

Emerging Challenges of HRM in 21st Century: A Case of Nepalese Commercial Banks

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Abstract

This study examines the emerging challenges of HRM in 21st century in Nepalese commercial banks. Effective HRM practices is the dependent variable. The independent variables are workforce environment, business ethics, work-life balance, conflict management and organizational culture. The primary source of data is used to assess the opinions of respondents regarding effective HRM practices in Nepalese commercial banks. The study is based on primary data with 121 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation and multiple regression models are estimated to test the significance and importance of effective HRM practices in Nepalese commercial banks.

The study shows that workforce environment has a positive impact on effective HRM practices. It indicates that better workforce environment promotes effective HRM practices. Likewise, the study showed that business ethics has a positive impact on effective HRM practices. It means that good business ethics leads to the effective HRM practices. Similarly, work-life balance has a positive impact on effective HRM practices. It implies that proper work-life balance helps to promote effective HRM practices. Further, conflict management has a positive impact on effective HRM practices indicating that better conflict management process leads towards effective HRM practices. Moreover, organizational culture has a positive impact on effective HRM practices. It shows that better organizational culture leads towards the effective HRM practices in the context of Nepalese commercial banks.

Keywords: workforce environment, business ethics, work-life balance, conflict management, organizational culture, effective HRM practices

1. Introduction

HRM practices are the organizational activities directed at managing the pool of human capital and ensuring that it's employed towards the fulfilment of organizational goals (Alzoubi *et al.*, 2020). Through HRM practices, knowledge and skills of employees can be improved and helps to attain strategic goals and cope up with various challenges that may arise internally or externally. Human resource management is the most crucial consideration

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for any business because it decides its sustainability and development.

Human Resource Management (HRM) is a critical organizational resource that is essential for conducting any organization, especially service providing organization smooth and effectively. HRM at present is a philosophy of utilizing people in the organization to get maximum output by satisfying both the employers and employees. Qureshi *et al.* (2007) found out that HRM is connected with all the managerial functions engaged in planning for rewarding, utilizing, developing, selecting, recruiting, and maximizing the potential of the human resources in an organization. Moreover, Gold and Bratton (2009) defined HRM practices as the strategic approach which targets to set integrated employment policies and programs in order to manage employment relations for organizational competitive advantage. Likewise, Stavrou-Costea (2005) identified effective HRM practices as the main factor for the success of an organization practices can be implemented to develop some envisaged behavioral outcomes as well as develop the skills and abilities of employees. Here it is possible to see that there are a number of familiar HRM practices that can aim at improving efficiency and productivity.

Northcott (1991) elaborated human resource management as an extension of general management, that of prompting and stimulating every employee to make his fullest contribution to the purpose of a business. Appelbaum and Fewster (2001) stated human resource management practices is the management of people within the internal environment of organizations, comprises the activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization's objectives. Furthermore, Al-Hawary and Al-Abbadi (2003) explained HRM as the managements whose responsibility is to enable the organization to build its strategic advantages, maintain and develop them by realistic planning of human resources, appropriate employment, accurate training of human resources. Ferris *et al.* (1995) stated that human resource management is the science and the practice that deal with the nature of the employment relationship and all of the decisions, actions, and issues that relate to that relationship. The success and sound management of the bank depend on the effective management of human resource. Only when human resources are developed, it is possible to adapt to any change and effective functioning of the bank. Thus, HRM facilitated the round development of banks in addition to allowing them to be dynamic and responsive to environmental changes (Bartel, 2004).

Better human resource practice helps to increase the employee performance and make them more comfortable and secure in the organization (Saleem and Khurshid, 2014). The main purpose of human resource practices is to ensure that the employees of a company are used in such a way that the employer obtains the greatest possible benefit from the abilities and the employees obtain both material and psychological rewards from their work (Macaulay and Clark, 1998). Likewise, Jaradat and Azzam (2013) identified human resources to be the most important resource of commercial banks, the core of their work, and the key to their success. They are considered as a means that enables them to achieve their organization goals and add economic value and sustainable competitive advantage. HRM is considered to be a major resource that helps the organization to maintain its effectiveness's affects the behavior and attitudes of individuals such as intent to leave, levels of job satisfaction, and commitment to the organization in which they work (Lee, 2000).

