The Management Review
Volume (2), Issue (1), 2026
The Journal of Central Department of Management
Far Western University, Nepal
ISSN (Online): 3059-9997, ISSN (Print): 3059-9989
DOI: https://doi.org/10.3126/tmr.v2i1.96888

Analysis of HRM Impact on Organizational Performance of Trading Sector Public Enterprises in Nepal

Rishikesh Panthi, PhD

Assistant Professor
Kasthamandap College of Public Affairs Management, Nepal
e-Mail: drishikeshpanthi2021@gmail.com
ORCID: https://orcid.org/0009-0007-2748-8594

Abstract

This study aims to provide a comprehensive analysis of the contribution of Human Resource Management to the effectiveness, efficiency, and overall performance of Nepalese trading sector public enterprises. The study is based on a combination of both descriptive and causal-comparative research designs to achieve its objectives. Descriptive research design is used to describe the different phenomenon of the dependent and independent variables. Similarly, the casual comparative research design is used to examine the magnitude of impact of independent variables on dependent variable. The data have been collected through the 5-points Likert scale structured questionnaires from the 134 out of 196 respondents including officer level employees of 5 trading sector public enterprises by stratified random sampling method and some key informants were interviewed. The regression results confirmed that human resource management has the significant positive impact on organizational performance of trading sector public enterprises in Nepal. The findings of the study reveal that the performance level of trading sector public enterprises was below satisfactory standards, primarily due to ineffective human resource management practices within public enterprises. The study provides valuable insights for the Government of Nepal, concerned authorities, stakeholders, employees, executives of public enterprises, policymakers, researchers, academicians, and experts, serving as a significant reference for further research and policy formulation in this field.

Keywords: *Human Resource Management, Organizational Performance, Public Enterprises, Management, Nepal.*

Introduction

After the global economic crisis of the 1930s and especially aftermath of the Second World War, numerous State-Owned Enterprises were established in both advanced and emerging nation to tackle market failures, financial constraints, minimize large-scale

Panthi, R. (2026). Analysis of HRM impact on organizational performance of trading sector public enterprises in Nepal. *The Management Review, 2*(1), 1–26. https://doi.org/10.3126/tmr.v2i1.96888

unemployment and accelerate economic development and ensure public control over economic development (Khan, 2005; Adsanmi, 2011). Furthermore, Ogohi (2014) observed that public enterprises are instituted worldwide to stimulate sustainable economic growth and enhance social development (Ogohi, 2014).

Similarly, Sharma (2012) advocated that this trend was not limited to developing countries, advanced economies also relied on state enterprises to maintain economic stability and deliver essential public services (Sharma, 2012).In this background of PEs., Nepal actively participated in the global trend of establishing public enterprises (PEs). The institutional development of PEs in the country gained momentum after the foundation of Biratnagar Jute Mills in 1936, expanding steadily to a total of 66 enterprises in 2008 (MOF, 2014). These entities were primarily instituted to foster socio-economic transformation within the nation. Their core mandate encompasses driving economic development and enhancing the quality of life for the general population (K.C., 1994).

By the ends of the 1960s, Nepal had instituted more than five dozen such public enterprises. These entities were established with the overarching objective of ensuring the widespread availability of essential goods and services to the general public, delivering them at affordable prices. Additionally, they were mandated to develop foundational infrastructure, engage in the production and distribution of goods and services, and generate profits to foster financial self-sufficiency. Beyond their commercial functions, public enterprises have been instrumental in facilitating infrastructural expansion, stimulating economic growth, and advancing social justice through the adoption of principled governance and the enhancement of operational efficiency and effectiveness (MoF, 2018).

Public enterprises have two main responsibilities: to earn profits like a business and to serve the public. However, they have found it difficult to achieve both goals at the same time. Even though they received long-term support from the government, many of them could not become efficient or develop strong business skills. Instead, they often faced heavy losses and became a financial burden on the government. Overall, evidence shows that many public enterprises contribute inadequately to national development and are also ineffective and inefficient in delivering public services (Ogohi, 2014; MOF, 2014).

As a consequence of these circumstances, 30 out of the 66 public enterprises were privatized by the end of 2008, largely due to their persistent poor performance and the Government of Nepal's shift toward a market-oriented economic framework (Tiwari, 2009). An evaluation of the post-privatization outcomes reveals that, among the 30 privatized enterprises, 18 ceased operations, 9 achieved profitability, and 3 continued to incur losses (MOF, 2020). The privatization initiative was primarily undertaken to enhance production capacity and productivity, improve organizational performance, attract greater investment, promote operational efficiency and effectiveness, and alleviate the fiscal burden imposed on the government by public enterprises.

