignificantly, but social security helps. The complex interaction between these non-financial factors in moulding employee performance in Nepal's financial sector necessitates a more in-depth investigation. There is little observed data to guide their efforts in improving overall job performance among employees (Thapa et al., 2017). The relationship between Human Resource Management (HRM) practices and employee performance has emerged as a crucial issue that needs research. The employee's performance is regarded as one of the factors that have an impact and role on the organisation's performance, as it directly contributes to the organisation's success through the individual's behaviour, despite the presence of other factors that aid in its success (Alsafadi & Altahat, 2021). Employee empowerment, teamwork, and bank facilities have a favourable impact on job satisfaction, whereas training, performance appraisal, and quality performance have a negative impact (Adhikari, 2020). Job satisfaction and loyalty should be a priority for businesses since they can influence the increase or decline in employee performance (Hartika et al., 2023). According to Herzberg's (1964) two-factor motivation theory, which serves as the primary research objective of this investigation, employees are motivated by either hygienic elements or motivational factors. Hygiene considerations concern the essential elements for an employee to perform their job duties, including compensation and the working environment.

For current emerging aspects of HRM, employee performance has become a significant concern. The question arises of how non-cash aspects of pay, such as coaching, leadership, empowerment, participation, organisational culture, and motivation, influence or affect workers' performance in Nepalese financial institutions and what specific knowledge can be acquired to improve HRM procedures in this setting.

The lack of empirical research addressing the Nepalese environment has significantly hampered the understanding of HRM practices and employee performance. Only non-financial measures are associated with controlled extrinsic motivation to participate in target setting. Because the organisation controls this form of motivation to improve performance, only this form of motivation significantly impacts employee job performance (Joshi et al., 2023). Non-monetary compensation factors such as leadership, coaching, empowerment, involvement, company culture, and motivation have gone mainly unstudied. This study aims to fill that gap by examining the relationship and effects of compensation, leadership, coaching, empowerment, participation, organisational culture, and motivation on employee performance. Understanding the complex influence of HRM policies on employee performance is critical as financial institutions compete to attract and retain top personnel in an increasingly competitive market; the study has significant value for the organisational implication.

The paper has five sections. Section II conducts a thorough review of relevant literature. Section III describes the methodology, including the research approach, design, sample, and data collection process. Section IV presents and discusses the findings of the data analysis. Finally, in Section V, the research concludes with implications for managers and researchers.

Review of Literature

Exploring human resource practices and their influence on employee performance reveals a complex terrain encompassing multiple elements, including monetary and non-monetary rewards, effective leadership, empowerment, coaching, participation, organisational culture, and motivation. The combination of these factors substantially impacts employee performance, which is closely linked to the concept of turnover intention.

Financial Compensation: Research has consistently recognised the pivotal role of financial compensation in employee motivation and performance. Scholars like Dessler (2002) highlight the integral link between financial remuneration and job satisfaction. Financial compensation serves as a measure of appreciation and a powerful incentive for enhanced productivity. The argument that adequate financial rewards lead to improved motivation and performance is well-supported by Robbins et al. (2012). They emphasised the distinction between extrinsic and intrinsic incentives and clearly defined their material and non-material characteristics, respectively. The empirical findings of Adeniyi (2013) further underscore the role of compensation components, including basic pay, fringe benefits, and performance incentives, in influencing employee performance.

Riatmaja and Wibawanto (2022) discovered a significant impact of financial compensation on the performance of startup company employees. Istanti et al. (2021) discovered that financial compensation significantly influences organisational citizenship behaviour and was identified as a significant factor influencing employee performance. Nainggolan (2022) viewed individually that Charismatic Leadership, Financial Compensation, and Job Training each positively and considerably influence the company's operational performance. Likewise, financial pay greatly improves employee performance, although non-monetary compensation also improves performance. When combined, both types of pay greatly contribute to improved employee performance. Importantly, the analysis finds no significant difference in performance between permanent and contract personnel at the institution.

