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## **Impact of Human Resource Management Practices on Employee Performance in Commercial Bank: Exploring Job Satisfaction, Employee Engagement and Work-Life Balance as Mediators**

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### **Abstract**

This study examines the impact of Human Resource Management Practices (HRMP) on employee performance in the commercial banks, with a focus on the mediating roles of job satisfaction, employee engagement, and work-life balance. This study, which is quantitative in nature and uses a correlational study methodology, was carried out in Pakistan's banking industry. A standardized Likert scale questionnaire was used to gather data from the staff, and structural equation modeling was used for statistical analysis. The findings reveal that HRMP significantly enhance employee performance, primarily through their influence on job satisfaction and work-life balance. Performance appraisal, training, and compensation practices were identified as critical HRMP components positively affecting job satisfaction and employee engagement. By emphasizing the distinct mediating effects of these elements in the banking sector and providing practical advice for enhancing HR procedures to improve organizational outcomes, the study adds to the body of current work. Future studies should look into other factors including staff motivation and turnover, as well as broaden the geographical reach.

**Keywords:** Human Resource Management Practices (HRMP), Employee Performance, Job Satisfaction, Employee Engagement, Work-Life Balance, Performance Appraisal Practices, Compensation Practices, Training Practices.

### **Introduction**

#### **Background of the Study**

The management of human resources in Jordan's commercial banks is the subject of this study. By providing financial services to the general public and enterprises, these banks make a substantial contribution to social and economic stability as well as the long-term expansion of the economy. They don't just apply to conventional financial services. Over the past few decades, the commercial banking sector has experienced significant transformations due to a number of



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factors, including significant regulatory changes, advancements in information and banking technologies, the expansion of market economies throughout formerly closed economies and the unification of international financial markets.

The global banking industry is facing more pressure to compete as a result of these changes, which have also brought up new opportunities and difficulties (Al-Safadi, 2016; Alzoubi et al., 2020).

Commercial banks have a big impact on the economy in Jordan since they are essential to capital formation and investment. They are essential to economic activity and provide a significant contribution to the growth of the national economy. They promote investment and the execution of financial policies overseen by the Central Bank of Jordan, by providing low interest rates. Commercial banks have a direct impact on economic development by lowering interest rates and extending credit.

Commercial banks are crucial, but they also confront several obstacles that jeopardise their flexibility and capacity, especially since the start of the world financial crisis. The financial performance of numerous institutions has been negatively impacted by this crisis, resulting in weak portfolios, subpar investments, and limited liquidity. These banks have also had difficulty meeting client needs in their internal and external operations, and they have not managed risks or safeguarded shareholder and customer investments well. Jordan's banking sector experienced performance challenges during recent times. Operational and credit challenges along with liquidity problems affect businesses in Jordan (Al-Safadi, 2016).

The necessary shift in business approaches of commercial banks now emphasizes operational changes. The organization requires proactive policies to overcome obstacles while undertaking internal and external adaptations. (Almaaitah et al., 2020). Currently there exists a rising requirement for employees with specialized competencies. Customers find it challenging for competitors to duplicate these particular capabilities. Strategic human resource management

A sustainable competitive advantage requires strategic human resource management as a fundamental organizational practice. HRM. The management of an organization's human resources requires both policies and methods that create the operational framework for these resources. Staff development joins forces with performance management systems and employee compensation to form a system led by performance management.

Involvement in decision-making. Organizations need effective Human Resource Management practices (HRMP) to achieve both human resource creation and retention with flexibility.

The system successfully creates and maintains skilled professionals and promotes flexible operations to support business adaptation and maintain a competitive edge (Khatri, 1999).

Organizational achievements depend heavily on employee performance through their individual actions because performance represents a primary driver of organizational achievement. Multiple HRM practices work together as separate elements which influence employee behavior. HRMP helps companies monitor internal employee performance while simultaneously driving performance improvement among workers through employee competition (Ahmad & Schroeder, 2008). (Saleh et al., 2020).



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## **Problem statement**

This study aims to investigate the relationship that exist between HRM practices and employee performance in Jordanian commercial banks, along with a particular focus on mediation effect of work life balance, employee engagement and job satisfaction examining this relationship.

The research seeks to provide insights into how commercial banks can strategically manage their

Human resources to improve performance outcomes and gain a competitive advantage in the

Banking sector (Ahmad & Schroeder, 2008).

## **Gap Analysis**

Many studies have been conducted on the connection between employee performance and human resource management (HRM) practices, especially in different organizational situations. Research teams have extensively studied how employee performance relates to human resource management practices in various organizational settings. Our understanding remains limited regarding the pathways through which HRM policies influence commercial bank employee performance specifically using work life balance dimensions along with employee engagement and job satisfaction measures. Research about HRM practices exists widely in general organizational contexts but the focus remains limited to investigations of commercial banks specifically. The unique operational requirements of commercial banking demand specific HRM practice knowledge because of established regulatory boundaries and high customer service standards. More research that are tailored to the particulars of the commercial banking industry are required to fully understand the effect of HRM practices on employee performance in this sector. The direct effect of HRM strategies on employee performance has been examined in numerous research. Less research has been done on the mediating function that job satisfaction plays in this relationship. The degree to which job satisfaction affects the performance outcomes of HRM strategies can be substantial. There is still much to learn about how job satisfaction influences the link between HRM practices and worker performance in commercial banks. Research is needed to elucidate this mediating effect.

## **Research Objective**

The purpose of the research is to find out the impact of HRM Practices on employee performance and investigate the mediating role of Work life balance, employee engagement and job satisfaction. To find how these variables dependent on HRM practices which are critical for enhancing performance in current roles and are typically seen as an expense item required to boost productivity and the overall effectiveness and efficiency of the organization.

## **Research Questions**

- How do HRM practices influence employee performance in commercial banks?
- What is the relationship between job satisfaction and employee performance in the context of commercial banks?



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- How does work-life balance mediate the relationship between HRM practices and employee performance?
- How do specific HR practices (e.g., training and development, performance appraisal systems) impact job satisfaction among employees in commercial banks?
- What are the most effective HR strategies for enhancing job satisfaction and subsequently improving employee performance in commercial banks?

### **Outline of Study**

This report has 5 sections. It starts with the introduction chapter which consists of background, purpose, and significance of study along with problem statement which describe the problems to be solved through this research. Then the 2<sup>nd</sup> section is of literature review which defines variables of research model and their relationships with each other. 3<sup>rd</sup> section is research methodology in which research approach is decided and research design is made and questionnaire is used as an instrument to collect data from respondents. 4<sup>th</sup> section is of research and findings in which all hypothesis of this study is tested and interpretations are done on the basis of the results. In the 5<sup>th</sup> and last section of the research, discussions are held and conclusions are made on the basis of results and recommendations are given for future studies regarding this topic.

### **Significance of the Study**

This research will investigate HRM Practices impact on Employee Performance and the mediation role of work life balance, employee engagement and job satisfaction. There is a need for research in this area because there is not much study and data available that can provide conclusive results whether HRM Practices has any significant impact on the above mentioned factors.