A comparative analysis of Nepalese public and private enterprises revealed that public enterprises were more capital-intensive and demonstrated superior performance in capacity utilization, profitability, and overall economic returns. However, with the exception of a few instances, their production levels did not show significantly growth (K.C., 1999).The performance of public enterprises has been a central issue driving the force for privatization among policymakers, academics, and experts. on the other hand, based on the experience of the over the past three decades, the privatization program has not created the predictable positive results (K.C., 1999).

In this context, several public enterprises that have consistently incurred losses include the Agriculture Inputs Company, National Seed Company Ltd., National Trading Ltd., Nepal Food Corporation, Nepal Oil Corporation, and The Timber Corporation of Nepal Ltd. (MOF, 2014). Among these, Nepal Oil Corporation has been a major contributor to the overall financial deficit, reporting a negative shareholders' fund of Rs. 146,856 million and accumulating a net loss of Rs. 177,963 million up to 2016 (MOF, 2016). However, it has subsequently managed to recover its financial position and has been generating profits from 2016 onwards (MOF, 2020).

The Government of Nepal established trading-sector public enterprises to undertake strategic commercial activities that ensure equitable development through the provision of essential goods and services at affordable prices, particularly in remote areas. These enterprises also serve to regulate market distortions, discourage monopolistic practices, and advance social welfare and economic justice (MOF, 2014).

To achieve both social and commercial objectives, the Government has invested Rs. 416,175 million in trading sector public enterprises in Nepal, which generated a profit of Rs. 1,013 million in the fiscal year 2017/18 (MOF: 2018). However, in contrast, loan obligations, administrative expenditures, unfunded liabilities, and contingent liabilities have shown an increasing trend, while operating profits and dividend receipt ratios have been declining (MOF: 2020).

Despite of huge government investment and strong support in the form of policy guidance, funding, and subsidies, trading sector public enterprises have not been able to achieve satisfactory social and financial performance. Although their primary objective is to operate efficiently and effectively to generate profits, many public enterprises in Nepal are struggling to manage financial crises, with only a few earning marginal profits while the majority continue to incur losses. Ultimately, organizational growth, progress, development, and sustainability depend largely on performance.

It raises an important question as to why these public enterprises are encountering such difficulties. The determinants of their performance, especially their failure to generate adequate profits, remain a key area of concern. Scholars in management, along with policymakers, academicians, and experts, continue to debate the viability of state-owned enterprises in promoting economic and social development, the reasons behind their inability to fulfill their intended objectives, and thereby improving management effectiveness to ensure high-quality service delivery and contribute to the country's economic prosperity (Ogohi, 2014).

Despite the extensive empirical literature on organizational performance across diverse geographical contexts, including developed and developing nations, the majority of studies have independently explored the effects of management leadership, human resource management, and production and marketing strategies on organizational outcomes (Asrar-ul-Haq & Kuchinke, 2016; Zadeh & Ahmadi, 2017; Ling, 2017). The cumulative findings consistently demonstrate that sound human resource management practices are positively and significantly associated with enhanced organizational performance.

In modern organizations, Human Resource Management (HRM) has emerged as a critical strategic function in contemporary organizations, playing a pivotal role in influencing employee attitudes and behavior, fostering organizational culture, and enhancing overall effectiveness. In the current era of globalization, highly aggressive and changing business environment, organizations face constant pressure to increase productivity, keep skilled employees, and achieve long-term success.

Therefore, Key Human Resource Management practices, including talent acquisition and selection, employee training and development, performance evaluation, compensation management, and employee involvement are receiving greater attention from both researchers and professionals. These practices are now seen not just as routine administrative tasks but as important tools that directly contribute to organizational success (Ozkeser, 2019; Muddasar Khar, et al. 2026).

Employees are considered one of the major important resources of any organization, and their performance greatly affects whether the organization meets its goals. Human Resource Management (HRM) practices help organizations hire, train, motivate, and keep skilled employees who positively impact results. Effective HRM practices contribute to positive employee attitudes, skill development, and organizational commitment, whereas inadequate HRM systems often result in low morale, poor performance and higher turnover rates (Shaukat et al., 2015).

Furthermore, improving employee performance, HRM practices play a pivotal role in enhancing the effectiveness of organizational training and development initiatives. Training helps employees improve their knowledge, skills, and abilities, especially with new technology and changing job demands. However, training yields optimal outcomes when aligned with organizational goals and supported by robust HRM policies, while strategic HRM ensures that such programs are structured, relevant, and lead to measurable performance improvements (Asghar, 2025; Anwar & Abdullah, 2021).

Moreover, employee motivation constitutes a central focus for organizations striving to improve productivity and sustain workforce stability, as it drives employees' willingness to exert effort, strengthen commitment, and engage in extra-role behaviors that enhance organizational performance (El-Ghalayini, 2017).