Human Resource (HR) practices are critical to the growth of any firm (Loshali and Krishnan, 2013). Staff recruitment, selection processes, training, and performance review are all part of these HR activities. As a result, all organizations must focus on planned HR (Alzyoud, 2018). Of course, external elements, like technology and money, have an essential role in working capacity and human resource management and HR strategies. Nonetheless, external influences and HR policies boost employee engagement. As a result of this involvement, job performance and happiness improve (Raina and Kalse, 2018). Furthermore, the retention of engaged employees is critical to the quality of work and the company's success (Alzyoud, 2018; Oluwatayo and Adetoro, 2020).

Talukder *et al.* (2014) investigated HRM practice in commercial banks of Bangladesh which explained the human resource management (HRM) usually practiced by five prominent commercial banks of Bangladesh. The study found that human resources in banks were enjoying comparatively better facilities under the rules of banking industry which creates high level of productivity and efficiency. Similarly, Ahmad and Schroeder (2002) found out that human resources are considered the most important assets of an organization which helps to achieve the desired goals. Effective HRM aids to recruit and maintain a skilled, knowledgeable, and well-performed workforce to meet current and future organizational as well as individual needs.

Rawashdeh (2018) explained the impact of talent management strategies on bank performance in Jordanian commercial banks and

suggested that talent management is very significant to the survival of firms in a highly competitive business environment today. The study advised to maintain developing the motivation system according to the labor market conditions and competitiveness in order to retain talented staff and avoid labor turnover for higher productivity. Jiru and Tadesse (2019) investigated the effects of human resource management practices on employee turnover intention of commercial banks in Ethiopia. The study found that human resource development programs which will take the form of training and development enhance employee performance which ultimately increases employee productivity and reduces employee dissatisfaction and employee turnover. Likewise, Martha *et al.* (2021) investigated the relationship between contingency human resource management and the performance of commercial banks in Kenya. The study found that staff rewards, staff training, continuous gap analysis, and head-hunting affect the performance of commercial banks in Kenya ensuring a high level of productivity.

Kathina and Bula (2021) investigated the effects of recognition and job promotion on employee performance of commercial banks in Kenya. The study found that employee recognition and job promotion have a positive and significant influence on employee performance in commercial banks in Kenya ensuring high productivity and efficiency. Reynolds and Beatty (1999) found out the relationship established between the employees and the customers may lead to an increase in values perception with regards to the bank's products and services. Moreover, Sithy Safeena (2020) examined green human resource management practices and employees' job performance of commercial banks in Sri Lanka and the study found that there is a positive significant effect of adopting GHRM practices on employees' job performance in commercial banks in the Eastern Province in Sri Lanka. Likewise, Aktar *et al.* (2012) studied the impact of rewards on employee performance in commercial banks of Bangladesh. The study found that there is a statistically significant and positive relationship between rewards with employee work performance ensuring high level of productivity.

Daniel (2018) examined human resource management and its effects on the performance of Nigerian commercial banks. The study revealed that target setting and cooperate value ethics are required for employees' job satisfaction and high efficiency. Pena and Villasalero (2010) explained the business strategy, human resource systems, and organizational performance in the Spanish banking industry and their impact on organizational performance. The study identified that adopting certain predictable HR practices, and

matching HR systems with a business strategy helps to attain desired strategic goals and increase a high level of productivity. Similarly, Victor and Shamila (2018) analyzed the impact of human resource management practices on knowledge management in selected commercial banks of the Kandy district. The study found that HRM practices aid in knowledge management which ensures a high level of efficiency and productivity to achieve desired goals. Kheng *et al.* (2010) investigated the impact of service quality on customer loyalty in banks in Penang, Malaysia. The findings of the study showed that improvement in service quality can enhance customer loyalty and helps to achieve the desired goal.