### **Literature Review**

#### **Human Resource Management Practices (HRMP)**

HRMP activities, which include development, training, selection, appointment, and pay systems, enable organisations to create flexible and successful strategies and accomplish goals. These companies are also skilled at putting internal policies into practice. HRMP makes ensuring that human resources support organisational objectives by being in line with internal policies and procedures that have been set forth. It offers ways to help employees grow by improving their capacity, chances, and drive (Nguyen et al., 2020). According to Khan (2010) and Quresh et al. (2010), putting HRMP into practice is essential for increasing job commitment and employee happiness, both of which lead to increased productivity.

HRMP can stimulate creativity within the company and is a significant predictor of organisational performance. Organisational innovation in products and services is fostered by an effective HRMP, which includes sophisticated recruitment and selection techniques, orientation, appraisal, and training (Shipton et al., 2005). Companies need to adjust their HRM procedures on a regular basis in order to satisfy the changing demands of employees and the changing business environment. This adjustment raises staff engagement, which benefits worker growth and well-being as well as organisational performance. Influencing employee behaviour and advancing corporate objectives require a



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unified set of HRM techniques (Jiménez & Valle, 2005). Organisational training and development initiatives have a good effect on workers, improving their performance and personal development. Furthermore, assessments assist people in raising the calibre of their work so that it meets the highest standards (Abdullah et al.).

### **Training and Development Practices (TP)**

In order to improve employee performance and job satisfaction, training and development are essential. For example, in the franchising industry, Choo and Bowley (2007) discovered a favourable association between job satisfaction and training. Additionally, a recent Indian study shown that training and development boost higher education faculty members' job happiness (Chaudhary & Bhaskar, 2016). Furthermore, a large body of research in the literature suggests that organisations that provide training and development initiatives see decreased employee turnover and increased work satisfaction among their staff (Fairlie, 2011; Shelton, 2001; Owens, 2006; Schmidt, 2007). These programs help employees stay current with new knowledge and skills. For instance, in order to foster intellectual development and expertise, educational institutions usually provide conferences, research seminars, and faculty development programmes. Opportunities for training and development also offer routes for job progress and inspire workers to perform better. Employee work satisfaction and training and development programmes are strongly correlated, according to a number of empirical research.

### **Employee Compensation Practices (CP)**

Employee compensation and benefits are significantly influenced by employee salary and benefits, including pensions, sick pay, and other benefits. Several studies have discovered a favorable correlation between job satisfaction and employee pay (Joanne, 1980; Sousa-Poza, 2000; Yamoah, 2014). Pay and benefits were among the top three factors influencing work satisfaction, according to a 2012 Society for Human Resource Management (SHRM) poll (SHRM, 2012). Judge et al. (2010) found that job motivation and satisfaction were predicted by salary in a meta-analysis. Various outcomes, such as dedication, motivation, job satisfaction, and performance, have been studied by researchers who analyse employee remuneration (Llanos & Ahmad, 2017; Ferreira & Baidya, 2016). For example, Dhawan and Mulla (2011) found that in large Indian public sector organisations, such power plants and nitrogenous fertiliser companies, employee salary positively linked to organisational dedication. Researchers also generally agree that pay has a beneficial impact on job satisfaction and employee loyalty (Salisu et al., 2015; Singh & Loncar, 2010; Manurung, 2017; Onsardi & Abdullah, 2016). in addition.

### **Performance Appraisal Practices (PAP)**

Evaluations of performance have a variety of, frequently incompatible uses both inside and across organisations (Meyer et al., 1965). Cleveland et al. (1989), who outlined four potential uses of performance appraisal systems: comparisons between individuals, comparisons within persons, system maintenance, and documentation, showed how these different motives can result in contradictory aims (Brumback, 1988). Scholars have distinguished between the developmental



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and evaluative roles of PA systems using this classification (Boswell & Boudreau, 2002). While the developmental function places more emphasis on feedback and determining each person's unique strengths, shortcomings, and training needs, the evaluative function is more concerned with compensation decisions, merit raises and promotions (Ostroff, 1993; Boswell & Boudreau, 2000). The following research has assessed the key contrast between developmental and administrative persons goals for PA systems (DeNisi & Murphy, 2017); this distinction also holds true for the public sector (Abu-Doleh & Weir, 2007; Ikramullah et al., 2012).

### **Employee Performance (EP)**

The employees performance in organization plays a significant role in determining its success or failure (Hermawati & Mas, 2018; Jabeen & Rahim, 2022; Mathis & Jackson, 2017). Performance of the employee is a critical component in HRM and organisational behaviour study (Afshan, Sobia, Kamran, & Nasir, 2013; Ogbonnaya & Messersmith, 2020; Oravee et al., 2019). Employee performance is defined by Guan and Frenkel (2010) as the ability to accomplish certain tasks in accordance with one's knowledge, skills, and work requirements. Al-Busadi, Alias, and Alam (2023) assert that a company's capacity to grow and prosper is directly tied to the productivity and efficacy of its personnel. Essential attributes were recognised by Viswesvaran & Ones (2000), Price (2001), Bernardin & Russell (1993), originality and inventiveness, and Dryer and Reeves (1995) in relation to work planning and job efficiency.

### **Work Life Balance (WLB)**

The ability of individuals to successfully manage their personal and professional obligations is referred to as work-life balance. Research shows that work-life balance has a major impact on worker satisfaction, output, and general performance. Work-life balance is greatly improved by HRM strategies like wellness initiatives and flexible work schedules.

### **Employee Engagement (EE)**

Employee Engagement refers to the emotional commitment and active involvement of employees towards their work, organization, and its goals. The idea of employee engagement in this study refers to the psychological and emotional connection that a person has with their job, company, and its goals. Conversely, organizational performance quantifies how well an organization achieves its planned objectives and desirable results. Many studies have been carried out in recent decades to comprehend the dynamics of Employee engagement and its impacts on employee performance.

### **Job Satisfaction (JS)**

Three dimensions—job ability, job enrichment, and job stability—are the main subjects of this investigation (Mahmood et al., 2019). Because job satisfaction plays a critical part in an individual's performance inside an organisation, researchers have paid close attention to it (Mohammad et al., 2017). Through additional activities and enthusiasm, Human Resource Management Practices (HRMP) boost employee confidence, motivation, and job satisfaction, ultimately improving individual job performance to accomplish organizational goals (Astute



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et al., 2020; Pradhan et al., 2017).

Job satisfaction is important as it influences employees' attitudes and behaviors towards the organization, affecting their experience and their quality (Byremo, 2015). HRMP impacts employee behavior, supported by socially exchange and signaling theory. Socially exchange theory persist that employees engage in reciprocal relationships with the organization, repaying the support they receive. Maximum organizational support through HRMP leads to greater employee satisfaction.

The relationship between individual and organisational behaviours is explained by signalling theory. Employees respond to 'signals' from HRMP on the organization's intentions by performing their jobs well and effectively. Employees will receive signals positively and perform optimally on the job if they believe that HR policies are fair and in line with their demands (Khalid et al., 2014). One important indicator of the effect of HRMP on worker performance is job satisfaction. In order to investigate job satisfaction in the context of HRM Practices.