HRM practices, by fulfilling employees' financial, psychological, and developmental needs, substantially influence motivational outcomes. In this context, Mahmood et al. (2021) investigate their effects on employee performance, training effectiveness, and motivation, emphasizing their integrated importance in achieving organizational effectiveness (Mahmood et al., 2021). HRM practices play a pivotal role in modern management systems in determining organizational performance. Existing theoretical and empirical literature shows that extensive research has been conducted globally on organizational performance from diverse perspectives but there are only, few studies have been conducted on HRM practices and its impact on organizational performance of trading sector public enterprises in Nepal.

However, in the Nepalese context, this area of research is relatively new, as indicated by the earlier literature review. Existing literature has primarily investigated HRM, leadership, and production and marketing strategies as independent determinants of organizational performance, predominantly in international contexts. Nevertheless, there is a notable research gap concerning the implementation of HRM practices and their influence on organizational performance of public enterprises in Nepal. The study is also expected to contribute to the existing literature on performance management by filling the identified gap. Thus, the main objective of this study is to critically assess the extent to which Human Resource Management practices affect the performance outcomes of trading-sector public enterprises in Nepal.

Methodology

The study used both descriptive and causal-comparative research designs to examine the relationship between the independent and dependent variables. Data were collected from 134 out of 196 officer-level employees across five trading-sector public enterprises using a stratified random sampling technique. A structured questionnaire based on a 5-point Likert scale was administered to the respondents.

The population was divided into strata according to enterprise type, and random samples were selected from each stratum to ensure representativeness. Multiple linear regression using the Ordinary Least Squares (OLS) technique was applied to model the relationship between the dependent and independent variables. The Least Squares Regression model is as shown in equation (1).

$$PBM = \beta_1 + \beta_2 \, HRM + \varepsilon \qquad \ldots (1)$$

Where:

PBM = Performance-Based Management

HRM = Human Resource Management

The target population consisted of employees working in the Kathmandu Valley, totaling 196, and 134 employees participated in the study, representing 68.37% of the population. Primary data were collected directly from these employees between 28th May 2024 and 20th July 2024 using the structured questionnaire. The reliability of the data was tested with Cronbach's Alpha, which gave a value of 0.903, indicating high reliability and validity. The study applied the Performance-Based Management theory inspired by New Public Management.

The detail of population and sample size and selected for the study are shown in table 1.

Table 1

Sampling Procedure

Sampling organizations	Total officer level	Officer level working out of valley	Officer level working in KTM valley	Accepting Population as a sample	Sample population (%)	Sample population (%) in a whole
Agriculture Inputs Company Ltd.	59	40	19	14	73.68	10.44
National Seeds Company Ltd	13	6	7	5	71.43	3.73
Nepal Oil Corporation	167	52	115	74	64.35	55.22
Nepal Food Corporation	77	32	45	33	73.33	24.62
The Timber Corporation of Nepal	15	5	10	8	80	5.97
Total	**331**	**135**	**196**	**134**	**68.37**	**100**

Majority of employees in trading sector public enterprises are located in the Kathmandu Valley, 134 out of 196 employees were selected as the sample, accounting for 68.37% of the total population. Primary data were collected using a structured questionnaire administered directly to 134 officer-level employees of trading-sector public enterprises in Nepal. The survey was conducted over the period from 28 May 2024 to 20 July 2024.

Table 2

Reliability of the Data

Case Processing Summary

		N	%
Cases	Valid	134	100.0
	Excludeda	0	.0
	Total	134	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.903	115

The validity and reliability has been tested by using the Cronbach's Alpha. Table-2 summarizes the result of reliability test. The Cronbach's Alpha value of 0.903 reflects strong internal consistency, indicating that the data are reliable and that the research findings on trading-sector public enterprise performance are robust interms of NPM inspired performance-based management system.

Results

In this section of the study, the results obtained from the data analysis have been presented and interpreted.

Demographic Profile of the Respondents

The population of this study consisted of 134 out of 196 officer level employees of five trading sectors public enterprises including Agriculture Inputs Company, National Seeds Company Limited, Nepal Oil Corporation, Nepal Food Management and Trading Company and The Timber Corporation of selected as respondent for sample population. Respondents came from a variety of age group, gender, geographic locations, education and working experience etc. The summary of the demographic characteristics are presented in table 3.

Table 3 shows that 14 (10.5%) of sample were collected from Agriculture inputs company Ltd and only 5 (3.7%) from National Seeds Company Ltd. Similarly, 74 (55.2%) of sample population was taken from Nepal Oil Corporation and 33 (24.6%) from Nepal Food Corporation. At last 8 (6%) of employees was collected sample population from the Timber Corporation of Nepal.

Similarly, 49.3% of the sample were collected from officer level (6) and 26.1% was taken from senior officer level (7). Similarly, 11.9% sample collected from manager level (8) and 11.2 % from deputy director level (9). At last, only 1.5 % of sample population was collected from director level (10). The population of director level became very low and most of post vacant so that some of the post assigned as an upsetting or acting role.