H1: There is a significant relationship between Financial Compensation and Employee Performance

Non-Financial Compensation: While financial compensation is prominent, nonfinancial factors are also essential determinants of employee performance. Mathis and Jackson (2003) reveal the fundamental components of employee performance, encompassing output quantity, punctuality, attendance, and cooperativeness. Additionally, the impact of workplace environment, including cleanliness and comfort, and improving security is crucial for enhancing employees' capacity to perform effectively

(Dahal et al., 2023; Karki et al., 2021). Kimani et al. (2017) demonstrate how security benefits, health, and self-development contribute to employee well-being, positively influencing overall productivity.

Jaleta et al. (2019) discovered a substantial positive association between non-monetary compensation and employee job performance. Specifically, recognition had a substantially associated favourable impact on job performance, followed by work conditions and empowerment. Supraja (2020) discovered that the combined effect of financial and non-financial compensation substantially influences employee work achievement. Furthermore, both financial and non-financial remuneration had a significant impact on employee performance, with financial compensation having a stronger influence on work performance than non-financial compensation. Gamayuni and Dewi (2019) revealed that both incentives and non-financial performance allowances have a significant and favourable impact on managerial performance. According to the report, incentives include bonuses and rewards, professional allowances, and honour. Both non-financial pay and transactional leadership have a large and favourable impact on employee performance. Job happiness was a mediating factor in this relationship, emphasising the necessity of leaders leading and encouraging subordinates, as well as effective non-financial remuneration systems, in promoting job satisfaction and, ultimately, improving employee performance. Lestari et al. (2022) employed a purposive sample technique with 46 respondents, and the results demonstrated that financial compensation, as well as non-financial compensation, has a substantial influence on motivation. Financial remuneration has a major impact on employee performance, whereas non-financial compensation does not directly impact performance. Employee motivation, on the other hand, has a substantial impact on performance.

H2: There is a significant relationship between Non-Financial Compensation and Employee Performance

Leadership: Effective leadership is a cornerstone of employee performance. Researchers emphasise the pivotal role of leadership in guiding employees, encouraging motivation, and promoting satisfaction. As decisions and actions are influenced by people's beliefs, ideas, and attitudes about the sector, Devkota et al. (2023) suggested using cognitive behavioural theory to understand people's actions and choices better. Northouse (2007) documented that leadership quality significantly influences the engagement and commitment of employees, directly impacting their performance outcomes. The findings of this study align with the observations of Mosadegh and Yarmohammadian (2006), who stated that at the individual level, leaders who can persuade, stimulate, and direct employees are frequently rewarded by their employees' devotion and performance, reinforcing the positive relationship between leadership and employee performance.

According to Qalati et al. (2023), transformational leadership and organisational citizenship behaviour positively impact engaging employees in voluntary work and, as a result, improve overall performance. The findings of Hajiali et al. (2022) show that work motivation negatively and significantly impacts job satisfaction, highlighting the necessity to increase employee contentment. Competence had a favourable but modest impact on performance, indicating a need for a greater emphasis on career development and technology to increase employee performance. Furthermore, while employee job satisfaction was positively influenced by competence, it revealed room for development in effectively boosting performance. Pio's (2022) research demonstrates that spiritual leadership does not directly impact performance, with mediation effects shown through the quality of work life (QWL) and job satisfaction. Positive coefficients indicate that increased spiritual leadership contributes to improved performance when mediated by increased QWL and job satisfaction. Khan et al. (2022) found that servant leadership benefits task performance in a study of 475 employees and 98 supervisors in the service sector. Importantly, the association is bolstered in organisations where employees perceive less task interdependence and more information asymmetry. The findings of Siraj et al. (2022) demonstrate the importance of HRM practises such as cooperation, involvement, actualisation, perception, and teamwork in improving leadership quality and, as a result, employee performance.