Deshpande (2010) investigated the development of human resources in commercial banks. The study revealed that measures for organizational renewal, career management system, training and development agenda, etc. should be a prime focus in order to achieve organizational goals and a high level of productivity. Marwat *et al.* (2006) analyzed the impact of human resource practices on organizational performance in Pakistan and found that the HR practice system influences organizational performance through the outcomes of employees ensuring a high level of productivity and efficiency. Alkalha *et al.* (2012) analyzed the effects of human resource policies on the organizational performance of commercial banks operating in Jordan. The study concluded that the most important effect of human resource policy on organizational performance is the employees' participation in decision-making ensuring high efficiency and productivity. Rowden and Conine (2005) studied the impact of workplace learning on job satisfaction in small US commercial banks. The study found that managers need to make learning opportunities available to enhance overall job satisfaction and ensure a high level of efficiency. In addition, Hashmi and Naqvi (2012) explored the psychological empowerment required to boost organizational commitment from the banking sector of Pakistan. The study suggested that organizations must provide such a working environment in which employees not only feel psychologically empowered but also become satisfied with their job which will ultimately lead to a high level of organizational commitment which results in high productivity and efficiency. The study further found that HRM training and development are a systematic process that can help in the acquisition of abilities, knowledge, and attitudes which improved organizational performance and HR policies (Islam, 2013).

In the context of Nepal, Raj Adhikari (2010) investigated human resource development for performance management in the case of Nepalese

organizations. The study found that a firm's competitiveness depends on its capacity to manage performance and improve the development of the skills and competencies of employees creating a learning environment. The study further revealed that in order to manage HR in Nepalese organizations, a clear link between organizational objectives and outcomes should be established by developing a human capital base in organizations. Likewise, Gautam and Davis (2007) examined the integration and devolvement of human resource practices in Nepal. The study found out that the degree of integration of HR practice appears to be increasing within this sector, but this is dependent on the maturity of the organizations. The study further revealed that devolvement of responsibility to line managers is at best partial, and in the case of the commercial banks, it is more out of necessity due to the absence of a strong central HR function.

Pradhan (2020) investigated the impact of human resource management practices on behavioral outcomes of financial institutions of Nepal. The study found that job design sensitivity to organizational performance is high followed by employee participation and compensation system. The study further revealed that recruitment and selection, training and development, and career planning have minimum impact on behavior outcomes of organizational performance.

The above discussion shows that empirical evidences vary greatly across the studies concerning the emerging challenges of human resource management. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such evidence using more recent data exists in Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The main objective of the study is to examine the emerging challenges of HRM in Nepalese commercial banks. More specifically, it examines the impact of workforce environment, business ethics, work-life balance, conflict management and organizational culture on effective HRM practices in Nepalese commercial banks.

The remainder of this study is organized as follows. Section two describes the sample, data, and methodology. Section three presents the empirical results and the final section draws the conclusion.

2. Methodological aspects

The study is based on the primary data. The data were gathered from 121 respondents through questionnaire. The respondents' views were collected

on workforce environment, business ethics, work-life balance, conflict management, organizational culture and effective HRM practices in Nepalese commercial banks. The study used descriptive and casual comparative research designs.

The model

The model estimated in this study assumes effective HRM practices depends on workforce environment, business ethics, work-life balance, conflict management and organizational culture. Therefore, the model takes the following form:

$$\text{EHRM} = +\text{WE} + \text{BE} + \text{WLB} + \text{CM} + \text{OC} + e$$

Where,

EHRM = Effective HRM practices

WE = Workforce environment

BE = Business ethics

WLB = Work-life balance

CM = Conflict management

OC = Organizational culture

Workforce environment was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include “My company provides great workplace environment”, “My workplace schedule aligns to my lifestyle” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.896$).

Business ethics was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include “My company offers a better route for career advancement”, “My organization is concerned to equality and treating all with fairness” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.796$).

Conflict management was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include “I am pleased with the salary offered by the bank”, “I am pleased with the salary offered by the bank” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.865$).

Work-life balance was measured using a 5-point Likert scale where the

respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "I address the matter with others in finding solutions that meet everyone's needs", "When I'm upset with others, I keep calm during our discussion" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.852$).

Organizational culture was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "Individual performance is encouraged and rewarded", "People's behavior is guided by targets and objectives" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.79$).