### **Conceptual Development And Hypothesis HRM Practices and Employee Performance**

Many authors have underlined the connection between employee performance and HRM practices (Ismail, El Irani, & Kertechian, 2023; Lim & Ahmad, 2020; Stirpe, Profili, & Sammarra, 2021). Human resources are people's knowledge, abilities, and skills; these resources increase an organization's performance and competitive advantage (Chadwick, 2011; Ulrich, Younger, Brockbank, & Ulrich, 2013). HRM techniques effectively shape employee behaviours, competences, and attitudes to better align with organisational objectives (Gahlawat & Kundu, 2018; Rodjam, Thanasrisuebwong, Suphuan, & Charoenboon, 2021; Schuler & Jackson, 2015). Several studies have demonstrated that specific HRM strategies can improve an organization's competitive advantage and employee performance (Balochi et al., 2011; Guest, 2017; Yusoff, Nejati, Kee, & Amran, 2019). Furthermore, several academics argue that HRM procedures improve workers' well-being by encouraging positive attitudes (Bombiak & Marciniuk-Kluska, 2019; Jiang et al., 2023 Meijerink,

Based on above mentioned evidences, the following hypothesis can be evolved:

H1: *HRM Practices has significance impact on employee performance.*

### **Human Resource Managment Practices and Job Satisfaction**

Human Resource Management (HRM) practices are critical in shaping organizational performance and employee outcomes. Gazioglu, S., & Tansel, A. (2008). Among these outcomes, job satisfaction plays a crucial role, often mediating the relationship between HRM practices and various organizational metrics such as employee performance, turnover, and overall organizational effectiveness. HRM practices includes a wide range of activities aimed at managing, accomplishing and developing an organization's human resources. Karatepe, O. M., & Uludag, O. (2008). Research indicates that these practices significantly impact job satisfaction.

### **Mediation Analysis Between HRM Practices, Employee Performance and Job Satisfaction**



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The job satisfaction performance result generated by effective human resource management practices functions as both an essential end result and an intervening factor that links these practices to broader organizational outcomes. Job satisfaction drives employees to demonstrate increased performance and show reduced turnover intentions coupled with enhanced organizational commitment. (Judge et al., 2001).

HRM practices that enhance job satisfaction can reduce turnover intentions. Employees which are satisfied with their organization and their job are less likely to seek employment elsewhere (Griffeth et al., 2000).

Job satisfaction fosters organizational commitment, which in turn impacts organizational effectiveness. Satisfied employees more likely to enhance and develop a strong attachment to their organization (Meyer et al., 2003). Several studies provide empirical support for the mediating role of job satisfaction in the relationship between HRM practices and organizational outcomes. Another study by Karatepe and Uludag (2008) demonstrated that job satisfaction mediated the impact of HRM practices on turnover intentions in the hospitality industry.

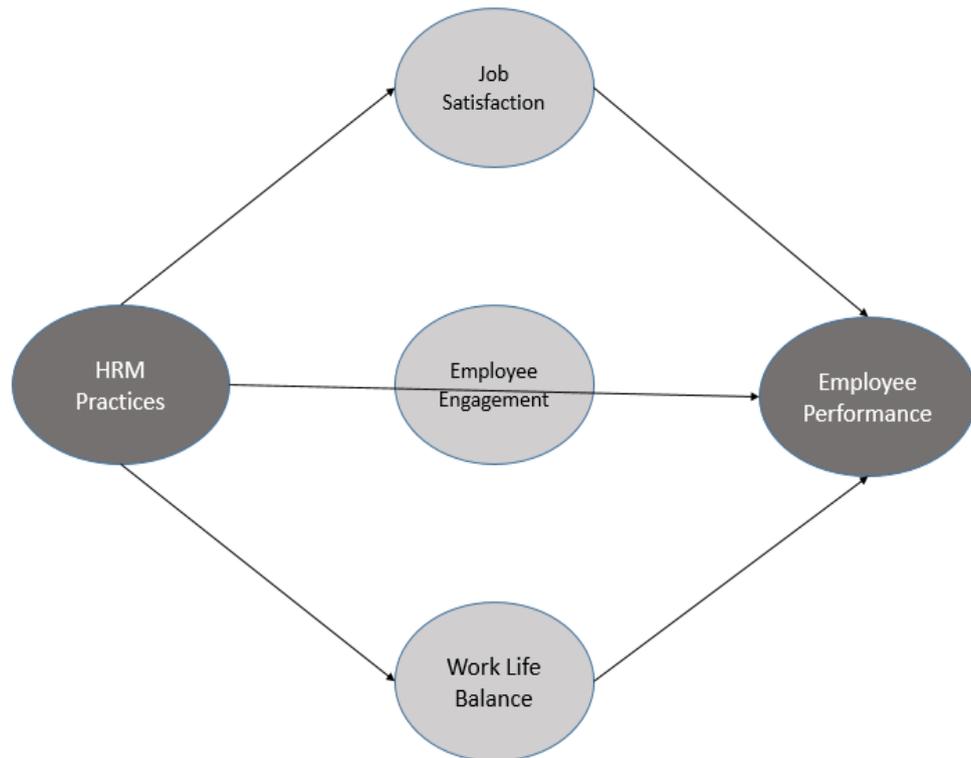
### **Mediation Analysis Between HRM Practices, Employee Performance and Work Life Balance**

Work-life balance serves as a link between HRM practices and employee performance, highlighting the fact that better work-life balance partially or completely mediates the favorable benefits of HRM practices on performance.

### **Mediation Analysis Between HRM Practices, Employee Engagement and Employee Performance**

This section focuses on analyzing the mediating effect of employee engagement on the relationship between HRM Practices and employee performance. The study assessed the direct influence of HRM Practices on employee performance and the extent to which employee engagement mediates this relationship and increase their employee performance accordingly

### **Conceptual Model**



Conceptual model for this study is illustrated below.

### Direct Effect

- HRM Practices → Employee Performance

### Mediation Effect

- HRM Practices → Work Life Balance → Employee Performance
- HRM Practices → Employee Engagement → Employee Performance
- HRM Practices → Job Satisfaction → Employee Performance

### Summary of Relationship of Direct Variable Effect

This study explores the relationship between HRM Practices and Employee performance within Banking Sector. HRM Practices are used to enhance employees' growth and and their knowledge, which directly impacts employee performance by improving their ability to perform tasks and feel valued by the organization (Jehanzeb & Bashir, 2013). Higher job satisfaction, in turn, leads to increased employee performance. Thus, HRM Practices has a direct positive effect on employee performance.

### Hypothesis

**H1:** HRM practices have a significant positive impact on employee performance.

**H2:** Work-life balance mediates the relationship between HRMP and performance.

**H3:** Employee engagement mediates the relationship between HRMP and performance.

**H4:** Job satisfaction mediates the relationship between HRMP and performance.



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## **Research Methodology**

### **Research Paradigm**

Quantitative researches are based on the statistical data, conclusion about a population is getting through studying a population representative sample (Creswell, 2003). The whole group of population being studied whether it is broad or narrow it does not matter, every individual study who fits into the description (Zikmund, 2001). Qualitative research is based on the ethnographic and anthropological methods to study the participants rather than artificially control the variable and design an experiment (Creswell, 2003). Exploratory research has done to explore the study when there is no stuff available on the topic (Saunders, 2007). Explanatory research links the plan or objective to know the reasons and root of that cause. It is use to pick up how HRM practices and employee performance can be well being in the approach of job satisfaction. In inductive approach, hypothesis is built through observation of experimental reality (Robson, 2002). In deductive approach, conceptual and theoretical structure is built which is investigated through experimental observation (Veera et al., 2008). This research is quantitative research results are based on statistical data. This research used deductive approach and this is an explanatory research.