H3: There is a significant relationship between Leadership and Employee Performance

Coaching: Coaching is a distinct mechanism for enhancing employee performance and achieving organisational goals. Champathes (2006) emphasised the profound impact of coaching on skill development, goal achievement, and personal growth. Effective coaching fosters better job performance, empowerment, and self-improvement. This positive cycle of improved employee performance subsequently contributes to overall organisational and sectoral improvement. Karki (2018) revealed a significant long-term correlation between sectoral (tourism) performance and economic growth, highlighting the broader impact of enhanced individual performance on the macroeconomy. Nugraha and Wardhani's (2022) study found a positive and significant association between managerial coaching and performance, but there is no relationship between person-job fit and performance, and motivation has no direct influence on performance. The study also emphasises mediating factors, such as the positive and substantial association between managerial coaching and engagement, as well as the positive and significant relationship between engagement and performance. Zheng et al. (2022) emphasised the critical role of engagement in transferring managerial coaching to employees' creative performance and identifying the critical role of the climate for innovation in effectuating the impact of managerial coaching on creative performance. According to Susanto and Sawitri (2022), coaching, mentoring, and transformational leadership all help to increase employee engagement. Evidently, coaching became an important consideration for employee performance.

H4: There is a significant relationship between Coaching and Employee Performance

Empowerment: Empowerment emerges as a significant driver of employee performance. Chen and Chen (2008) emphasise empowerment's role in encouraging innovation, dedication, and job satisfaction. Empowered employees are more likely to take initiative, contribute creatively, and exhibit higher performance levels. This aligns with the insights provided by Fernandez and Moldogaziev (2013), who argued that employee empowerment influences performance directly and indirectly through job satisfaction and innovativeness, two fundamental causal pathways that influence behavioural outcomes, emphasising the positive relationship between empowerment and employee performance. The study revealed that empowerment significantly affects employee performance (Saleh et al., 2022).

H5: There is a significant relationship between Empowerment and Employee Performance

Participation: Participation and involvement in decision-making processes significantly impact employee performance. Chen and Tjosvold (2006) advocated for participative management, adopting a collaborative environment that enhances employee engagement and satisfaction. Participatory approaches empower employees, promoting ownership of their tasks and developing a sense of responsibility. To avoid employee-employer conflicts of interest, Ijeoma (2020) recommended that every organisation develop a clear understanding and concept of participative decision-making. This framework emphasises the importance of building a comprehensive understanding of individual sentiments, as evidenced by the work of Karki (2017), who highlights the significant influence of individual emotions on the decision-making process.

H6: There is a significant relationship between Participation and Employee Performance

Organisation Culture: The organisational culture is a powerful influence on employee behaviour and performance. Daft (1984) affirms the role of organisational culture in shaping employee values and directing behavior towards desired outcomes. Organisational deviance was found to be linked to violations of psychological contracts, and this link was mitigated by employees' dedication to their professions (Bhattarai et al., 2020). A supportive and cohesive organisational culture enhances employee engagement, improving performance.

H7: There is a significant relationship between Organization Culture and Employee Performance

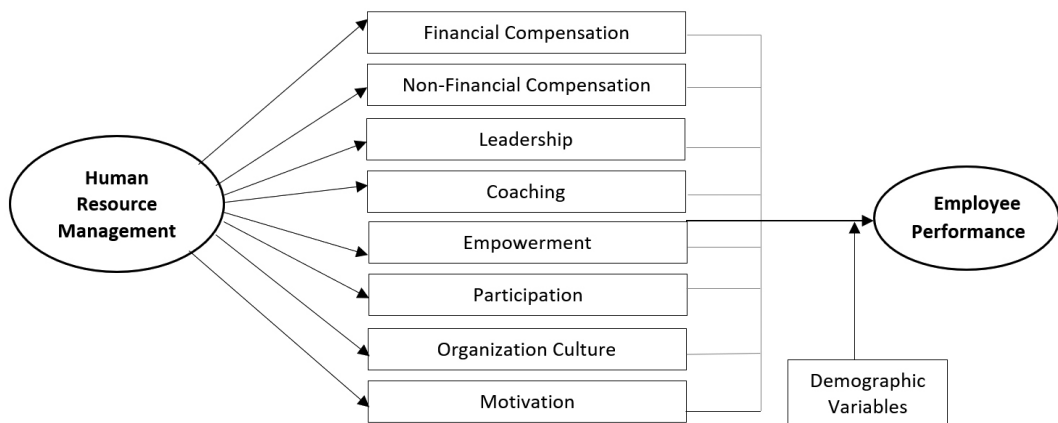
Motivation: Motivation emerges as a critical factor in maintaining high-performing personnel (Dong & Loang, 2023) and preventing performance decline. According to Olusola et al. (2021), motivation is crucial in actively maintaining high-performing personnel and driving productivity. The empirical

