PERCEIVED HRM PRACTICES AND ORGANIZATIONIAL COMMITMENT IN NEPALI BANKING SECTOR: MEDIATING ROLE OF PERSON-ORGANIZATION FIT

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Abstract *:* Organizational Commitment (OC) has remained a potential variable of interest among academicians and practitioners for a long time now as it contributes to positive outcomes at both the employee and organizational-levels. Of the several antecedents of OC, studies related to perceived HRM Practices have ***not*** been adequately explored in the Nepali context. Also, limited research has taken Person-Organization Fit as the mediating variable in the relationship between perceived HRM Practices and OC. This research intends to fill this gap and examines the impact of perceived HRM Practices (Good and safe working conditions, Recruitment and Selection, Equal Employment Opportunities (EEO), as well as Training and Development) on OC of employees in the Nepali Commercial Banks. Additionally, it also examines the mediating role of Person-Organization Fit in the relationship between perceived HRM Practices and OC. Quantitative Method using Survey Questionnaires was employed for data collection. For the final analysis, as many as 269 usable samples were obtained. Results indicated that (i) good and safe working conditions, (ii) equal employment opportunities, (iii) training and development opportunities had *significant* positive impact on Affective Commitment of employees. And the impact of perceived HRM Practices on OC was mediated by Person-Organization Fit. Implications of the findings are also discussed towards the end.
Key Words: Organizational Commitment (OC); HRM Practices; Person-Organization Fit (P-O Fit); Mediating Role; and Nepali Banking Sector.

Introduction

For a very long time, academicians and practitioners alike are investigating into OC (OC) for the principal reason that it causes an impact on both individuals and organizations. At individual level, OC has the potential to produce positive employee behaviors such as in role behaviors (Luchak, & Gellatly, 2007; Wright & Bonett, 2002; Keller, 1997), Organizational Citizenship Behaviors (Schappe, 2010). At organizational level, it contributes to organizational performance (Meyer, Stanley, Herscovitch, & Topolntsky, 2002) and organizational effectiveness (Angle, & Perry, 1981). Among the multitude of factors that affect OC of employees, Human Resource Management (HRM) Practices is a very significant one.

The fact that HRM Practices can impact on commitment is substantiated by Social Exchange Theory as proposed by Blau, 1964 and as cited in Willaims-Gould, & Davies, 2014) which suggests that employees engage in voluntary actions motivated by the returns they expect. Hence, if the employees perceive that organization has good HRM Practices, employees are likely to reciprocate by means of demonstrating positive attitude and behaviors. This study takes Person-Organization Fit (P-O Fit) as a mediator primarily for two reasons. First, employees who 'fit' well with the organization have the potential to impact, in turn, on the extent to which HRM Practices can impact on employee related outcomes (Boon, Hartog, Boselie, & Paauwe, 2011). Second, studies related to P-O Fit as a mediator in this relationship between HRM Practices and commitment has remained scanty.

Nepali Banking Sector has been facing severe competition with the increasing number of banks and financial institutions joining it over a period of it (Thapa, 2010). Neupane (n.d.) found that degree of competition is higher among Commercial Banks compared to other kinds of banks. Hence, Commercial Banks are always on the lookout for professional, dedicated, and committed manpower that can contribute richly in rendering best services and beat the competition. Inter-organizational turnover or job switch is high in Nepali Banking Sector due to high competition and lack of professional and competent manpower (Bista, 2016). This requires that organizations pay attention to commitment of their employees. As Adhikari and Gautam (2011) suggested both hard and soft HR Practices are important to enhance degree of commitment. In this context, researcher has a conjecture to contend that implementation of HRM Practices has it effect on commitment of employees.

➢ **IMPLEMENTATION OF HRM PRACTICES**

Implementation of HRM Practices, however, will not solely lead to positive employee outcomes if employees do not perceive such Practices to be effective. While they represent concrete and tangible programs, employee perceptions of HRMPs reflect a sense of reciprocity and level of concern that the organizations appears to have for its employees (Ogilvie, 1986). Therefore, this research has considered only 'perceived' HRM Practices as against simple and actual HRM Practices. Hence, by considering P-O Fit as the possible mediating variable in the link between perceived HRM Practices and OC, this study intends to establish the fact that such a linkage and relationship between the two may not be direct as hypothesized in earlier pieces of literature.

Additionally, this research inquires the possible moderating role of 'age' in the relationship between HRM Practices and OC. Age, as a demographic variable, has the potential to impact commitment of employees. Job switching tendency is commonly seen among employees of younger age as they are ambitious and not risk averse.