The following section describes the independent variables used in this study along with the hypothesis formulation.

Workforce environment

Workforce environment means the regular workplaces of the corporation and its subsidiaries and includes mobile workspaces and environments, such as business trips and work-related events or social functions. Statt (2008) stated that the 21st-century work physical environment is characterized by technology, computers, and machines as well as general furniture and furnishings. Chandrasekar (2011) found out that the factors of the proper workplace environment give an immense impact on the employees' positively ensuring high efficiency and productivity. Likewise, Wu and Clements-Croome (2007) concluded that better outcomes and increased productivity can be achieved through a better workplace environment. Roelofsen (2002) found that improving the working environment results in a reduction in a number of complaints and absenteeism and an increase in productivity. Furthermore, Brenner (2004) concluded that a working environment designed to suit employee satisfaction and free flow of exchange of ideas is a better medium of motivating employees towards higher productivity. Vischer (2007) argued that having a good workforce environment, helps employees apply their energy and their full attention to perform work more efficiently and conveniently. Based on it, this study develops following hypothesis:

H₁: There is a positive relationship between workforce environment and effective HRM practices.

Business ethics

Ethics are the principles, norms, and standards of conduct governing

an individual or group. Ethics allows us to determine which moral standards are correct and which are wrong, and challenges us to act according to our conclusion. Svensson and Wood (2003) claimed that business ethics helps to analyze and understand what can be considered acceptable about the activities of organizations operating for increasing its efficiency. Similarly, Souter et al. (1995) found that banks are obliged to obey certain ethical principles of banking profession and organizational ethics, which include honesty, integrity, social responsibility, accountability and fairness which helps to achieve high productivity. Robin (2009) found that the mission of ethics is to minimize the abuse of a company's power in mutual exchange relations and reduce negative impacts on effective HRM practices. Likewise, Shen and Benson (2016) found out that socially responsible human resources management (SRHRM) practices may include recruiting socially responsible employees, providing CSR training, and considering employees, social contributions during promotion, performance appraisal, reward, and compensation. Moreover, Graafland and Van de Ven (2011) stated that social responsibility of the bank requires a stronger focus on compliance with code of ethics, and other approaches such as transparency, focus on stakeholders' interests and cooperation with social institutions. Mathenge (2013) concluded that there is need to embrace ethical values by commercial banks in creating an ethically inclined banking environment for smooth administration and high level of efficiency. Based on it, this study develops following hypothesis:

H₂: There is a positive relationship between business ethics and effective HRM practices.

Work-life balance

Work-life balance practices are deliberate organizational changes in programs or organizational culture that are designed to reduce work-life conflict and enable employees to be more effective at work and in other roles. Sindhuja and Subramanian (2020) studied the effectiveness of the work-life balance of bank employees and its impact on employee retention in banking sector. The study found that the work-life balance has a direct impact on employee retention. The study also concluded that work-life balance helps to improve the employee's job satisfaction which results in high productivity. Grover and Crooker (1995) found that there is greater organizational commitment if employees have the right to use work-life policies, and moreover, these employees revealed significantly lower intention to leave their jobs. Likewise, Allen (2001) found that an organization that supports their employees in maintaining integration between family responsibilities and work enhances

the employee intention regarding retaining in the organization. Moreover, Manfredi and Holliday (2004) revealed that by applying a work-life balance, an organization can improve its ability to respond to the demands of customers for better access to services and also the strategy for the organizations to deal with the revolutionized way in order to satisfy both employees and employers. Similarly, Pasewark and Viator (2006) found that work-family balance plays a very important role in retaining employees of an organization. Ashford et al. (1989) confirmed that businesses that incorporate telework options showed a number of positive benefits, such as increased workforce participation, improved employee flexibility, and work-life balance because it is easy and convenient to perform. Likewise, Deery (2008) found that the role of work-life balance has a direct relation to employees' decision to stay or leave the organization. In addition, Javed et al. (2014) examined the effect of role conflict, work-life balance, and job stress on turnover intention and found that work-life balance has a positive but non-significant relationship with turnover intention resulting to higher productivity and efficiency. Based on it, this study develops following hypothesis:

H₃: There is a positive relationship between work-life balance and effective HRM practices.