### **Research Design**

Correlational study deals with creating a relation of two or more than two variables in similar population or in two population among the same variables (Leedy & Ormrod, 2010). It explains what exists among variables as well as examines the relation of two or more than 2 variables (Porter & Carter, 2000). Gall (2007), Causal research is a type of non- experimental research which help people to find out cause and effect relation through making groups of people in which the variable which is independent is either present or absent and after that finding out if the groups differ on dependent variable or not. Experimental study determines accuracy of a theory and identifying that the independent variable create an effect on dependent variable and Descriptive study explore the case, it recognizes the impute of specific circumstances based on examination basis (Williams, 2011). This research used correlational study to find the relation of independent variables with dependent variables.

### **CFA (Confirmatory Factor Analysis)**

Confirmatory Factor Analysis (CFA) is employed to validate the measurement model. CFA assesses the relationships between latent variables and their latent constructs, ensuring that the theoretical model fits the data well. This process involves testing the reliability and validity of the constructs used in the study, confirming that the measurement items accurately represent the theoretical concepts of HRM Practices, Employee Performance, Employee engagement, work life balance and job satisfaction.

### **Pilot Testing**

This Research has got a total of 104 responses through questionnaire in which 04 responses are not satisfactory and didn't support in my thesis that's why removed 04 responses from the testing instrument to validate accurate data.



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## **Normality Test**

The normality test is a statistical procedure used to determine whether the data follows a normal distribution, which is a key assumption for many statistical analyses. In this study, the normality test was conducted to ensure that the data was suitable for further parametric analyses. The test involved assessing the skewness and kurtosis of the data, as well as using graphical methods such as histograms and Q-Q plots. Ensuring normality is crucial because it affects the validity of inferential statistics and the generalizability of the study results.

## **Sampling Design**

The population chosen for this study is the employees of Banking Sectors in the province of Sindh, having experience, different age, education level and gender. Techniques of sampling are of two types. Probability sampling is done randomly and everyone gets an equal chance to get selected while in non-probability, different criteria of selection is used. Both consists of 4 types. In Probability sampling Different types of samplings are included like simple random, systematic random, stratified random and cluster random sampling while non-probability includes purposive, snowball, quota and convenience sampling. Simple random is a common technique, in this sample technique every individual has equal probability to be selected. Systematic sampling is a method in which elements will be choose form an organized sampling procedure. Stratification is a method of separating population members prior to sampling into homogeneous sub-groups. Stratified sampling may be a variety of population sampling which will be divided into subpopulations. Cluster sampling may be a technique of chance sampling during which researchers divide the population into totally different subgroups then at random choose the class for data collection and knowledge analysis through straightforward and systematic sampling. A purposeful sample may be a non-probability sample that's chosen supported population characteristics and therefore the purpose of the analysis. It is a two-step process that uses two factors to filter data from the population. Convenience sampling collects data from a readily available sample of respondents. Convenience sampling was the sample method employed in this study to get information from respondents. Another name for this method is unrestricted non-probabilistic sampling.

## **Instrument of Data Collection**

In order to gather data for this study, a Likert scale questionnaire was used. Respondents indicated their agreement or disagreement with a given question or statement using one of five available options, ranging from strongly disagree to strongly agree. The data that has been gathered will serve as the basis for the analysis.

According to Lumberg et al. (2005), a reliable measurement is one that yields consistent results with the same values. Validity is defined as the degree to which the collected data accurately represents the actual research field (Ghauri & Gronhaug, 2005).

This study employed the Cronbach Alpha approach to assess the validity of the data that was gathered.

## **Procedure of Data Collection**



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Through my survey based on my questionnaire, data is gathered. We provided a link to the questionnaire to respondents who meet the sample criteria on social media sites like LinkedIn and WhatsApp. We also contacted managers and staff members who aided in the response collection process. Pakistan's Karachi is the respondents' geographic location. Every respondent is older than 22. Men and women are among the respondents.

### Statistical Techniques

Descriptive analysis, exploratory factor analysis, conformance factor analysis, validity analysis, reliability analysis, and structure equation modelling are some of the statistical techniques applied in these studies. To determine the statistical outcomes of a model, variable, hypothesis, etc., all of these techniques are employed. They are employed to determine validity, correlation, regression, significant value, and reliability, among other things. These methods are covered in more detail below.

### Data Analysis and Results

#### Respondent Profile

The responses were collected from people who are working in the banking sector or have experience working there in the past, and who have experience in banking sector.

About 70% of the sample size belongs to the 21-30 years of age group, around 23% of the sample belongs to the 31-40 years of age group, while the other sample size (around 7%) belongs to 41-50 and above 50 years of age group respectively. From the sample size, 66.7% of the respondents were male and 33.3% of respondents were female. Around 30.5% of respondents had education at Masters Level, around 43.8% of respondents had education at the bachelor's level, while 33% of respondents had education at the undergraduate level and PHD level respectively.

#### Demographics Profile

- Respondent of Age

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Age	105	100.0%	0	0.0%	105	100.0%



		Statistic	Std. Error	
Age	Mean	2.32	.064	
	95% Confidence Interval for Mean	Lower Bound	2.20	
		Upper Bound	2.45	
	5% Trimmed Mean	2.25		
	Median	2.00		
	Variance	.433		
	Std. Deviation	.658		
	Minimum	1		
	Maximum	5		
	Range	4		
	Interquartile Range	1		
	Skewness	1.817	.236	
	Kurtosis	4.436	.467	

## Respondent of Gender

Gender	105	100.0%	0	0.0%	105	100.0%
Gender	Mean				1.33	.046
	95% Confidence Interval for Mean	Lower Bound			1.24	
		Upper Bound			1.42	
	5% Trimmed Mean				1.31	
	Median				1.00	
	Variance				.224	
	Std. Deviation				.474	
	Minimum				1	
	Maximum				2	
	Range				1	
	Interquartile Range				1	
	Skewness				.717	.236
	Kurtosis				-1.515	.467

## Respondent of Education Analysis

EducationLevel	105	100.0%	0	0.0%	105	100.0%
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Education Level	Mean		2.96	.095
	95% Confidence Interval for	Lower Bound	2.77	
	Mean	Upper Bound	3.15	
	5% Trimmed Mean		3.00	
	Median		3.00	
	Variance		.941	
	Std. Deviation		.970	
	Minimum		1	
	Maximum		5	
	Range		4	
	Interquartile Range		2	
	Skewness		-.632	.236
	Kurtosis		-.278	.467