Table 3

Demographic Profile of the Respondents (n = 134)

	Working Organizations	**Frequency**	**Percent**
Working Organizations	Agriculture Inputs Company Ltd.	14	10.5
	National Seeds Company Ltd.	5	3.7
	Nepal Oil Corporation	74	55.2
	Nepal Food Corporation	33	24.6
	The Timber Corporation of Nepal	8	6.0
Working Levels	6	66	49.3
	7	35	26.1
	8	16	11.9
	9	15	11.2
	10	2	1.5
Age group	20-25	3	2.2
	25-30	26	19.4
	30-35	25	18.7
	35-40	15	11.2
	40-45	13	9.7
	45-50	10	7.5
	50-55	25	18.6
	55-60	17	12.7
Gender	Male	88	65.7
	Female	46	34.3
Working Experience	1-5	38	28.4
	5-10	33	24.6
	10-15	3	2.2
	15-20	4	3.0
	20-25	16	11.9
	25-30	10	7.5
	30 and Above	30	22.4

Furthermore, only 2.2 % sampling from age group 25-30 and 19.4 % from age group 25-30. Similarly, 18.7% sample population draw from 30-35 age group and 11.2% respondents selected from 35-40 age group in the sampling process. Furthermore, 9.7 % selected from age group 40-45 and 7.5% from age group 45-50. Again, 18.6% employees were selected as a sample population from age group 50-55 and 12.7% from age group 55 above. For instance, 65.7% of respondents were selected from male and 34.3% were selected from female population for sampling process in this research study.

Consequently, in above table shows that the highest level of respondents was found 28.4% from only 1 to 5 years experiences in their service and 22.4 % of the employees have their 30 and more than 30 years' experience their field. Similarly, 24.6 of respondents have 5 to 10 years' experience and 11.9 % of employees have 20 to 25 years in their organization. Again, 7.5% of employees have 25 to 30 years' experience in their service but only 3.0 of employees have 15 to 20 years experience. At last, 2.2 % of employees have 10 to 15 years working experience in their respected field.

In above situation analysis of the study both new blood circulation (less-experience holder) and highest work experienced employees equally selected as sample population.

Human Resource Management: Independent Variables

Organizational performance depends on the effective utilization of technical, physical, financial, and human resources. Human Resource Management (HRM) governs the employee–organization relationship through managerial practices that shape employee behavior, perceptions, and overall workplace outcomes (Beer and Spector, 1985, Graham and Bennett, 1998). HR practices including talent attraction, development, motivation, retention, selection, training, compensation, performance appraisal, employee participation, and succession planning are treated as independent variables to assess their impact on organizational performance. The impact of human resources factors on ensuring organizational performance of public enterprises from various perspectives is given in table 4.

Table 4

Human Resource Management and Organizational Performance (n=134)

S. No.	Statement/Questions	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
1	HR practices help achieve business objective such as succession planning, to reduce/expand the work force.	5.2	9.0	11.9	56.0	17.9	100
2	The top-level HR executive serves as a key strategic collaborator within the senior management team.	9.7	25.4	17.9	34.3	12.7	100
3	HR strategy is formulated based on business strategy.	15.7	29.9	17.1	32.8	4.5	100
4	I have developed skills for solving problems through facilitate trainings.	11.9	46.3	9.0	29.1	3.7	100
5	I did not get sufficient opportunities for training and development.	6.7	17.2	4.5	40.3	31.3	100
6	Training is systematic and well-planned.	20.1	52.2	9.0	13.4	5.2	100
7	I feel energized and empowered at work.	12.7	48.5	10.5	23.1	5.2	100

Table 4 shows that 73.9% of respondents were agreed on HR practice help to achieve business objective such as succession planning, to reduce/expand the work force whether 14.2% were disagreed and 11.9% were undecided. Similarly, 47% of employees were agreed on the top-level HR executive serves as a key strategic collaborator within the senior management team whether as 35.1% disagreed and 17.9% were undecided. Furthermore, 45.6% of employees were disagreed on HR strategy is formulated based on business strategy on their organization whether 37.3% were agreed and 17.1% were undecided of this statement. Again, 58.2% of the respondents were highly disagreed on they have develop their skills for solving problem through the facilitate trainings from their office but 32.8% were agreed and 9% were undecided or confused.

Likewise, 71.6% of respondents were strongly agreed on they did not get sufficient opportunities for training and development whether as 23.9% only agreed and 4.5 were undecided of this statement. Again, 72.3% of employees were disagreed on training is systematic and well-planned whether only 18.6% were agreed and 9 % were undecided. At last, 61.2% of the employees were disagreed on felling energized and empowered at work whether 28.3 were agreed and 10.5% were undecided of this statement.