➢ **Statement of the Problem**

Commercial Banks in Nepal are one of the most professionally run Sectors in the country (Subedi, 2017). As a result, this Sector has been able to attract best talent in the industry. Benefits and facilities in this Sector also help attract the best talents and retain the employees well (Shakya, 2012). Compensation and other benefits of this Sector are the other lucrative reasons for employees to have long term employment in this Sector. This is the reason why many opt for Commercial Banks as first priority for employment. Commercial Banks are found to be competing mainly for providing better services and adopting strategies that help themselves differentiate from one another (Rijal, 2006). The reasons for job switch in Banking Sector could be attributed to lack of good HRM Practices which do not ensure better fit with the organization leading, in turn, to a lower level of commitment.

Commercial Banks were chosen for this study as HRM Practices are in place and this is not generally witnessed in other private Sector enterprises. Banking Sector is characterized by its large size, consistency in governance, and relative success (Gautam & Davis, 2007) providing yet another valid reason to carry out research of this nature. Gautam, Dick, and Wagner (2001) in their study of commitment in Nepali Banks found that affective commitment was related to search intentions and turnover intentions. Turnover has been observed as a rampant issue in the Nepali Banking Sector compared to other Sectors (Biswakarma, 2016; Gautam, 2016) requiring an enhanced level of Employee Commitment for their retention. Sthapit (2014) concluded that compensation and career/promotion (growth) as the biggest drivers for employees to switch jobs. Buck and Watson (2002) posit that employee retention is dependent on the levels of commitment.

If the personality and values of the employees and organization are not in tandem, the HR efforts put in by the organization in terms of recruiting, selection, training and development may not result in positive outcomes. HRM Practices can play a significant role in matching people with the organization and job they are involved in (Boon et al., 2011).

Hence, this research intends to examine the mediating impact of P-O Fit on the relationship between perceived HRM Practices and OC. Research has shown that the demographic variables have the potential to leave an impact on the strength of the relationship between HRM Practices and OC.

➢ **PRIMARY RESEARCH QUESTIONS AND OBJECTIVES OF THE STUDY**

More specifically, this study intends to have the following objectives:
1. To examine the effect of perceived HRM Practices on Organizational Commitment.
2. To examine the mediating effect of person-organization fit (P-O fit) on the relationship between perceived HRM Practices and Organizational Commitment.
3. To examine the moderating effect of age on the relationship between perceived HRM Practices and Organizational Commitment.

➢ **SIGNIFICANCE OF THE STUDY**

The findings of the study will have both theoretical and practical implications. On the theoretical front, it will help expand the domain knowledge in the area of OC and how perceived HRM Practices and P-O Fit can act as potential antecedents of OC. As there is no consensus in what constitute HRM Practices across the globe, this study helps to extend the concept of HRM Practices generated in the much developed Western and validate the measure/scale in the developing Eastern context. On the practical front, the findings will be useful in creating and sustaining better HRM Practices that ensure higher level of OC in Banking Sector. Also, it will help HR managers to understand that HRM Practices have the potential to impact on person-organization fit. Hence, rather than focusing on pre-hire P-O Fit, they can focus on maintaining better HRM Practices that lead to better P-O Fit which in turn can lead to greater OC. Hence, practitioners get an insight as to how they can enhance the level of commitment by focusing on different aspects of HRM Practices such as creating better and enabling environment and providing Learning and Developmental opportunities.

➢ **RESEARCH METHODOLOGY**

• **Research Approach**

The philosophical underpinning of this research is the positivist paradigm. The ontology of this study is objectivism and the epistemology is positivism. This study essentially focuses on establishing correlation among the proposed independent, mediating, and dependent variables and also examines the impact of independent variable on the dependent variable.

• **Research Design**

The study is a correlational investigation and carried out in a non-contrived work setting within the positivist paradigm. Unit of analysis for the study were individual employees working in the Banking Sector of Nepal. The research design involved quantitative study based on positivist paradigm by means of review of literature related to OC, perceived HRM Practices and P-O fit and use of questionnaire as the data collection method. Survey method was chosen as it is the most common method employed in examining the relationship between HRM Practices and employee attitude and behavior (Cully et al., 2000 as cited in Edgar & Geare, 2005).

• **Research Hypotheses**

1. **Hypothesis 1**: Perceived HRM Practices (a)good and safe working conditions, b) recruitment and selection, c) equal employment opportunities (EEO), d) training and development) affects Organizational Commitment.
2. **Hypothesis 2**: Person-Organization Fit mediates the relationship between perceived HRM Practices and Organizational Commitment..
3. **Hypothesis 3:** Age moderates the relationship between perceived HRM Practices and Organizational Commitment such that the relationship is strengthened for higher aged than for lower aged employee.