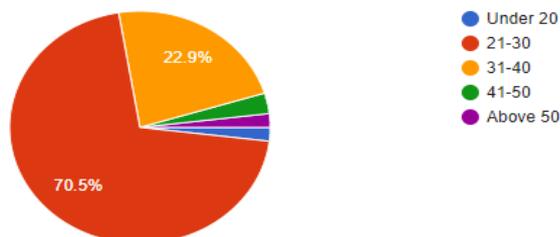
## Respondent of Experience

Experience	105	100.0%	0	0.0%	105	100.0%
Experience	Mean		2.50	.108		
	95% Confidence Interval for	Lower Bound	2.29			
	Mean	Upper Bound	2.72			
	5% Trimmed Mean		2.45			
	Median		2.00			
	Variance		1.233			
	Std. Deviation		1.110			
	Minimum		1			
	Maximum		5			
	Range		4			
	Interquartile Range		1			
	Skewness		.911	.236		
	Kurtosis		.255	.467		

## Survey Result

Age

105 responses

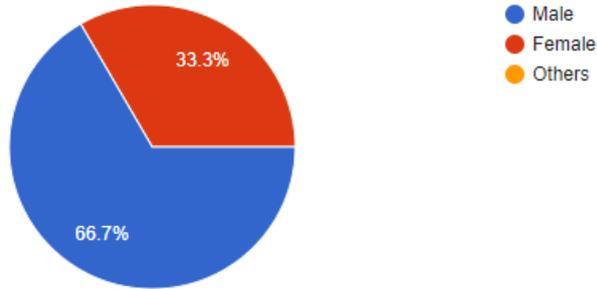




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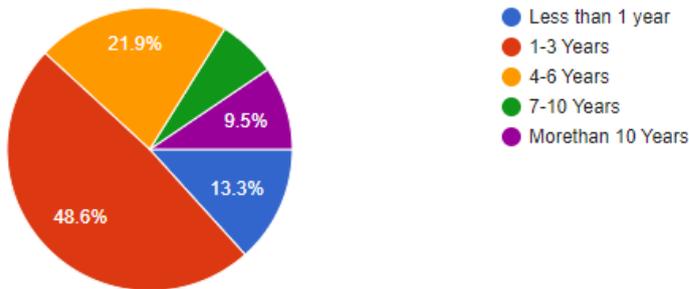
### Gender

105 responses



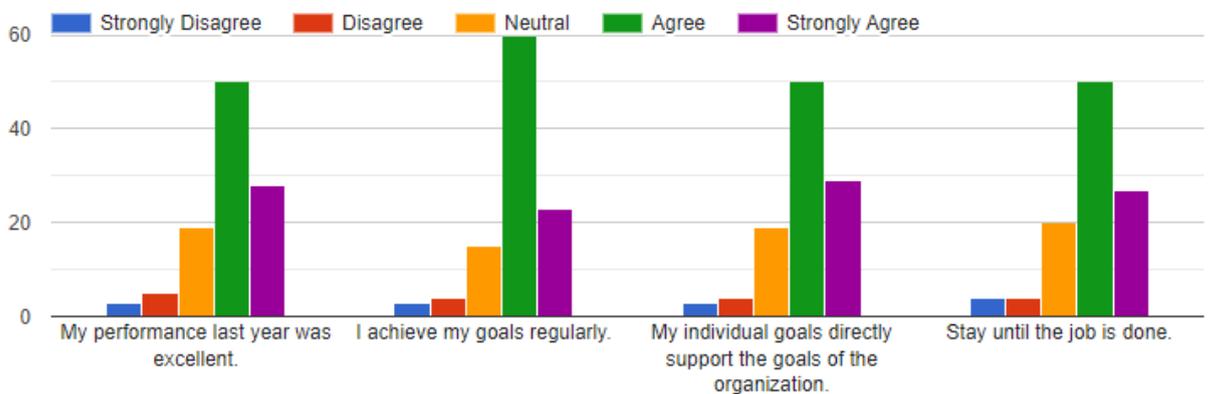
### Experience

105 responses



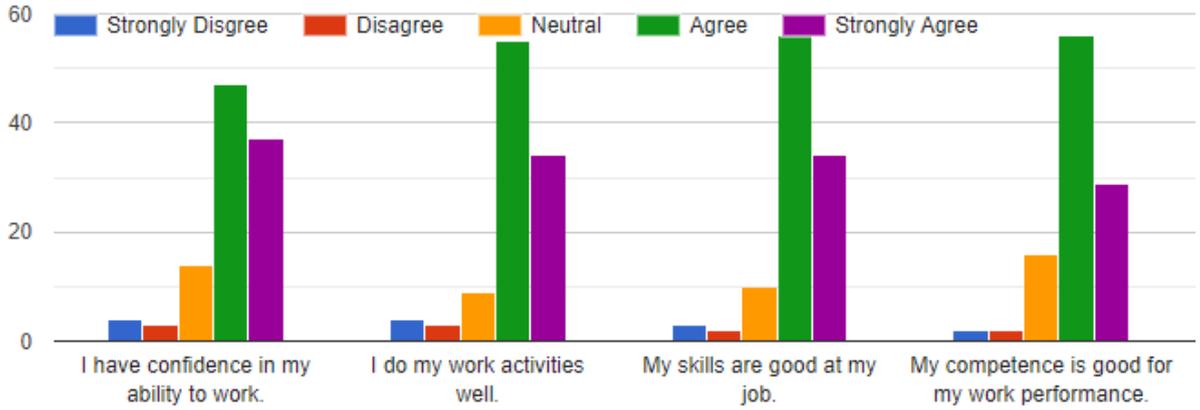
### Employee Performance

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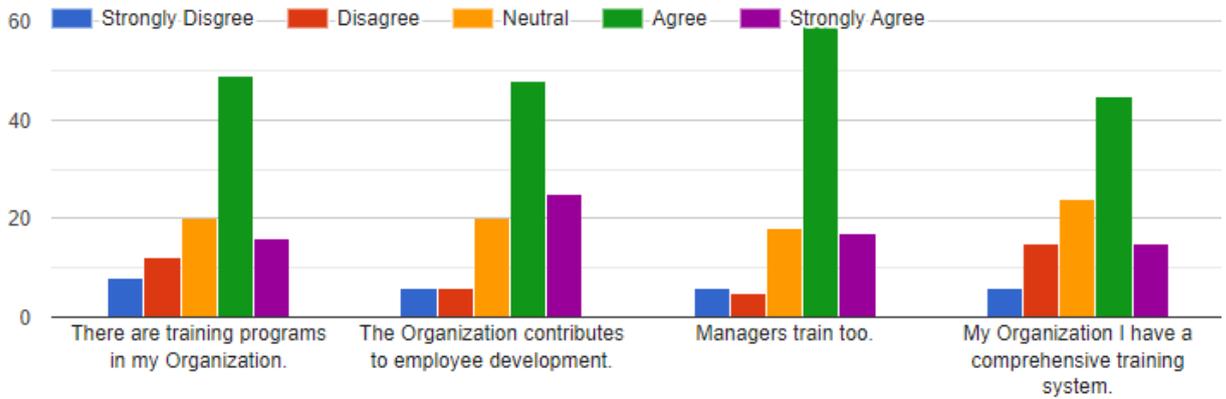