research conducted by Neog and Barua (2014) establishes the relationship between income, work satisfaction, and motivation, validating the importance of motivation in employee performance.

H8: There is a significant relationship between Motivation and Employee Performance

Although previous studies have offered valuable insights into coaching, mentoring, transformational leadership, and employee engagement, there remain avenues for additional investigation. For a comprehensive understanding of their collective impact, it is vital to incorporate compensation into this framework. A comprehensive understanding of these effects can be attained by conducting longitudinal studies that delve into industry-specific nuances, cultural variations, and the dynamic nature of these effects over time. An investigation into underrepresented variables, in addition to a balanced blend of quantitative and qualitative methods, will contribute to the advancement of our knowledge. By exploring these dynamic relationships, this study contributes to understanding the influence of human resource practices on employee performance within the specific context of Nepalese financial institutions.

Figure 1. Conceptual Framework of the Study



Source: Authors

Research Method

Research design is the precisely structured blueprint for obtaining the responses to the research questions (Cooper et al., 2012). In order to conduct a comprehensive investigation, this study combines exploratory, descriptive, and causal-comparative research methods. This combination enables a multidimensional examination of the dynamic relationship between human resource practices and employee performance. The first strand, exploratory research design, begins with identifying the key factors influencing human resource practices and their subsequent influence on employee performance. This study quantifies the observed constructs as it transitions into the descriptive research design phase, building the foundation for comprehensive statistical measurements. Finally, it used a causal-comparative research design to analyse the direction and magnitude of the relationship among the study variables. This study used primary data collected via a closed-ended questionnaire by conducting a survey among the employees from a variety of financial institutions, including banks, development banks, finance companies, microfinance institutions, insurance companies, merchant bankers, and entities in the capital markets.

Sample Size and Population: Cochran's (1953) formula was used to determine the proper sample size for this study. As a result, 385 respondents were required as a minimum for this research. Online and on-site questionnaires were used to collect data. To produce a representative sample, the researcher described the nature of the study before distributing the questionnaire. Researchers contacted financial

institutions' central HR departments to have their employees participate in the survey. In Nepal, 20 commercial banks, 17 development banks, 17 finance companies, and 57 microfinance companies are currently operating. However, no data is available to determine how many employees work in these financial institutions. For this study, we used the non-probability, purposive sampling technique to collect a maximum number of responses. The questionnaire was distributed to roughly 600 employees, 405 (68%) of whom responded.

The questionnaire design comprises four distinct sections to capture various aspects of the research's scope. Section A, the introduction, collects personal information such as gender, age, marital status, and level of education. Section B focuses on job-related specifics, including job tenure, positions held, and departmental affiliations. Section C explores the fundamental concepts, including HR practices and compensation management. A rating checklist instructs respondents' evaluations within this scope. Using a 5-point Likert scale ranging from strongly agree to strongly disagree, Section D, the concluding section, conducts an exploration of the central issues of employee performance.

Reliability: By consulting close friends and family members working in the financial market, cross-validation was facilitated to strengthen the study's credibility. In addition, the crucial measure of Cronbach's Alpha Test was utilised as a reliability diagnostic test. The study corresponds to Hair et al. (2010), who recommended Cronbach's alpha threshold value of 0.70 to ensure a robust validation process.

The reliability test results, summarised in Table 1, clearly confirm the research's reliability and validity. Every construct examined had a Cronbach's Alpha score of more than 0.70, confirming the reliability of responses and verifying the study's methodology.