The findings demonstrate that while Human Resource Management practices significantly contribute to organizational performance, critical components-including strategic HR alignment, training and development provision, systematic training implementation, and employee empowerment-remain weak in Nepal's trading-sector public enterprises in Nepal.

Human Resource Management: Independent Variables

Human resource management is crucial as its practices shape employees' knowledge, skills, abilities, job satisfaction, and expectations, which ultimately influence turnover, productivity, and organizational performance (Huselid, 1995; Delaney & Huselid, 1996). HRM determine the working environment, work culture, opportunities for career development and promotion system, remuneration and incentives policy, provided fair job description and so on. In this study also find out the level of human resources factors and its impact on organizational performance of Trading Sector PEs in Nepal. The response of respondents on HR factors implemented in their organization is given details in table 5.

Table 5

Human Resource Management and Organizational Performance (n=134)

S. No.	Statement/Questions	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
1	I am inspired by my job.	5.2	31.3	13.5	44.0	6.0	100
2	Promotion aren't fair sound and based on performance management system	2.2	21.6	17.3	37.3	21.6	100
3	Incentives don't pay linked to job performance for all employees.	14.2	42.5	11.2	23.9	8.2	100
4	There is a clear explanation of remuneration policy and its implementation.	3.7	20.1	14.2	43.3	18.7	100
5	In your organization, there is a proper planning of HRM.	10.4	59.0	11.9	14.9	3.8	100
6	Employees don't have equal opportunities for education, training, promotion and career development as well.	4.4	17.2	9.0	42.5	26.9	100
7	Provided fair job description.	13.4	43.3	17.2	21.6	4.5	100

Table 5 shows that average level or 50% of employees were found agreed on inspired by their job whether 36.5% were found disagreed and 13.5% was undecided. Similarly, 58.9% employees were agreed on promotion are not sound and based on performance passed management system but only few 23.8% was found disagreed and 17.3 % were undecided about the statement of promotion. Furthermore, 56.7% were disagreed on incentives don’t pay linked to job performance for all employees whether as 32.1%

were agreed and 11.2% were undecided. Again, 62% of respondents were believed on there is a clear explanation of remuneration policy and its implementation whether as 23.8% were disagreed and 14.2% were undecided.

Likewise, 69.4% were disagreed on there is a proper planning of HRM in their organization whether 18.7% were found agreed and 11.9% were fond undecided. Subsequently, 69.4% of respondents were strongly agreed on employees don’t have equal opportunities for education, training, promotion and career develop mention their organizations whether 21.6% disagreed and 9 % were undecided. At last, 56.7% employees disagreed on provided fair job description in their organization whether as 26.1% were agreed and 17.2% undecided of this statement.

In above analysis, inspired by my job, promotion aren’t sound and based on performance based management system, incentive don’t pay linked with job performance, proper planning of HRM, employee don’t have equal opportunities for education, training and career development and provided fair job description all of above variables were found below the satisfactory level in trading sector public enterprises in Nepal.

Human Resource Management: Independent Variables

The physical working environment plays a crucial role in shaping employee morale, productivity, and engagement, with the potential to exert both beneficial and adverse effects (Chapins, 1995).There is including the career counseling scheme, right man at right place, good coordination between supervisor and subordinate, good and fair reward and recognition system, job security and good atmosphere at working place. The study aims to examine the relationship between working environment and organizational performance in trading sectors public enterprises in Nepal which is details given in table 6.

Table 6

Human Resource Management and Organizational Performance (n=134)

S.No.	Statement/Questions	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
1	There is a fair and sound environment of growth and development.	9.0	56.7	13.4	17.2	3.7	100
2	There is not a career counseling schemes.	7.5	9.7	9.7	37.3	35.8	100
3	There is a provision of right man at the right place.	22.4	47.7	9.0	16.4	4.5	100
4	Good coordination between supervisor and subordinate.	5.2	36.6	16.4	35.1	6.7	100
5	Good & fair Reward and Recognition system	15.7	53.0	15.7	14.1	1.5	100
6	Job security	2.2	5.2	3.0	49.3	40.3	100
7	Good Atmosphere at working place	7.5	44.0	22.4	23.1	3.0	100

Table 6 shows that 65.7% respondents were found disagree on the statement of fair and sound environment of growth and development in their organization whether only 20.9% were agreed and 13.4% were found undecided. Similarly, 73.1% of employees were found strongly agreed on their statement of there isn't a career counseling schemes in their organization whether 17.2% were disagreed and 9.7% were undecided. Furthermore, 70.2% disagreed on their organization practice of right man at right place whether as only few 20.9% were agreed and 9% were undecided about this statement. Furthermore, 41.8% of employees were agreed on good coordination between supervisor and subordinate whether 41.8 disagreed and 16.4% was undecided.