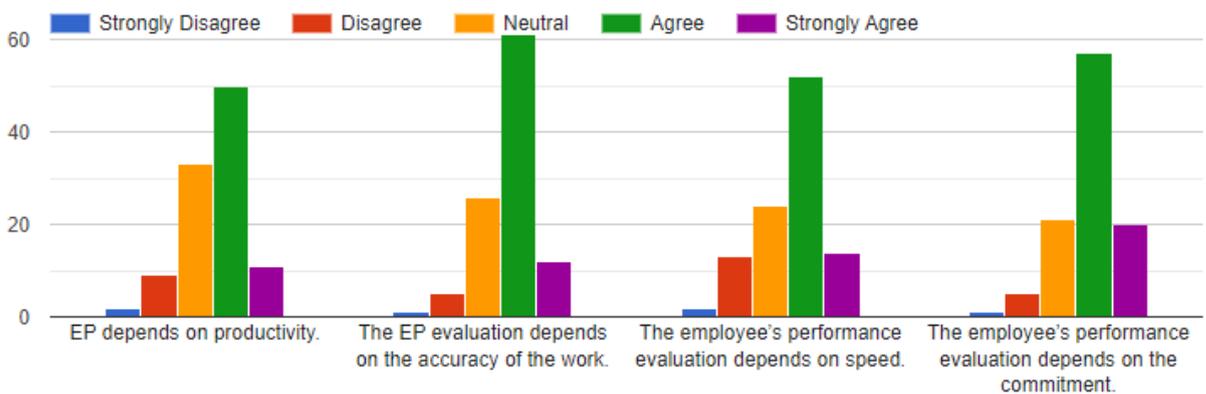
## Job competence



## Training HR Practices

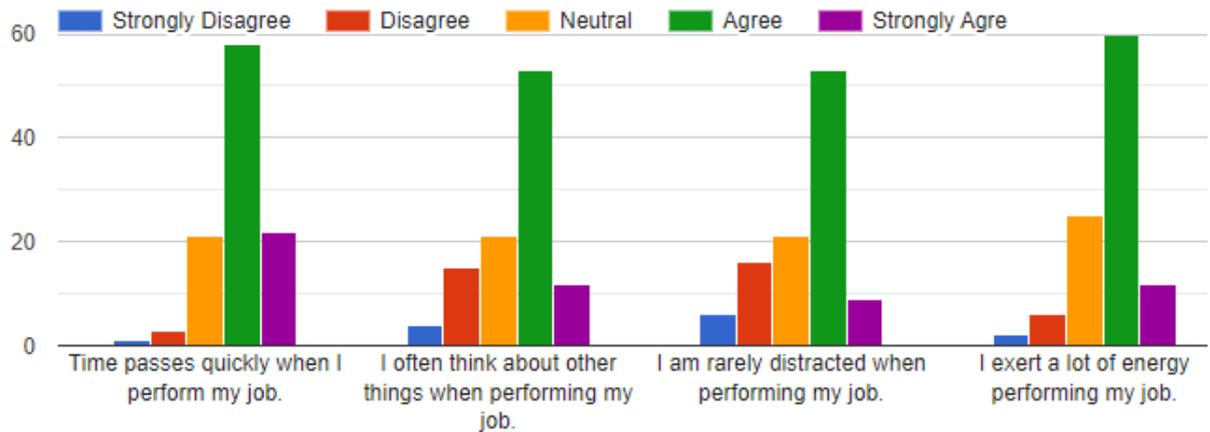


## Performance Appraisal HR Practices

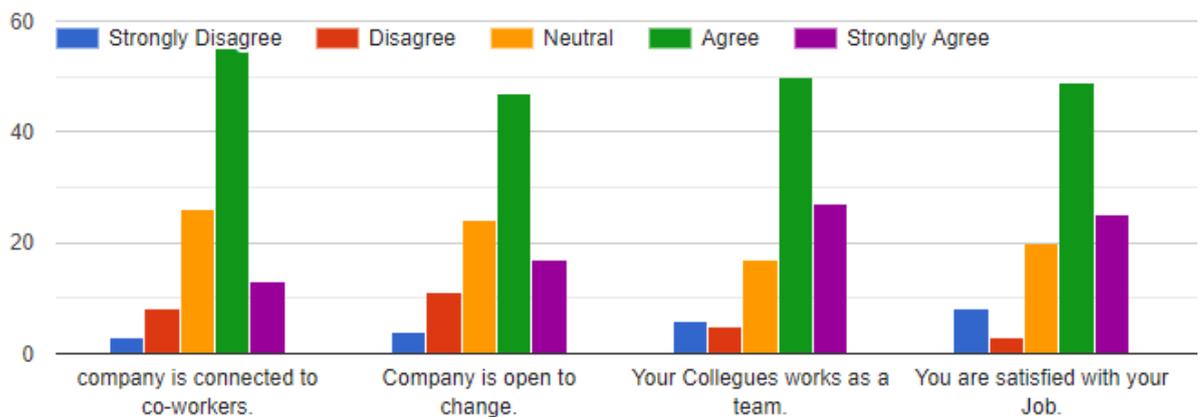




## Employee Engagement



## Job Satisfaction



### Variable Description

This research involves 3 variables, HRM Practices, employee performance and job satisfaction in which HRM Practices is independent variable and the Employee Performance others are dependent variable while Job satisfaction is working as a mediator.

### Descriptive Analysis



Name	Mean	Median	Observed min	Observed max	Standard deviation
EP1	3.84	4	1	5	1.084
EP2	3.85	4	1	5	0.984
EP3	3.86	4	1	5	1.058
EP4	3.94	4	1	5	1.112
TP1	3.36	4	1	5	1.204
TP2	3.61	4	1	5	1.148
TP3	3.57	4	1	5	1.116
TP4	3.37	3	1	5	1.163
CP1	3.31	3	1	5	1.129
CP2	3.5	4	1	5	1.187
CP3	3.2	3	1	5	1.2
CP4	3.26	4	1	5	1.197
CP5	3.24	3	1	5	1.234
PA1	3.46	4	1	5	0.994
PA2	3.69	4	1	5	0.845
PA3	3.44	4	1	5	1.033
PA4	3.76	4	1	5	1.001
EE1	4.04	4	1	5	0.848
EE2	3.79	4	1	5	0.952
EE3	3.85	4	1	5	0.865
EE4	3.81	4	1	5	0.902
EE5	3.89	4	2	5	0.823
EE6	3.8	4	1	5	0.99
JS1	3.57	4	1	5	1.012
JS2	3.43	3	1	5	1.125
JS3	3.71	4	1	5	1.134
JS4	3.63	4	1	5	1.214
JS5	3.44	3	1	5	1.152
WB1	3.98	4	1	5	0.86
WB2	4.24	4	1	5	0.95
WB3	4.13	4	1	5	0.966
WB4	4.11	4	1	5	1.104
WB5	3.96	4	1	5	0.848
WB6	4.27	4	2	5	0.705

The Compensation benefits practices have relatively similar means, with CP2 having the highest mean (3.5) and CP3 the lowest (3.2). The median is consistently 4.000 across all groups, indicating that the middle score is the same. The standard deviation shows some variability in the data, with CP3 having the



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highest variability (1.18). The employee performance groups have higher mean values compared to the CP groups, with EP4 having the highest mean (3.94). The medians are the same, but the standard deviations are lower than those of the CP groups, indicating less variability and more consistency in scores. The Job satisfaction groups have moderate mean values, with JS3 having the highest mean (3.830). The median is consistently 4.000, and the standard deviations indicate moderate variability. The Performance appraisal practices groups have slightly higher mean values, with PAP4 having the highest mean (3.7). The medians are the same, and the standard deviations are relatively low, indicating less variability. The Training practices groups have slightly varying mean values, with TP3 having the highest mean (3.57). The median is consistently 4.000, and the standard deviations indicate moderate variability. WB6 has the highest mean value i.e 4.27 and their medians are the same.