• **Population and Sample**

The population for this study is employees working in 'A' Class Commercial Banks. However, there is no precise data available on the number of employees working in Commercial Banks to decide on the sampling frame. Out of twenty-eight Commercial Banks in Nepal (Nepal Rastra Bank, 2017, January 15), researcher chose nine banks with the highest number of staff members in their corporate headquarters. Researcher ensured that headquarters having minimum of 200 staff members alone were approached. Greater familiarity of the staff at Head Quarters with HRM Practices vis-à-vis those working in branch offices is the primary reason for selecting the head office staff. Questionnaires were proportionately distributed to the staff of all the selected banks on convenience basis.

• **Measures/Instruments**

Responses for this study were collected using Self-reported Questionnaires that facilitate ease in direct contact with and more participation from the respondents.

Also, self-report measures are the ubiquitous form of data collection in Organizational Behavior and Management (Podsakoff, & Organ, 1986).

- **Variables and their Operationalization**

The independent variable for this study is perceived HRM Practices and the dependent variable is OC. P-O Fit is taken as a mediating variable.

- **Perceived HRM Practices**

Among the various ranges and types of HRM Practices, this study has operationalized perceived HRM Practices as comprising of **FOUR** different types namely, (1) good and safe working conditions, (2) training and development, (3) equal employment opportunities (EEO), (4) recruitment and selection. These areas have been selected as they have been found to have greatest impact on employee attitudes and behavior (Guest, 2001 as cited in Edgar, & Geare, 2005).

- **OC**

Since, literature on different components of OC sees them as distinct. This represents the shortened version of the 15 item OC Questionnaire (OCQ) developed by Mowday et al., 1982 and hence represents only the affective or attitudinal commitment. This measure has also been used to describe commitment to a profession by inserting the profession name in place of organization in each item (Vandenberg & Scarpello, 1994, as cited in Fields, 2002).

- **Person-Organization Fit (P-O Fit)**

Available literature defined P-O Fit in numerous ways. Some have looked into pre-hire P-O fit while others have looked into post-hire P-O fit. As per Cable and Judge (1996), it is the "degree to which job seekers' subjective perceptions of the fit between their values and their organization's values". In this study, OC is measured using a nine-item shortened version of the 15-item OC Questionnaire (OCQ) given by Mowday et al., 1982 (as cited in Fields, 2002). Responses are obtained on a 7 point Likert-type scale where 1=Strongly Disagree, 2=Moderately Disagree, 3=Slightly Disagree, 4=Neither Disagree nor Agree, 5=Slightly Agree, 6=Moderately Agree and 7=Strongly agree. Coefficient alpha values ranged from .74 to .92 (Aryee, Luk, & Stone, 1998; Cohen, 1995, 1996 as cited in Fields, 2002).

- **Perceived HRM Practices**

The scale for perceived HRM Practices is taken from Edgar, & Geare, 2005. It consists of a total of 20 items shown under four sub-categories. They are: good and safe working conditions, recruitment and selection, equal employment opportunity, and training and development. Coefficient alpha values ranged from 0.83 to 0.88 for all 5 item measure relating to each of the four areas under HRM Practices. Responses were obtained using a 5 point Likert scale where 1= strongly disagree and 5= strongly agree. Sample item included are, "my working conditions here are good",

- **Person-Organization Fit**

Person- Organization fit was measured with 3-item, 5 point Likert type scale where 1= not at all and 5= completely. This measure was developed by Cable and Judge, 1996). An example of item was "To what degree do you feel your values "match" of fit this organization and the current employees in this organization? Coefficient alpha was .87.

DATA COLLECTION PROCEDURE

- **Administration of the Questionnaire**

Of the total 450 questionnaires, hard copies of 50 questionnaires were distributed evenly among employees among nine different Commercial Banks as email surveys have very less response in our social context. Also, online surveys are not found to be fruitful compared to paper questionnaires due to low response rate (Sax, Gilmartin, & Bryant, 2003). Prior approval and consent was taken from before approaching them. The questionnaires were prepared using standard scales and consisted total of total of 37 items. Socio-demographic variables included gender, age, and level in organization, tenure and academic qualification. Keeping in mind their profile, no translation of questionnaires was made. Out of 450 questionnaires only, 285 questionnaires were returned and only 269 questionnaires were considered as final sample after considering missing values and unusable responses. This yielded a response rate of 59 %. Of the total respondents, 55.4 % were male and 44.6 % female. The average age was about32 years with maximum of 43 and minimum of 21. 63.2% of the employees were found to be working in the middle level followed by 29.7% in the lower level and 7.1% at the top level. The average tenure of the respondents was found to be 6.3 years. 76.2% of the respondents had graduate degree whereas 22.3% had undergraduate degrees.