Table 1. Reliability Test

Particulars	Cronbach's Alpha (α)
Employee Performance	0.891
Financial Compensation	0.882
Non-Financial Compensation	0.909
Leadership	0.785
Coaching	0.776
Empowerment	0.751
Participation	0.748
Organisational Culture	0.776
Motivation	0.785

Data Analysis and Results

In order to answer various research questions and test the research hypotheses, descriptive statistical techniques were used to initiate the research process. In addition, correlation, regression, and ANOVA tests were used to present the quantitative descriptions in a manageable form.

Descriptive Statistics

In total, 405 usable responses were gathered from the online survey questionnaire used in this study. Fifty-nine per cent of the participants were women, and the majority of respondents had at least a bachelor's degree (44.60 per cent), were employed as officers (41.2 per cent), or were in managerial positions (21.2 per cent). About 41.70 per cent of those surveyed had worked in the financial sector for three to five years.

Correlation Analysis

A comprehensive correlation analysis facilitated the examination of the dynamic relationships between variables. This method highlights the strengths and potential relationships between the independent variables (financial and non-financial) and the dependent variable (Employee performance).

Table 2. Correlations Analysis between Employee Performance (X9) and Financial Compensation (X1), Nonfinancial Compensation (X2), Leadership (X3), Coaching (X4), Empowerment (X5), Participation (X6), Organisation culture (X7) and Motivation (X8).

	X1	X2	X3	X4	X5	X6	X7	X8	X9
X1	1	.811**	.431**	.339**	.501**	.530**	.698**	.676**	.574**
		.000	.000	.000	.000	.000	.000	.000	.000
X2		1	.536**	.449**	.573**	.644**	.719**	.699**	.510**
			.000	.000	.000	.000	.000	.000	.000
X3			1	.704**	.593**	.553**	.354**	.325**	.387**
				.000	.000	.000	.000	.000	.000
X4				1	.548**	.576**	.247**	.320**	.349**
					.000	.000	.000	.000	.000
X5					1	.744**	.562**	.486**	.473**
						.000	.000	.000	.000
X6						1	.554**	.554**	.524**
							.000	.000	.000
X7							1	.652**	.507**
								.000	.000
X8								1	.524**
									.000
X9									1

** 1% level of significance

* 5% level of significance

Table 2 presents the results, which provide valuable insight into the relationships among study variables. *Financial Compensation* was strongly and positively correlated with Employee Performance, as indicated by a correlation coefficient of 0.57 and a significance level of 0.000. In line with the findings of Hameed et al. (2014), this demonstrates the importance of adequate financial compensation. The importance of a competitive compensation structure in fostering increased employee performance stems from the notion that valued employees are typically more engaged and motivated.

Employee Performance was positively correlated with *Non-Financial Compensation*, as indicated by a correlation coefficient of 0.510 and a p-value of 0.000. This recalls Dessler (2002) in emphasising the significance of recognition, career development, and work-life balance. Such holistic rewards contribute to improving employee satisfaction and, consequently, performance. *Leadership* was significantly positively correlated with Employee Performance, as indicated by a correlation coefficient of 0.387 and a p-value of 0.000. This is consistent with Northouse's (2007) viewpoint, which stresses that effective leadership stimulates employee motivation and job satisfaction. Effective leadership fosters a high-performance environment in which employees are empowered and guided. Employee Performance

was positively correlated with Coaching, as indicated by a correlation coefficient of 0.349 and a p-value of 0.000. This echoes the insights of Champathes (2006), emphasising the role of coaching in developing the skills and potential of employees—effective counselling results in enhanced job performance, which fosters development and growth.