### Measurement Model Analysis

#### Validation of the model

#### Model fit

#### Fit Summary

	Saturated model	Estimated model
SRMR	0.089	0.089
d_ULS	3.186	3.235
d_G	1.204	1.212
Chi-square	647.738	648.555
NFI	0.672	0.672

#### Outer-Loading

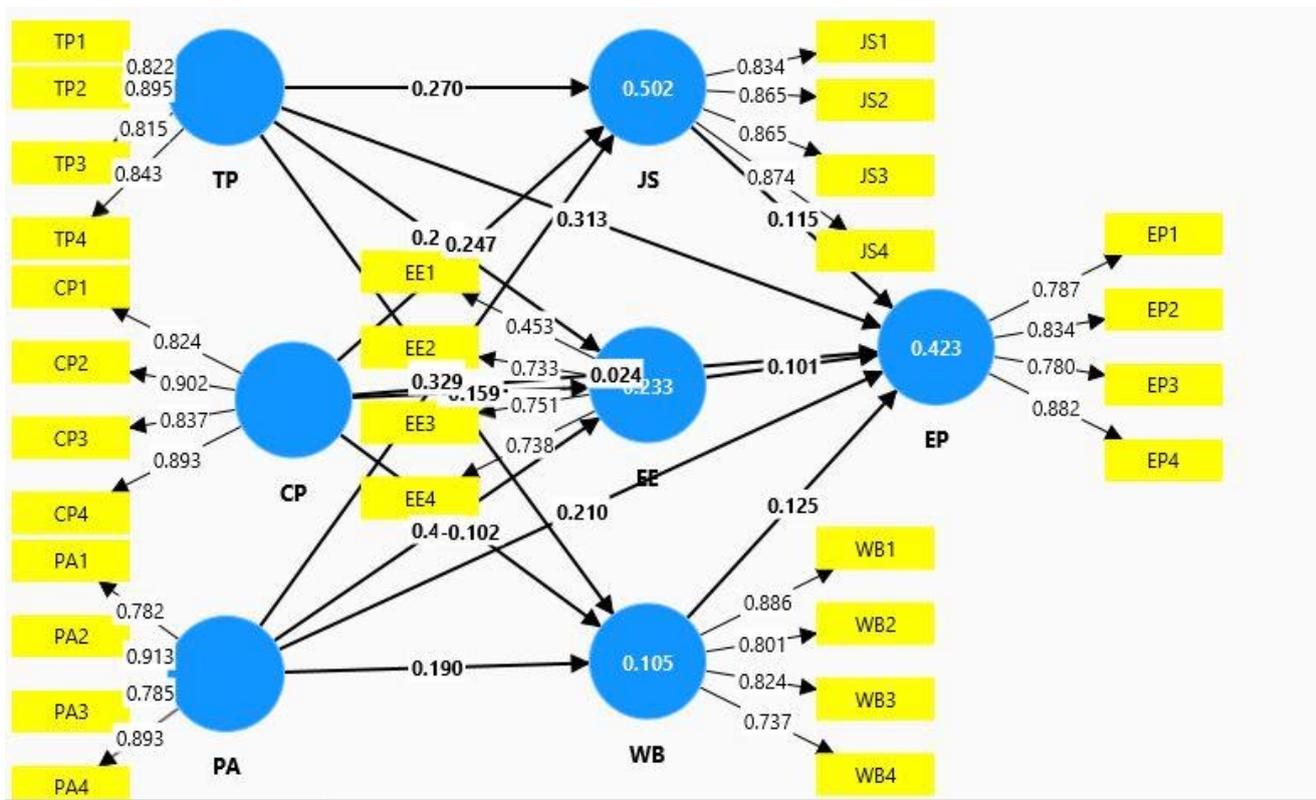


	CP	EE	EP	JS	PA	TP	WB
CP1	0.824						
CP2	0.902						
CP3	0.837						
CP4	0.893						
EE1		0.453					
EE2		0.733					
EE3		0.751					
EE4		0.738					
EP1			0.787				
EP2			0.834				
EP3			0.780				
EP4			0.882				
JS1				0.834			
JS2				0.865			
JS3				0.865			
JS4				0.874			
PA1					0.782		
PA2					0.913		
PA3					0.785		
PA4					0.893		
TP1						0.822	
TP2						0.895	
TP3						0.815	
TP4						0.843	
WB1							0.886
WB2							0.801
WB3							0.824
WB4							0.737

## Interpretation

If values of outer loadings are  $> 0.7$ , then the questionnaire is constructed accurately.

Above table of Outer-Loading shows that all the values are  $> 0.7$ . which shows that all the questions of questionnaire are related to the variables.



**Construct Reliability**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CP	0.887	0.899	0.922	0.748
EE	0.613	0.653	0.769	0.463
EP	0.840	0.850	0.892	0.675
JS	0.882	0.886	0.919	0.739
PA	0.867	0.899	0.909	0.715
TP	0.866	0.880	0.908	0.713
WB	0.845	1.035	0.887	0.662

**Interpretation**

The reliability of the test was done by Composite reliability. If values of composite reliability are >0.7, then the questionnaire is reliable. The values of our variables were all >0.7 except some of the values which are somehow on benchmark meaning that according to this test, our research is reliable.

**Discriminant Validity  
Fornell-Larcker Criterion**



	CP	EE	EP	JS	PA	TP	WB
CP	0.865						
EE	0.265	0.680					
EP	0.485	0.371	0.822				
JS	0.628	0.361	0.503	0.860			
PA	0.604	0.457	0.496	0.588	0.845		
TP	0.673	0.294	0.546	0.570	0.407	0.844	
WB	0.200	0.276	0.330	0.276	0.241	0.287	0.814

### Interpretation

Discriminant Validity is used to find out at which extent two variables are distinct from each other. It should be  $< 0.5$ . Discriminant Validity of this research variables is good and satisfactory.

### R-Square

	R-square	R-square adjusted
EE	0.233	0.209
EP	0.423	0.386
JS	0.502	0.487
WB	0.105	0.077

### Interpretation

R square test is done to check the strength of the model construct of variables. As a general rule, If the value of R-square is close to 0, the model will be weak. If the value of R-square is close to 1, the model is considered powerful. Therefore, with this test we can conclude that our model strength is moderate level.