Similarly, 68.7% of employees were strongly disagreed on good and fair reward and recognition system whether 15.6% only agreed and 15.7% were undecided. Again, 89.6% respondents were strongly agreed on their confidence about job security whether as only 7.4% were disagreed and 3% were undecided. At last, 51.5% were disagreed on their good working atmosphere at working place whether 26.1% were agreed and 22.4% were undecided about the Atmosphere at working place.

In above phenomenon analysis, the fair and sound environment of growth and development, career counseling schemes, provision of right man at right place, coordination between supervisor and subordinate, good and fair reward and recognition system and good atmosphere at working place were found very poor / weak or below the level of satisfaction. The confidence level of job security was found very strong or high level of satisfaction.

Human Resource Management: Independent Variables

Compensation and benefits encompass both financial and non-financial rewards provided to employees in return for their services within the workplace (Loo & Leap-Han, 2013).Compensation and benefits are key HR tools through which employees and organizations exchange value to achieve organizational goals.(Guest, 2011).According to Zhu and Verstraeten (2013) compensation and benefits is one of the main elements to attract the executives, retain and motive them to improve their performance. This study explore the important of remuneration, salary, bonus, incentives and its impact on motivation to the employees and overall organizational performance of trading sector public enterprises in Nepal which is details given in table 7.

Table 7

Human Resource Management and Organizational Performance (n=134)

S.No.	Statement/Questions	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
1	Provided sufficient salary, bonus, reward, allowance etc.	23.9	46.3	11.9	16.4	1.5	100
2	Promotion and evaluation are fairly executed in our organization	19.4	40.3	23.9	15.7	0.7	100
3	I am satisfied with my job.	4.5	22.4	14.9	50.7	7.5	100
4	I am confident of my Job security	0.7	14.9	11.2	44.8	28.4	100
5	My organization can attract top talent & compensation level are competitive	36.6	38.8	5.2	17.2	2.2	100
6	My organization can't motivating talent	4.5	11.9	7.5	35.8	40.3	100

Table 7 shows that 70.2% of the participants were unsatisfied on their present salary, bonus, reward and other allowance policy of the organization whether 17.9 % were found satisfied and 11.9 % were found neither satisfied or nor unsatisfied or undecided. Similarly, 59.7% of employees were highly disagreed on their promotion and evaluations are fairly executed in their organization whether 16.4% was agreed and 23.9% were undecided of this statement. Furthermore, 58.2% of the respondents were satisfied with their job whether as 26.9% were unsatisfied and 14.9% was not clear at all. Again, 73.2 % of employees were found highly confident about their job security whether 0.7% was only disagreed on confidence and 11.2% were not clear at all. For instance, 75.4% of participants were disagreed on their organization can attract top talent & compensation level are more competitive whether 19.4% were agreed and 5.2% were undecided. At last, 76.1% employees of the participants were highly agreed on the statement about their organization can't motivate talent whether 16.4% were disagreed and 7.5% were undecided about the above statement.

In above analysis, the level of compensation and benefits like salary, bonus, allowance etc, fair promotion and evaluation system, can attract top talent and can't motivate talent were found very weak or below the satisfactory level but level of confidence on job security was found very strong and satisfactory level . The rate of employee job satisfaction level also found satisfactory.

Relationship between HRM and PBM

The relationship between PMS and PBM has been presented and analyzed using various statistical ways such as model summary (Adjust R Squire), F and T test analysis. Which is determinate the actual relation between PMS and PBM. The reported value also incorporates the coefficient of determination (Adjusted R^2), the F-statistic (F-test), and the Durbin–Watson statistic (DW).

Model Summary (Adj. R^2) of HRM and PBM

The performance of Trading Sector Public Enterprises in Nepal specific variables HRM and PBM model summary have (Adj. R^2) have been analyzed and presented in table 8.

Table 8

Model Summary (Adj. R^2) of HRM and PBM

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.636[a]	.404	.400	9.74800

The model summary was conducted to empirically determine whether Human Resource Management (HRM) is a significant determinant of organizational performance in Trading Sector Public Enterprises (PEs). The regression results presented in Table 8 indicate that the goodness of fit of the model between HRM and Performance of Business/Management (PBM) is satisfactory. The coefficient of determination (R^2 = 0.404) reveals that 40.04% of the variation in organizational performance (PBM) is explained by variations in HRM practices within the Trading Sector PEs, while the remaining proportion is attributed to other factors not included in the model. The correlation coefficient of 63.6% indicates a strong and positive relationship between the combined predictor variables and organizational performance, suggesting that an increase in the predictor variables is associated with an improvement in performance outcomes.

F Statics (ANOVA[a]) of HRM and PBM

The performance of trading sector Public Enterprises in Nepal specific variables HRM and PBM F-statics (ANOVA[a]) have been analyzed and presented in table 9.