- **Data Processing**

Each returned questionnaire was alloted separate number for entering data in SPSS. Then, manual screening was done for detecting missing data. Missing data was also found through frequency count in SPSS.

The coding and data entry of the responses was done using statistical software SPSS 21 for windows and Stata 12.

- **Data Analysis**

In order to check the reliability of the data., cronbach alpha of each measure was calculated. In order to determine the model-fit, Confirmatory Factor analysis (CFA) was conducted. In order to ensure minimum relibility, CFA was used to find the standardized path coefficient and if the path coefecent was small, those items would be dropped to ensure better reliability of that scale.CFA was run to test the model fit. SPSS Amos 21 was used to carry out CFA. Descriptive statistics, correlations, and scale reliabiltiies were computed. Model Ppecification Test was carried out to test if the model is correctly specified and heteroscedasticity tests were carried out to test whether the residuals have changing variance. Hierarchial Regression Analysis was run to test the impact of independent variable on the dependent variable.Mediation analysis was carried out using the four step approach proposed by Baron and Kenny (1986) which requires that the relationship between independent variable to be significant. Moderation analysis was carried out using Moderated Multiple Regression (MMR).

- **RESULTS**

Data gathered by means of survey using questionnaires were subjected to a number of tests such as confirmatory factor analysis, reliability analysis, descriptive statistics and correlations. Hierarchical regression was carried out to test the impact of predictor variable on the dependent variable. Test of mediation and moderation was carried out separately. Test of model specification and heteroscedasticity was conducted. In order to run Confirmatory Factor Analysis (CFA), 269 data with no missing items was entered in AMOS. Also to detect and control for common method bias through statistical remedies, CFA was carried out on the data set (Alfes, et al., 2013). CFA was run separately for independent and dependent variables and also for the entire three in one single model. Sample size qualifies for carrying out CFA. Model turns to be unfit for the sample sizes of 200 or smaller under the normality assumption (Dogan, Ozaydin, & Yilmaz, 2015).

CONFIRMATORY FACTOR ANALYSIS FOR VARIABLES AND MEASUREMENT SCALES

- **CFA (Perceived Human Resource Management Practices)**

Factor loading of all items under four specific sub-dimensions of perceived HRM Practices was above .30.

The lowest factor loading was found to be .39 for the item "This organization does not need to pay more attention to the way it recruits people". The initial model fit of the construct perceived HRM Practices was not acceptable as p value was significant at 0.000. Other indicators such as (the normed chi-square (CMIN/df) = 3.003, GFI=. 839, AGFI= .794, CFI=.832, and RMSEA=.086) was not satisfactory. So

in order to improve model fit, covariance between errors was carried out between items that reported highest value in modification index. Revised version of perceived HRM Practices displayed that the CMIN/df= 3.003 which did not exceed 5, GFI=. 839, AGFI= .794, CFI=.832, and RMSEA=.086. CFI value greater than 0.90 and RMSEA value less than 0.80 represent a good fit (Tabouli, et al., 2016).

To ensure goodness of fit of the construct, covariance was carried out again among error terms in items that represented highest modification index value, namely, " favoritism is not evident in any of the recruitment decisions made here" and " interview panels are used during the recruitment and selection process in the organization" and between "Equal Employment Opportunities (EEO) is promoted within the organization" and "I get the opportunity to discuss my training and development requirements with my employer". Multiple times covariance was conducted to achieve the acceptable level of RMSEA and CFA. The final revised version of the perceived HRM Practices CMIN/df) = 2.23 GFI=.882 AGFI= .841, CFI=.902, and RMSEA=.068). For, OC and P-O Fit, factor loadings for individual items were computed. And finally model fit was computed for the independent, dependent and mediating variable. For OC, a factor loading of all nine items was more than 0.30.