Conflict management

Conflict refers to some form of friction, disagreement, or discord arising between individuals or within a group when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group. Tschannen-Moran (2001) found that conflict occurs from the opposing ideas and actions of different entities, thus resulting in an antagonistic state. Rowe (1997) found that organizations must implement systematic conflict-management strategies to handle employees who are more educated, forceful, and less willing to wait to management decision for smooth efficiency. Harris (2001) found an incentive structure is likely to be needed to encourage line managers to take seriously their conflict-management responsibilities. The conflict that is well-managed may result in beneficial outcomes such as increased staff unity, more trust between individuals, improved attitude, and so on (Titov et al., 2018). Likewise, Pondy (1967) found that conflict can be functional or dysfunctional, as it can take the form of both affective (e.g., anxiety) and cognitive states (e.g., incompatible ideas). Moreover, Hotepo et al. (2010) investigated the effect of organizational conflict on organizational performance and found that conflicts have both negative and positive effects on organization but when managed properly,

the positive effects can be used to encourage organizational productivity and build cooperation among the employees. Based on it, this study develops following hypothesis:

H₄: There is a positive relationship between conflict management and effective HRM practices.

Organizational culture

Organizational culture is a set of values, beliefs, and behavior patterns that differentiate one organization from other organizations (Ortega-Parra and Sastre-Castillo, 2013). Organizational culture provides employees with a clear understanding of the way things are done in that organization. Nwibere (2013) showed that theoretical support to advance the manager's knowledge in the area of organizational culture helps to promote the proper cultural environment and increases productivity. Supriadi and Pheng (2018) found that organizational culture promotes norms, values, and shared understanding of members of several organizations that support tight control at the top in order to maintain proper culture. Organizational culture helps organizations to try and recreate better and stronger cultures, and makes them more committed to the organization and less disposed to leaving (Aranki et al., 2019). Further, Joseph and Kibera (2019) stated that organizational culture is a major source of sustainable competitive advantage ensuring effective HRM practices. Kerdpitak and Jermittiparsert (2020) found that rules and regulations should be developed for the better organizational culture that enhance performance of HRM practices. Based on it, this study develops following hypothesis:

H₅: There is a positive relationship between organizational culture and effective HRM practices.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with mean and standard deviation has been computed and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

This table reveals the Kendall's Tau correlation coefficients between dependent and independent variables. The correlation coefficients are based on 121 observations. Effective HRM practices (EHRM) is the dependent variable. The independent variables are WE (Workforce environment), BE (Business ethics), WLB (Work-life balance), CM (Conflict management), OC (Organizational culture).

Variables	Mean	S. D.	EHRM	WE	BE	WLB	CM	OC
EHRM	2.034	0.410	1					
WE	1.993	0.407	0.188**	1				
BE	2.003	0.353	0.122	0.185**	1			
WLB	2.017	0.356	0.143*	0.109	0.138	1		
CM	2.003	0.339	0.116	0.188**	0.184*	0.123	1	
OC	1.934	0.393	0.163*	0.200**	-0.023	0.171*	0.241**	1

Notes: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent levels respectively.

Table 1 shows that workforce environment is positively correlated to effective HRM practices. It indicates that better workforce environment promotes effective HRM practices. Likewise, business ethics and effective HRM practices are positively correlated. It means that good business ethics leads to the effective HRM practices. Similarly, work-life balance is also positively correlated to the effective HRM practices. It implies that proper work-life balance helps to promote effective HRM practices. The result also shows that conflict management is positively correlated to effective HRM practices indicating that better conflict management process leads towards effective HRM practices. Moreover, organizational culture is correlated with effective HRM practices. It shows that better organizational culture leads towards the effective HRM practices in the context of Nepalese commercial banks.

Regression analysis

Having analyzed the Kendall's Tau correlation coefficients matrix, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it presents the regression results of workforce environment, business ethics, work-life balance, conflict management, organizational culture on effective HRM practices in Nepalese commercial banks.