The correlation between *Empowerment* and Employee Performance was positive, as indicated by the correlation coefficient of 0.47 and the p-value of 0.000. This finding is consistent with Wagner and Harter's (2006) assertion that empowering employees to make decisions fosters ownership and commitment. Empowered employees are typically more proactive and inventive, which contributes to improved overall performance. *Participation* and Employee Performance exhibited a significant positive correlation, as indicated by a correlation coefficient of 0.524 and a p-value of 0.000. This is consistent with the views of Chen and Tjosvold (2006), who emphasised the importance of employee participation in decision-making processes. A culture of participation facilitates engagement and collaboration, directly affecting performance outcomes. Employee Performance was positively correlated with *Organizational Culture*, as indicated by a correlation coefficient of 0.507 and a p-value of 0.000. This finding parallels the insights of Cameron and Quinn (2006), emphasising that an enabling culture aligns employee behaviour with organisational objectives. A positive culture fosters commitment, which ultimately leads to improved performance. With a positive correlation coefficient of 0.52 and a p-value of 0.000, motivation emerged as a significant influence. This finding is consistent with the perspectives of Olusola (2021) and Deci and Ryan (1985), demonstrating that motivated employees are inclined to contribute to improved performance. A motivated workforce demonstrates greater commitment, zeal, and initiative.

Table 3. Estimated Regression Results of Employee Performance on Study Variables

	Unstandardized Coefficients (β)	t- Value	P- Value	VIF
(Constant)	1.254	4.183	0.000	
FC	0.352	3.211	0.002	3.323
NF	-0.196	-1.583	0.116	3.34
LE	0.072	0.803	0.423	2.45
CO	0.036	0.371	0.711	2.316
EM	0.027	0.315	0.753	2.734
PA	0.191	1.968	0.051	2.919
OC	0.075	1.039	0.301	2.695
MO	0.129	1.793	0.075	2.338

R-square: 0.426, F value: 13.075, P value: 0.000

Based on the findings, the following regression equations have been developed:

$$EP = 1.254 + 0.352 FC - 0.196 NF + 0.072 LE + 0.036 CO + 0.027 EM + 0.191 PA + 0.075 OC + 0.129 MO \text{ ----- (i)}$$

Where, EP= Employee Performance, FC= Financial Compensation, NF= Non-Financial Compensation, LE = Leadership, CO = Coaching, EM = Empowerment, PA = Participation, OC = Organizational culture, MO = Motivation

The dynamic relationship between dependent and independent variables was examined using a regression model, which measured the relationship between variables while holding all other factors constant. The findings provide invaluable insights into the influence of human resource practices on employee performance in Nepalese financial institutions.

The statistical significance of relationships was determined using p-values, with a 0.05 threshold considered. With a p-value of 0.002, the analysis revealed a statistically significant relationship between Financial Compensation and Employee Performance. This corroborates the findings of Hameed et al. (2014), which indicate that adequate financial compensation can motivate improved employee performance. While the effects of other variables such as Non-Financial Compensation, Leadership, Coaching, Empowerment, Participation, Organizational Culture, and Motivation were positive, only Non-Financial Compensation statistically influenced employee performance.

Table 4. Testing Robustness of the Model

R-Square	F-Value	p - Value
0.426	13.075	0.000

Statistical measures, R-square and F-value, were employed to test the model's robustness. The adjusted R-square value of 0.426 indicates that 42.6% of the variance in Employee Performance is attributable to the variables comprising financial compensation, non-financial compensation, leadership, counselling, empowerment, participation, organisational culture, and motivation. In addition, the F-value of 13,075 and the corresponding significance level of 0.000 offer credibility to the acceptability of the regression equation, validating the model's effectiveness. This parallels the earlier observations by Kumari and Rathiha (2017), who emphasised the importance of statistical validation in research endeavours.

The diagnostic test, based on the Variance Inflation Factor (VIF), was performed to identify the presence of multicollinearity among variables. All VIF values for independent variables were well below in Table 4, indicating the absence of multicollinearity issues (for below 10). This supports the data's reliability and the validity of the analytical model.

In particular, the regression coefficient for Financial Compensation (FC) was 0.352%. This indicates that a one-unit increase in financial compensation corresponds to an average 0.352% increase in Employee Performance. This supports the findings of Hameed et al. (2014) and contradicts the findings of Thapa et al. (2017) regarding the impact of Non-Financial Compensation.