Hence, no item was required to be removed. The initial model fit for OC was not satisfactory (the normed chi-square (CMIN/df) =3.776, GFI=.922, AGFI= .794, CFI=.832, and RMSEA= 0.8). Due to high value of RMSEA, and low AGFI and CFI, covariance was run with items having the highest modification index value. After this, the model improved a little better as (CMIN/df) =2.34, GFI=.955, AGFI= .915, CFI=.972, and RMSEA= 0.71). Once again covariance was run to ensure better fit (CMIN/df) =2.15, GFI=.962, AGFI= .922, CFI=.978, and RMSEA= 0.66). Since chi-square/ df= 47.49/22 =2.15 which is less than 2.5, this indicates good fit (Arbuckle, 2006 as cited in Alfes, Shantz, Truss, & Soane, 2013). Finally, for Person-Organization Fit, factor loadings of all three items was more than 0.30. CFA was run for the entire model consisting of Perceived HRM Practices, OC, and P-O F fit. Perceived HRM Practices consisted of 20 items, OC 9, and P-O Fit 3 items in all.

Result of CFA initially indicated that the model was not fit (CMIN/df= 2.36, GFI=.793, AGFI=.757, CFI=.831, RMSEA=.071. Hence, covariance between the error terms was run multiple times for items whose modification indices were the greatest, for eg between expenses related to training and development are paid and "my organization is committed to the training and development needs"., another pair of covariance was run between "management supportive of cultural differences" and "organization spends on EEO awareness and training and among other five pair of error terms. Then model fit was improved (CMIN/df=2.034, GFI=.822, AGFI= .800, CFI=.886, RMSEA= 0.64). Subsequently, covariance was run among error terms and successive results yielded that (CMIN/df=1.702, GFI= .857, AGFI=. 882, CFI=.917, RMSEA=0.51). After running covariance multiple times among the covariance, results yielded satisfactory model fit (CMIN/df= 1.581, GFI= .87, AGFI= .897, CFI=.933, RMSEA=0.47). Since RMSEA value is less than 5 and CFI is higher than 0.9, we consider it fit, GFI and AGFI are also near to 0.90 which suggests an acceptable model fit.

- **Descriptive Statistics, Correlations, and Scale Reliabilities for Scale Variables**

Calculated Correlation coefficients are below 0.70, there is no issue of multi-collinearity in this study (Tabachnick, & Fidell, 1996 as cited in Alfes, Shantz, Truss, & Soane, 2013). For Descriptive Statistics Correlations and Scale Reliabilities N=269. It may also be noted that p <0.01. **HRM1**—Good and safe working conditions, **HRM2**— recruitment and selection Practices, **HRM3**—Equal Employment Opportunities, **HRM4**—Training and Development, P-O Fit—Person-Organization Fit, Organizational Commitment—OC. Cronbach alpha for all items measuring the independent variable, perceived HRM Practices and dependent variable, OC was higher than the suggested threshold of 0.70. Rule of thumb states that alpha levels higher than 0.70 indicate internal consistency among the items of the scale (Dunn, Seaker, & Waller, 1994). However, Cronbach alpha for construct of P-O fit was .61 as it consisted of only three items. It also shows less correlation among items in the construct. Cronbach alpha is also dependent on number of items in the scale (Terwee, et al., 2007). This has resulted in lower internal consistency. Despite low alpha value, the researcher did not drop any items from the P-O construct because deleting items from construct thinking it as a bad item may affect the test validity (Nunnally, & Bernstein, 1994 as cited in Wibowo, 2016). Also, the reason for low internal consistency was due to the fact that the item may not have been very culturally relevant to the respondents.

The mean value of all sub-dimensions of perceived HRM Practices, such as good and safe working conditions, recruitment and selection Practices, equal employment opportunities, and training and development were higher than the average value indicating that these are practiced in our context and relevant. Also, OC which was measured with 7 point Likert scale has mean value of higher than the average. The high average value could be due to social desirability bias leading respondents to rank higher about them. Social desirability bias leads respondents to rank their selves higher to appear favorable in self-reporting surveys. Though this has been the case, many research till date ignores the issue with social desirability bias which has potential to impact on scale validity (King, & Bruner, 2000). Person-Organization fit value was also found to be higher than the mean value indicating fit among employees' values and personality to that of the organization working in the Banking Sector.