The overall model significance was presented in table 9. An F statistic of 89.594 indicated that the overall model was significant. This was supported by a probability value of (.000). The reported probability value of (.00) is lower than the conventional probability of (0.05). The probability of (.000) indicated that there was a very high probability that the statement “overall model was significant was true” and it was therefore possible to conclude that the statement was there is a significant relationship between HRM and organizational performance (PBM). The statement was true.

Table 9

F Statics (ANOVA[a]) of HRM and PBM

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8513.533	1	8513.533	89.594	.000[b]
	Residual	12543.101	132	95.023		
	Total	21056.634	133			

a. Dependent Variable: PBM

b. Predictors: (Constant), HRM

Regression Results analysis of HRM and PBM

The performance of trading sector Public Enterprises in Nepal specific variables HRM and PBM regression results have been analyzed and presented in table-10

Table 10

Regression Results analysis of HRM and PBM

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	14.196	4.802		2.956	.004
	HRM	.601	.063	.636	9.465	.000

Dependent Variable: PBM

Table 10 shows that regression coefficient of HRM and PBM is (0.004) and calculated P-value is (.000), which is lower than the table value of (0.050). So, it is significant at 5% level of significance and H2 is accepted. The result clearly shows that there is a significant (0.000) relationship between HRM and organizational performance at 0.05% level of significant. The findings of the study are consistent with previous research conducted to investigate such relations (Ahmad & Schroeder, 2003, Katou &Budhwar,

2007, Schuler, 2015, Kehinde et al., 2012, Bacwayo, 2002). Most of respondents and key respondents of the study also have agreed on lacking of strategic human resources practices in trading sector public enterprises in Nepal. The study finding shows that if the investment in HRM; it would be increase the PBM. Furthermore, finding of the study shows that returned from PEs was found below the satisfactory level compared their huge investment due to their lack of strategic human resource planning. The government of Nepal and concerned authorities should makes policies, programs and planning towards HRM in PEs.

It is established fact that to gain competitiveness in the volatile business markets in public enterprises sector, the PEs have a lot of room for improvement in their strategic human resource management including recruitment, selection, placement, training and career development, employees orientation, compensation, talent motivation, participation in decision making process, empowerment, work culture and work environment and ensuring the performance planning, performance contract, performance evaluation, monitoring and feedback and also tie-up with reward and punishment system. This study helps the traditional human resource management practices are shifting towards strategic human resources management by using potential, talent selection, recruitment, placement, trading and development and motivation.

The results show that all of dimensions are highly significant, however not all of them shows the positive impact on organizational performance. The result clearly shows that strategic human performance planning with proper management have a strong positive impact on organizational performance; the government of Nepal and concerned authorities should makes policies and programs to promote strong human resources management practices applied in trading sector public enterprises for the ensuring of performance based management system by applied performance contract, performance planning, performance improvement plan, performance evaluation, monitoring, and feedback, and performance need to be tie-up with reward and punishment system in Trading Sector Public Enterprises in Nepal.

Conclusion

The findings of the study indicate that the performance of Trading Sector Public Enterprises remains suboptimal, primarily due to inadequate human resource management practices. Key factors contributing to poor practice of HRM include training and development, fair and sound environment of promotion and career development, remuneration, salary, bonus and others financial allowance, provisions of right man at right place, sound working environment and atmosphere, reward and recognition system, job satisfaction and job security.

These findings are of substantial importance to the Government of Nepal, pertinent regulatory bodies, stakeholders, employees, HR managers, and executives of public enterprises, as they provide a basis for enhancing organizational performance and strengthening evidence-based policy formulation and decision-making process. Additionally, this study provides a foundation for future research on this topic for policymakers, researchers, academics, and experts.

References

Adasnmi, P. (2011). *The senate probe.* http://tradenewswire.net/2011.

Ahmad, S. & Schroeder, R.G. (2003). The impact of human resource management practices on operational performance: Recognizing country and industry differences. *Journal of Operations Management*, *21*(1), 19-43.

Anwar, G., & Abdullah, N. N. (2021). *The impact of human resource management practice on organizational performance*. *International Journal of Engineering, Business and Management (IJEBM)*, *5*.

Anwar, G., & Abdullah, N. N. (2021). The impact of human resource management practice on organizational performance. *International Journal of Engineering, Business and Management (IJEBM),* *5*(1), 35–47.

Asar-ul-Haq, M. & Kuchinke, K.P. (2016). Impact of leadership styles on Employees' attitudes towards their leader and Performance: Empirical Evidence from Pakisthani banks. *Science Direct Future Business Journal*, *2*, 54-64.

Asghar, M. M. (2025). The impact of employee training and development on organizational performance: A strategic human resource perspective. *Journal of Accounting, Finance & Business Insights*, *1*(1), 1-9

Bacwayo, K.E. (2002). *The Quest for Efficiency: Role of Human Resource Management in Public Sector Reforms in Ugenda*. A Thesis Presented in fulfilment of the requirements for the Doctor of Philosophy in Development Studies, At Massey University, Palmerston North, New Zealand.