Table 2

Estimated regression results of workforce environment, business ethics, work-life balance, conflict management, organizational culture on effective HRM practices in commercial banks

The results are based on 121 observations by using linear regression model. The model is $EHRM = \beta_0 + \beta_1 WE + \beta_2 BE + \beta_3 WLB + \beta_4 CM + \beta_5 OC + e$, where EHRM (Effective human resource practices) is the dependent variable and WE (Working environment), BE (Business ethics), WLB (Work-life balance), CM (Conflict management) and OC (Organizational culture) are the independent variables.

Models	Intercepts	Regression coefficients of					Adj. R _{bar} ²	SEE	F-value
		WE	BE	WLB	CM	OC			
1	1.558 (8.517)**	0.239 (2.662)**					0.048	0.400	7.089
2	1.394 (6.689)**		0.320 (3.123)**				0.068	0.396	9.754
3	1.603 (7.527)**			0.214 (2.061)*			0.026	0.404	4.248
4	1.693 (7.576)**				0.171 (1.550)		0.012	0.408	2.403
5	1.609 (8.707)**					0.220 (2.352)*	0.036	0.402	5.534
6	1.090 (4.392)**	0.194 (2.181)*	0.278 (2.711)**				0.097	0.390	7.409
7	0.896 (3.102)**	0.178 (1.976)*	0.258 (2.489)*	0.133 (1.295)			0.102	0.389	5.527
8	0.856 (2.706)**	0.172 (1.876)	0.252 (2.381)*	0.129 (1.242)	0.036 (0.322)		0.095	0.390	4.139
9	0.752 (2.336)*	0.147 (1.584)	0.270 (2.553)*	0.088 (0.823)	0.012 (-0.108)	0.154 (1.519)	0.105	0.388	3.810

Notes:

- i. Figures in parenthesis are t-values
- ii. The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent levels respectively.
- iii. Effective HRM practices is dependent variable.

The result of regression analysis shows that the beta coefficients for workforce environment is positive with effective HRM practices. It indicates that workforce environment has positive impact on effective HRM practices. This finding is consistent with the findings of Wu and Clements-Croome (2007). Similarly, the beta coefficients for business ethics are positive with effective HRM practices. It means that business ethics has a positive impact on effective HRM practices. This finding is similar to the findings of Shen and Benson (2016). Likewise, the results shows that beta coefficient for work-life balance are positive effective HRM practices. It implies that work-life balance has a positive impact on effective HRM practices. This finding is consistent with the findings of Pasewark and Viator (2006). Likewise, beta coefficient for conflict management are positive with effective HRM practices. It reveals that conflict management has a positive impact on effective HRM practices. This finding supports the findings of Tschannen-Moran (2001). Similarly, the beta coefficients for organizational culture are positive with effective HRM practices. It implies that organizational culture has a positive impact on effective HRM practices. This finding is similar to the findings Aranki *et al.* (2019)

4. Summary and conclusion

Human resource management (HRM) practices are considered essential to predict employee intentions to stay in an organization. Employees tend to leave the organization if they are not pleased with the variety of factors

relating to the company. Hence, various HRM practices need to be adopted by organizations to decrease the turnover intention of employees. The success and sound management of the bank depend on the effective management of human resource. Only when human resources are developed, it is possible to adapt to any change and effective functioning of the bank. HRM practices can lead to firm performance such as profits, the market value of the company, market share, increase in sales, productivity, product service quality, customer satisfaction, development of product/services, and future investment. Effective HRM revealed that workforce environment has a constructive relationship with work-life balance, organizational culture and conflict management. Developing effective HRM practice helps to promote workforce environment to organizational culture that aids in progress of the organization.

This study attempts to examine the impact of workforce environment, business ethics, work-life balance, conflict management, organizational culture on effective HRM practices in Nepalese commercial banks. The study is based on primary data with 121 observations.

The major conclusion of the study shows that workforce environment, business ethics, conflict management, organizational culture and work-life balance influence the effective HRM practices. The study shows that workforce environment, business ethics, conflict management, organizational culture and work-life balance have a positive association with effective HRM practices. The study further concludes that business ethics followed by working environment and organizational culture are the most dominant factors that explains the changes in effective HRM practices in the Nepalese commercial banks.

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