- **Model Specification Test**

Ramsey RESET test is chosen as we have only one independent variable i.e., Perceived HRM Practices and measure the impact on dependent variable, OC. There could be other potential variables impacting OC which might have been missed out in our case. Hence, this mandates the check for model specification using these two tests. Also, these tests are used for linear regression model. Ramsey RESET tests if the linear combination of the fitted value helps explain the regression. It also provides for the explanatory power of the model and also about the omitted variables.

```
Ramsey RESET test using powers of the independent variables
      Ho:  model has no omitted variables
          F(15, 248) =      3.37
            Prob > F =    0.0000
```

Table 1: Ramsey RESET test for model specification

The result shows that the model is significant at 5%. And therefore, we can reject the null hypothesis and say that model has some omitted variables. However, this is not the single way to test for model specification. So we can proceed with Link Test to further confirm this.

```
      Source |       SS           df       MS                  Number of obs =     269
-------------+----------------------------------              F(  2,   266) =  105.69
       Model |  109.000584         2   54.5002921              Prob > F      =  0.0000
    Residual |  137.169869       266   .515676199              R-squared     =  0.4428
-------------+----------------------------------              Adj R-squared =  0.4386
       Total |  246.170453       268   .918546466              Root MSE      =  .71811


------------------------------------------------------------------------------
          OC |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        _hat |   1.206455   .8901179     1.36   0.176    -.5461182    2.959028
      _hatsq |  -.0188008   .0808159    -0.23   0.816     -.177921    .1403195
       _cons |  -.5591575   2.433253    -0.23   0.818    -5.350043    4.231728
------------------------------------------------------------------------------
```

Table 2: Link Test for model specification

The p value shows that model is not correctly specified at 5 %. Also, t and p values are not significant. Hence, we can assume that model has some issues with relation to omitted variables. Hence, we can now move forward to Heteroscedasticity Tests.

Test of Heteroscedasticity using Breusch-Pagan Test: Breusch Pagan Test is carried out to see if estimated variance of the residuals from a regression is dependent on the values of the independent variables. This test helps to identify heteroscedasticity issues by the help of chi-square value. For the results, p value is significant at 5% suggesting that we can reject null and say that variance is non-constant. This means our data suffers from heteroscedasticity problem which is natural for a cross-sectional data based on convenience sampling. To further confirm this, White test is conducted. While Breusch-Pagan Test is only linear form of heteroscedasticity, White test examines other forms as well and considered to be stronger tool.

Test of Heteroscedasticity using White Test: Results show that p value is significant at 5% which means that heteroscedasticity is there is the data. This suggests that the model is not completely robust and suffers from non-constant error variance; hence there is heteroscedasticity in data.

➢ **HYPOTHESIS TESTING**

Hierarchical multiple regressions was utilized to test hypotheses. Regression was run to test the predictive power of the independent variable, i.e. Perceived HRM Practices (good and safe working condition, recruitment and selection, equal employment opportunities, and training and development) on affective OC of employees.

Mediation analysis was carried out to test the indirect impact of person-organization fit on the relationship between perceived HRMPs and affective OC. Additionally, the moderating role of age on the relationship between perceived HRM Practices and affective OC is also examined. Linear Regression is found out to examine the relationship between Perceived HRM Practices and OC with OC as the Dependent Variable. It was noted that $**p < 0.01$, $*p < 0.05$ HRM1- Good and safe working conditions, HRM2- recruitment and selection Practices, HRM3-Equal Employment Opportunities, HRM4-Training and Development, POFit- Person-Organization Fit, OC-OC

It was seen, the regression model predicting the impact of perceived HRM Practices on OC is significant (F=28.4, p=0.000). All the four sub-dimensions of perceived HRM Practices explained 30 percent of the variance in OC as given by the R square value. Among the four sub-dimension, good and safe working conditions explained 33 percent of the variance in OC and is the most powerful predictor among other HRM Practices in the Nepali Banking Sector (p<0.01). Equal Employment Opportunities and Training and Development Practices also predicted OC (p<0.05). On the contrary, recruitment and selection Practices did not predict OC in our context as the results were insignificant.

• Based on the results obtained, Hypotheses **1(a), 1 (c) and 1(d)** are **supported** while hypothesis **1(b)** is **rejected.**

Regression Results of the mediating impact of Person-Organization Fit in the relationship between Perceived HRM Practices and OC

	Step 1		Step 2		Step 3		Step 4	
	OC		POFit		OC		OC	
Variables	b	t	b	t	b	t	b	t
HRMP	0.52**	10.11	0.46**	8.53			0.33**	6.25
POFit					0.57**	11.52	*0.42**	8.02
R square		0.27		0.21		0.33		0.41
F		102.3		72.9		132.8		95.5

Note: HRMP=Perceived HRM Practices; PO Fit=Person Organization Fit; OC-OC; b=Standardized beta coefficient; t+ t-value

To measure the mediating impact of person-organization fit on the relationship between perceived HRM Practices and OC, all 20 items of HRM Practices were combined into one single variable. The mediating impact of P-O fit on the relationship between HRM Practices and OC were examined in four stages as suggested by Baron and Kenny (1986).