Beer, M. & Spector, B. (1985). *Human Resource Management*, Free Press.

Chapins, A. (1995). *Workplace and the performance of workers.* Reston, VA: USA.

Delaney, J. T., &Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal, 39*(4), 949–969. https://doi.org/10.2307/256178

El-Ghalayini, Y. (2017). Human resource management practices and organizational performance in public sector organization. *Journal of Business Studies Quarterly, 8*(3), 65.

Graham, H. T., & Bennett, R. (1998). *Human resource management (9th Ed.).* Pitman Publishing.

Guest, D. E. (2011). Human Resource management and Performance: Still Searching for Some answer. *Human Resource Management Journal*, *21*(1), 3-13.

Huselid, M.A. (1995).The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal, 38*, 635-670.

K.C., F. B. (1994). *Privatization in Nepal,* A Research Report Submitted to Research Division, Trihuwan University.

K.C., F. B. (1999). Impact of Privatization in Nepal. *Economic Review,* Nepal Rastra Bank, 11.

Katou, A. A., & Budhwar, P.S. (2007). The Effect of human resource management policies on organizational performance in Greek manufacturing Firms. *Thunderbird International Business Review*, *49* (1), 1-35.

Kehinde, J. S., Jegede, C. A., & Akinlabi, H. B. (2012). Impact of Leadership Skill and Strategies on Banking Sector Performance: A Survey of Selected Consolidated Banks in Nigeria.International Trade and Academic Research Conference (ITARC), 7-8th November, 2012. London: UK. *The Business & Management Review, 3* (1), 313-319.

Khan, M.A. (2005). *Reinventing Public Enterprises*. Department of Economic and Social Affairs, United Nation, New York. USA.

Ling, L.S. (2017). Impact of Information Technology Capabilities on Small and Medium Enterprises (SMEs) and Large Enterprises. *Journal of Innovation Management in Small & Medium Enterprises*, *9* (133143ID).

Loo, B. S. & Leap-Han, L. (2013). Human resource management best practices and firm performance: A universalistic Perspective approach. *Serbian Journal of Management*, *8*(2), 155-167.

Mahmood, S., binAbdul Hamid, K., &Badlishah, S. B. (2021). The effect of human resource management practices on employee performance. *Turkish Journal of Computer and Mathematics Education*, *12*(3), 2900-2911.

Ministry of Finance (2014). *Annual Performance Review of Public Enterprises in Nepal*. Government of Nepal.

Ministry of Finance (2016). *Annual Performance Review of Public Enterprises in Nepal*. Government of Nepal.

Ministry of Finance (2018). *Annual Performance Review of Public Enterprises in Nepal*. Government of Nepal.

Ministry of Finance (2020). *Annual Performance Review of Public Enterprises in Nepal*. Government of Nepal.

Khar, G. S. M., Chapra, B., Arshad, A., & Malik, A. (2026). The Impact of Human Resource Management Practices on Employee Performance, Training Effectiveness, and Employee Motivation in Organizations. *The Critical Review of Social Sciences Studies, 4*(1), 286-301.

Ogohi, D. C. (2014). Analysis of the performance of public enterprises in Nigeria. *European Journal of Business and Management*, *6* (25).

Ozkeser, B. (2019). *Impact of training on employee motivation in human resources management*. *Procedia Computer Science, 158*, 802-810. https://doi.org/10.1016/j.procs.2019.09.117

Schuler, R. S., & Jackson, S. E. (2014). Human resource management and organizational effectiveness: Yesterday and today. *Journal of Organizational Effectiveness: People and Performance,* 1(1), 35–55. https://doi.org/10.1108/JOEPP-01-2014-0003.

Sharma, A. (2012). Impact of human resources accounting on organizational performance. *IOSR Journal of Business and Management, 5*(2), 25–31.

Shaukat, H., Ashraf, N., & Ghafoor, S. (2015). *Impact of human resource management practices on employees' performance*. *Middle-East Journal of Scientific Research, 23*(2), 329-338.

Tiwari, M. N. (2009). Governance reform in political transition: The case of Nepal's civil service reform. *Nepalese Journal of Public Policy and Governance, (NJPG), XXIV* (1), 1-27.

Zedeh, M. J. & Ahmadi, Y. (2017). Studying the relationship between talent management and work force productity in governmental organizations of Bom city. *International Review of Management and Marketing, 7* (3), 196-205.

Zhu, Y., &Verstraeten, M. (2014). Human resource management practices with Vietnamese characteristics: A study of managers' responses. *Asia Pacific Journal of Human Resources, 52*(2), 152–174. https://doi.org/10.1111/j.1744-7941.2012.00057.