### Structural Model Analysis

#### Path coefficient



	CP	EE	EP	JS	PA	TP	WB
CP		-0.159	0.024	0.247			-0.102
EE			0.101				
EP							
JS			0.115				
PA		0.467	0.210	0.329			0.190
TP		0.211	0.313	0.270			0.278
WB			0.125				

**Interpretation**

CP → EE: -0.159, This negative value indicates a weak inverse relationship between Compensation and Employee Engagement. However, the value is close to zero, suggesting that the impact is not very strong. CP → EP: 0.024, The path coefficient is very small, suggesting Compensation has almost no direct impact on Employee Performance in this model. CP → JS: 0.247, Compensation has a positive but moderate impact on Job Satisfaction, meaning that as compensation increases, job satisfaction tends to increase as well. EE → EP: 0.101, Employee Engagement has a very weak positive effect on Employee Performance. The coefficient indicates a minor relationship. EE → JS: 0.115, Employee Engagement has a weak positive effect on Job Satisfaction. PA → EP: 0.210, Performance Appraisal has a moderate positive relationship with Employee Performance. A higher performance appraisal leads to better employee performance. PAJS: 0.329, Performance Appraisal has a strong positive impact on Job Satisfaction, suggesting that better performance appraisals are associated with higher job satisfaction. TP → EP: 0.211, Training has a weak positive relationship with Employee Performance, indicating that training has a modest but positive effect on performance. TP → JS: 0.313, Training has a moderate positive effect on Job Satisfaction. This suggests that employees who receive training tend to be more satisfied with their jobs. WB → EP: 0.125, Work-Life Balance has a weak positive effect on Employee Performance. It indicates that better work-life balance slightly improves employee performance.

**Discussion**

The responses were collected from people who are working in the banking sector or have experience working there in the past, and who have experience in banking sector.

About 70% of the sample size belongs to the 21-30 years of age group, around 23% of the sample belongs to the 31-40 years of age group, while the other sample size (around 7%) belongs to 41-50 and above 50 years of age group respectively. From the sample size, 66.7% of the respondents were male and 33.3% of respondents were female. Around 30.5% of respondents had education at Masters Level, around 43.8% of respondents had education at the bachelor's



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level, while 33% of respondents had education at the undergraduate level and PHD level respectively. The research process led the impact of HRM Practices towards employee performance, job satisfaction.

In literature, there is independent variable of this study is “HRM Practices” and dependent variables are “Employee performance”, and the mediator is “Job Satisfaction”. This research has been done to observe HRM Practices impacts in especially in banking sector. In literature, there are some hypothesis of variables, which were impact of HRM Practices on (i) employee performance (ii) job satisfaction and In research, we conclude that there is an impact of HRM Practices on employee performance, job satisfaction because path coefficient value (P-value) is smaller than 0.5 that is why literature hypothesis and research questions has been proved. Organizations can improve employee performance and Job satisfaction through effective HRM Practices. Through the survey, it is proven that most of respondents are satisfied with the HRM Practices which directly impact on employee performance and ultimately his job satisfaction also increases.

### Discussion Section with Comparisons

#### • **Training and Development Practices (TP)**

Literature emphasizes the pivotal role of training in job satisfaction and employee retention. For example, Choo and Bowley (2007) found a strong positive correlation between training and job satisfaction. In this study, the relationship was moderate but significant, supporting the assertion that training improves skills and job satisfaction. However, the impact on employee performance was weaker than in some studies, suggesting a possible gap in aligning training content with organizational goals.

- *Comparison:* While previous studies highlighted training as a driver of innovation (Shipton et al., 2005), this research found its effect limited to satisfaction, indicating that banks may need to focus more on innovative training methodologies.

#### • **Employee Compensation Practices (CP)**

Compensation emerged as a significant determinant of job satisfaction, aligning with studies like SHRM (2012) and Sousa-Poza (2000). Higher compensation led to increased job satisfaction, which mediated performance outcomes. However, the direct impact on performance was minimal, suggesting compensation alone does not guarantee productivity.

- *Comparison:* Unlike findings by Dhawan and Mulla (2011), which demonstrated a strong compensation-performance link, this study emphasizes the mediating role of satisfaction, highlighting the need for holistic HR strategies.

#### • **Performance Appraisal Practices (PAP)**

The dual role of appraisals (developmental and evaluative) was reflected in its impact on satisfaction and performance. This study corroborates Boswell & Boudreau's (2002) findings that appraisals improve satisfaction but found the engagement impact weaker than expected

- *Comparison:* The weak engagement link contrasts with findings by Meyer et al. (2002), suggesting that appraisal processes in banks might lack engagement-enhancing elements like personalized feedback.
- **Job Satisfaction (JS)**



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The job satisfaction mediation role aligns with Judge et al. (2001), who posited that satisfaction strengthens HRM practices' impact on performance. In this study, satisfaction significantly influenced performance, supporting its role as a vital mediator.

- *Comparison:* While Zhang and Morris (2014) highlighted satisfaction as a mediator for organizational citizenship behavior, this research extends its role to performance, emphasizing its broader organizational impact.
- **Work-Life Balance (WLB)**  
Work-life balance had a weaker but significant mediating effect. HRM practices that facilitated balance improved performance marginally, echoing findings by Abdullah et al. (2020).
- *Comparison:* Unlike studies showing a strong direct link (e.g., Fairlie, 2011), this research found balance to be a secondary, supportive factor, suggesting it works best in tandem with other HR practices.
- **Employee Engagement (EE)**  
Engagement had a positive but limited effect on performance. This finding partially supports prior research by Kahn (1990), who argued for its critical role in driving performance.
- *Comparison:* The limited effect contrasts with more robust findings by Harter et al. (2002), indicating potential cultural or sector-specific influences.

### Conclusion

This study examined the impact of Human Resource Management Practices (HRMP) on employee performance in commercial banks, with a focus on mediators such as job satisfaction, employee engagement, and work-life balance. The results confirmed that HRMP significantly influences employee performance, directly and indirectly, through mediators. Effective HRM practices, i.e. training, compensation, and performance appraisals, positively impacted employee motivation and productivity, consistent with existing literature.

For instance, training and development practices were found to enhance job satisfaction and engagement, corroborating studies by Chaudhary & Bhaskar (2016) and others, which emphasize skill improvement as a driver for satisfaction and reduced turnover. Similarly, compensation practices were positively linked to job satisfaction, aligning with findings from SHRM (2012). The mediating role of job satisfaction highlights its critical importance in bridging HRMP and employee performance, echoing Judge et al.'s (2001) framework.

However, this research also revealed areas where results diverged from previous findings. For example, the impact of performance appraisals on employee engagement was weaker than anticipated, suggesting a need for more personalized or frequent feedback mechanisms. These variations might be attributable to differences in organizational culture or the unique regulatory environment of commercial banks.

The research was about finding out whether HRM Practices (independent variable) has any impact on employee performance (dependent variable) and mediation effect of job satisfaction, Employee Engagement and Work Life Balance (mediator). All dependent variables have positive impact on



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independent variable. In research, there is an impact of HRM Practices on employee performance because path coefficient value (P-value) is smaller than 0.5 that is why literature hypothesis and research questions has been proved. The study also shows that employees in banking sector are mostly satisfied with the practices but there are also few employees who are not satisfied with practices.

### Recommendations

The study based on variables such as HRM Practices, employee performance and job satisfaction based on the results of surveys and opinions and feedback of people, it is recommended that future studies in this field should include variables such as employee turnover and employee motivation. The research has limited number of respondents and is conducted only in Karachi, so people who conduct research in future in this field of area should include more respondents and responses should be collected from different cities which can enhance the findings and quality of the research. We also want to recommend organizations to improve HRM Practices, good practices can not only improve employee performance but also overall organizational productivity.

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