The general test of mediation is examining the relationship between predictors and criterion variables, relation between predictor and mediator variables, relation between mediator and criterion variables. All of these relationships should be significant to have mediating impact (Guchait, & Cho, 2010). The relationship between predictor and criterion should be reduced after controlling the relationship between mediator and criterion variables (Baron, & Kenny, 1996 as cited in Guchait, & Cho, 1996).

The result of the mediating analysis as shown in table 8 shows that once linear regression was conducted between the predictor (Perceived HRMPs) and criterion (OC), they explained 27% of the variance in OC and the regression coefficient was significant at 1% significance level (F=102.3, p=0.000) supporting the first step in the mediation analysis. In the second stage, regression analysis was run to examine the relationship between predictor (perceived HMRPs) and mediator (P-O fit). HRM Practices explained 21% of the variance in P-O

fit and the regression model was found significant (F=72.9, p=0.000). In the third step, regression was run between OC and P-O fit. P-O fit explained 33% of the variance in OC. This model was also significant (F= 132.8, p=0.000). Finally, in the fourth step, the relationship between predictor (perceived HRMPs) and the criterion variable (OC), after controlling for the mediating variable (P-O fit) was tested by running regression. The coefficient of perceived HRM Practices decreased after controlling for P-O fit. The reduced values are given by standardized beta coefficient and t values in the table above. This indicates that P-O fit had significant partial mediating effect on the relationship between perceived HRM Practices and OC. **This result supports Hypothesis 2.**

Regression Results for testing moderation of Age on the relationship between perceived HRM Practices and OC were obtained with the OC as the Dependent variable. It was noted that p <0.05. Results of the Moderation Analysis suggest that in the first stage when perceived human resource management Practices were entered in the regression for carrying the impact, the result was significant. But as age and the interaction effect (HRMP* Age) was entered, the result was insignificant (standardized beta coefficient, b=-0.75 and t value less than 2). This suggests that age has not moderated the relationship between perceived HRM Practices and OC. As a result, **Hypothesis 3 was rejected.**

SUMMARY FINDINGS, DISCUSSION, AND IMPLICATIONS

Now, the findings are discussed in the light of the empirical support from previous literature and also by exploring their contextual reasons along with their implications before critiquing the study. The findings suggested that there is slightly above mean score for all dependent, independent, and mediating variables. Perceived HRMPs, and P-O fit was measured using 5 point Likert scale while OC was measured using 7-point Likert scale. Higher mean value of the construct suggests that there is existence of HR Practices which has implications on employees' commitment levels and thus has managerial and theoretical implications. Banks need to consider that HRM Practices do matter in enhancing the commitment level of employees. Also, mean value of P-O fit was higher than the mean value suggesting that employees working in Banking Sector find that values and personalities match with that of the organization. Since the mean value of HRM Practices and P-O fit is higher than average, it suggests that existence of HRMPs do lead to better P-O fit. Since the regression impact of perceived HRMPs on P-O fit and OC was significant, it has helped to establish HRM Practices and P-O fit as predictors of OC in our social context. High mean value for commitment suggests that the average score might have been inflated as it was a self-report measure. In self-report measure, respondents have tendency to project higher image of themselves known as social desirability bias (Van de Mortel, 2008).

Findings also revealed that the average tenure of the sample respondents was above six years suggesting that commitment level of employees are higher. It has been found that tenure correlated positively and has impact on commitment (Smeenk, Eisinga, Teelken, & Doorewaard, 2006). With regard to the hypotheses, it was found that out of four sub-dimensions, three sub-dimensions of HRM Practices (good and safe working conditions, equal employment opportunities and training and development) had some impact on employees' commitment level whereas, recruitment and selection Practices did not impact. Reasons for this are explored in the discussion section. It was found that person-organization fit mediated the relationship between perceived HRM Practices and OC as hypothesized. This finding is in line with previous literature. Additionally, it was found that age did not moderate the relationship between perceived HRM Practices and OC. Findings are in contradiction to earlier findings. Probable reasons are discussed.

- **Discussion**

The findings from the study shows that perceived HRMPs impact on the affective commitment of the employees. Previous studies have provided evidence to suggest that HRM Practices have impact on affective commitment (Gould-Williams, & Bottomley, 2015; Scheible, & Bastos, 2013; Yu, & Egri, 2005). Based on social exchange theory, HRM Practices have been taken as a practical approach to elevating the commitment levels of employees (Guchait, &Cho, 2010) and this study has confirmed this fact by establishing significant relationship between HRM Practices and Employee Commitment. Social exchange is based on norms of reciprocity, so if organizations focus on their HRM Practices, they get commitment from employees in exchange (Giauque, Resenterra, & Siggen, 2010).