One-Way ANOVA (Comparison of Employee Performance by Job Position): As suggested by Thapa et al. (2017), the Analysis of Variance (ANOVA) test was conducted to examine the group differences between Job Position and Employee Performance. The grouping variable, Job Position, was divided into three groups: Assistant, Officer, and Manager. Each group's mean Employee Performance scores were 3.7071, 3.7581, and 4.1875, respectively. Among these groups, it is noteworthy that the group with the highest mean Employee Performance score was the Manager group, indicating a higher level of agreement towards Employee Performance in this category.

Table 5. ANOVA: Comparison of Employee Performance by Position

Position	N	Mean	Std. Deviation	F value	P Value
Assistant	152	3.7071	0.67416		
Officer	167	3.7581	0.70932	5.908	0.003
Manager	86	4.1875	0.55923		
Total	405	3.8307	0.68854		

The results in Table 5 indicate that the p-value obtained from the ANOVA test is lower than the predetermined significance level of 0.05. This suggests that the null hypothesis, which assumes no significant differences between Job Positions and Employee Performance, can be rejected. In other words, there are statistically significant differences in Employee Performance among the different Job Positions.

Table 6. Post-hoc Analysis: Multiple Comparisons of Employee Performance and Position

Position	(J) Position	Mean Difference (I-J)	Std. Error	Sig.
Assistant	Officer	-0.05092	0.12295	0.91
	Manager	-.48036**	0.14779	0.004
Officer	Assistant	0.05092	0.12295	0.91
	Manager	-.42944*	0.14517	0.01
Manager	Assistant	.48036**	0.14779	0.004
	Officer	.42944*	0.14517	0.01

** The mean difference is significant at 0.01 and * at 0.05 level

Examining the post-hoc analysis in Table 6, we observed no significant difference between the Assistant and Officer groups, as the calculated p-value exceeds the significance level of 0.05. However, there are significant differences between the Assistant and Manager groups (p-value = 0.004), as well as the Officer and Manager groups (p-value = 0.01). This could imply that individuals in managerial positions are more aligned with the expectations and criteria for Employee Performance compared to other job positions. However, this study uses data from Nepalese financial institutions and self-reported employee responses, which may introduce biases like social desirability or recall errors, limiting its generalizability to other industries or global contexts.

Conclusion

This study concludes that a positive relationship between financial compensation and employee performance exists. While financial compensation plays a crucial role in motivating employees and subsequently improving their performance, other variables such as non-financial compensation, leadership, coaching, empowerment, participation, organisational culture, and motivation did not significantly impact employee performance within Nepalese financial institutions. The findings emphasise the significance of financial compensation as a pivotal factor that positively influences employee performance. Organisations should prioritise financial compensation strategies as they satisfy employee needs, leading to increased motivation and productivity in the workplace. This aligns with previous research by Dessler (2002), emphasising the importance of compensation in creating job satisfaction and enhancing employee commitment. According to the results, Herzberg's (1964) two-factor theory was somewhat supported as the financial compensation factors, considered hygiene factors, were important motivating factors. The results of the One-Way ANOVA provide additional insights by indicating that different job positions within financial institutions impact employee performance. Particularly, the Manager group demonstrated the highest mean employee performance score. This distinction could potentially be attributed to various factors such as differing responsibilities, decision-making authority, and overall role significance. These outcomes align with earlier studies, like those conducted by Thapa et al. (2017), which emphasised the impact of job positions on employee performance. The post-hoc analysis further emphasised the distinct levels of employee performance within the Assistant, Officer, and Managerial groups.

These findings suggest that tailoring Human Resource Management practices to the specific needs of various job positions is essential. Organisations can develop a motivated and productive workforce by enhancing employee performance through targeted strategies. This recommendation is supported by Northouse (2007) and Wagner and Harter (2006), who have emphasised the importance of leadership and empowerment in improving employee performance. While Financial Compensation emerges as a significant factor, the study highlights the need for additional research into the complexities of Non-Financial Compensation's potential effect on employee performance in Nepalese financial institutions.

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