Finding that recruitment and selection Practices do not impact on Employee Commitment are in line with the findings by (Williams-Gould, 2004) and in contrast with earlier findings that posit that selection and recruitment Practices do impact on Employee Commitment (Chaubey, Bisht, Kothari, 2016; Scheible, & Bastos, 2013; Iles, Mabey, & Robertson, 1990). Possible reasons could be that employees are more concerned with the Practices within the organization once they join rather than during the staffing process (recruitment and selection).What matters more is the HR Practices instituted in the organization once employees start working rather than the hiring process. Also, the mean value of recruitment and selection process is higher, which ensures that the recruitment process is fair, transparent in terms of the way it hires and selects process. So in general the organizations do not need to focus on the way it hires people as a result, these Practices seem to have insignificant impact on commitment.This supports the fact that Nepali banks follow standard hiring and recruitment process. This study found that P-O Fit partially but significantly mediated the relationship between perceived HRM Practices and OC. Findings are in line with previous studies where person-organization fit mediated the relationship between HRM Practices and employee outcomes (Boon, et al., 2011).

Hence, this study confirmed the fact that the relationship between HRM Practices and OC are not always direct and unconditional but through some mediating mechanism (Takeuchi, & Takeuchi, 2013). Also, this research study reinforces that fact that fit between individuals and organizations can be achieved by aligning the HR Practices. Hence, HR managers of Nepali Banking Sector can focus attention in this direction. It also found that age did **not** moderate the relationship between perceived HRM Practices and OC.

Researcher had assumed that with higher aged the impact of HRM Practices on OC gets strengthened as hypothesized in earlier literatures. It can be argued that the intention to remain with the organization increases in the old age compared to young age. Most employees in the young age tend to switch companies for better career options. For this reason, age was taken as moderating variable. Age has also been found to impact on affective commitment (Meyer, & Allen, 1984). However, in contrary it was observed that age did not moderate. The impact of HRM Practices on OC can be significant even for younger employees and if they are supportive, employees young or old, continue to remain committed.

- **Implications**

Findings from the study have some practical implications for HR managers. Results corroborate the fact that not all HRM Practices boost value and enhance positive employee outcomes (Warech, & Tracey, 2004). Hence, Nepali HR managers in Banking Sector may focus on creating good and safe working conditions as it was found to havehighest impact on OC. In similar lines, equal employment opportunities and training and development opportunities also do make an impact on commitment. Since recruitment and selection Practices did not seem to impact on HRM from this study, what we can infer is that post hire-HRM Practices are more significant in creating impact on commitment levels than pre-hire HRM Practices. What is significant in the organization is what employees experience once they join the organization not during the process of getting recruited. Therefore, HR managers in the Banking Sector should focus on creating better environment in the organization in terms of providing safe working conditions, equal opportunities for employment, and better training and development

opportunities. Thus overall, this study advocates for the establishing better HRM Practices which contribute in better person-organization fit and which eventually enhances OC. The underlying philosophy of HRM should be on congruence and commitment and not on compliance and control (Shahnawaz, & Juyal, 2006). Therefore, for reasons mentioned earlier, Nepali HR managers in the Banking Sector should focus on some of these HR Practices for better commitment from employees.

- **Critiquing of the Study**

This study has been carried out based on convenience sampling method. Lack of accurate sampling frame prohibited use of probability sampling method. Samples collected being limited there was no wider geographic representation.

Use of Self-report Measures by the respondents for all the constructs might have led to social desirability bias and increased the chance of common method bias. Paucity of time prevented the researcher from establishing content validity of the construct and the items thereof by contacting all HR Professionals. Researcher believes that mixed method of data collection would also be suitable for research of this nature in future as there are no universal HRM Practices. To increase the value of this research, one needs to go for (i) qualitative inquiry into the nature of HRM Practices in the local social and cultural context and (ii) quantitative inquiry to establish the impact among various attitudinal and behavioral outcomes. Moreover, researcher has carried out Confirmatory Factor Analysis of the established scales and constructs used. Future researchers may aim to design their own constructs and carry out exploratory factor analysis. Additionally, researcher has tested mediating and moderating effects of variables separately, but future research may test the mediating and moderating effect in one single model either through Mediated Moderation model or Moderated Mediation Model. These models are gaining prominence in research in the recent days as they allow an examination of the effect of mediation and moderation together in one single model (Preacher et.al, 2007).

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