

Impact of Human Resource Management Practices in Nepal: Employees' Motivation and Loyalty in Private Schools

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Abstract: *The research was conducted in order to identify the relationships between human resource practices, teacher motivation and teacher loyalty. Quantitative research method was applied with questionnaires directly delivered to 595 teachers in school sector in Birgunj city. Statistical techniques including exploratory factor analysis, reliability analysis, multiple regression and mediation analysis were adopted. The empirical results showed that variables of team spirit, career development, compensation, relationship with manager and working environment directly affected teacher motivation and consequently, they provided indirect effects on loyalty through the mediation of teacher motivation. In addition, teacher loyalty was also directly affected by career development, working environment and teacher motivation. It is suggested that school sector should develop attractive compensation and benefit policies, comfortable workplace environment, coherent teamwork culture as well as straightforward career training and development plan for achieving higher level of teacher loyalty.*

1. INTRODUCTION

It is well known fact that the organizations success and prosper cannot be imagined without support and contribution from its human resources. As a labor-intensive industry, school organizations always search for excellent human resource management tools to improve their service performance as well as employee performance, employee motivation and employee loyalty. Employee loyalty was defined as attachment feeling of employees to their organization (Tomic *et al.*, 2018) or the favorable working environment that employees want to commit the organization with a high level of service quality (Yee *et al.*, 2010). These studies also pointed out the importance of employee loyalty in determining firm profitability through the positive impact on service quality. In addition to service quality, employee loyalty was discovered as a significant role influencing employees' engagement and work outcomes (Ibrahim & Al Falasi, 2014). The more loyalty of employees to organization, the higher employee engagement which leads to better teamwork, performance and lower turnover rate.

Another determinant factor beside employee loyalty is employee motivation. It was proved in the research of (Al

Araimi, 2002) that compensation and relationship with colleagues positively were related to employee motivation. Thus, employee motivation had direct positive relationships with employee commitment, sense of flow (Watson *et al.*, 2018) and employee creativity (Hur *et al.*, 2016). Not only a number of studies found out the meaningful impact of employee motivation but many motivation theories have also been developing throughout the years to increase employee motivation practically. One of the most well-known theories is Maslow hierarchy of needs in which managers could identify the need levels of their employees to utilize for their motivation. Since then, it could be a theoretical platform for management levels to implement appropriate and practical strategies to enhance employee motivation and reduce turnover rate in order to improve service quality. Based on the research of Chang *et al.* (2010) and Turkyilmaz *et al.* (2011), the study developed a model of independent variables including team spirit, compensation, career development, relationship with manager and working environment in relationship with mediating variable – employee motivation and dependent variable-employee loyalty.

2. RESEARCH HYPOTHESIS

In order to obtain all objectives and further analysis, this study hypothesizes that:

H1: Factors of team spirit, compensation, career development, relationship with principal, working environment and condition, fringe benefits directly affect teacher loyalty.

H2: Factors of team spirit, compensation, career development, relationship with principal, working environment and condition, fringe benefits directly affect teacher motivation.

H3: Teacher motivation directly affects teacher loyalty.

H4: Factors of team spirit, compensation, career development, relationship with teacher, working environment and condition,

fringe benefits indirectly affect teacher loyalty through the mediation of teacher motivation.

3. STATEMENT OF THE PROBLEMS

The problems of the study is to know:

How effective are HRM practices followed in the private schools in Birgunj? Do they have any impact on motivation and loyalty of teachers? How far can HRM practices influence teacher motivation and loyalty?

4. LITERATURE REVIEW

Employee loyalty

It was mentioned in the research of (Ineson & Berechet, 2011) that employee loyalty was affected by a number of factors including salary, benefits, interpersonal characteristics, personal incentives, hierarchical position, etc. Moreover, they also identified a positive linkage between employee loyalty and job satisfaction. In addition to job satisfaction, Yee *et al.* (2010) indicated a positive association between employee loyalty and service quality, which resulted in higher customer satisfaction. Under other conditions, Yao *et al.* (2019) considered behavioral loyalty of employees as antecedents and consequences of hotel employee organizational commitment. They also believed that employee loyalty, beside economic compensation, is significantly influenced by other facets such as social and affective factors.

Employee motivation

Employee motivation over the years has been studied and developed with a variety of motivational theories including Maslow’s Hierarchy of Needs, Herzberg’s Two Factor Theory, etc. It was also pointed out about the significant effect of co-workers and work environment on employee motivation. Wang (2016) also made contribution in the research of (Dermody *et al.*, 2004) that high quality LMX in hotels could increase employees’ task motivation. Therefore, it was recommended that organization should take more notice of positive influences from leaders to member to strengthen motivation.

5. FACTORS AFFECTING LOYALTY AND MOTIVATION OF EMPLOYEES

Team spirit, compensation, career development, relationship with manager, working environment & conditions are the major determinants of employees’ motivation and loyalty.

6. RESEARCH METHODOLOGY

The research applied quantitative approach to examine the relationship among independent, mediating and dependent variables. The data survey used 5 Likert scales to establish the accurate result and was collected from 595 teachers (school of

Birgunj) working in school Birgunj City. SPSS version 20 was applied in this research to perform statistics techniques including frequencies, means, standard deviation, EFA (exploratory factor analysis), Cronbach’s alpha, multiple regression and mediation analysis (F. Hayes, 2018). The measurement scale of variables is described in Table 1 as follows:

TABLE 1: Measurement scales of variables

	Variable	# of items	Reference
Independent variables	Team spirit	8	(SHRM, 2015)
	Compensation	11	(SHRM, 2014)
	Career development	7	(SHRM, 2015)
	Relationship with principals	4	(SHRM, 2015)
	Working environment and condition	22	(SHRM, 2015)
Mediating variables	teacher motivation	10	(SHRM, 2015) (Guterresa, Armanu, & Rofiaty, 2019)
Dependent variables	teacher loyalty	5	(Bettencourt, Gwinner, & Meuter, 2001) (Gandhi, Sachdeva, & Gupta, 2018)

Reliability analysis for variables was applied using Cronbach’s Alpha coefficient. The reliability level of Cronbach’s Alpha was identified by (Hair *et al.*, 2003). In detail, the range which is lower than 0.6 is referred as low reliability, 0.6 to 0.7 is moderate reliable, 0.7 to 0.8 is good reliability level, 0.9 to 0.95 is excellent reliable and greater than 0.95 is too high (the items should be verified to make sure they are not redundant). The reliability test of all variables (after eliminated low reliable items of each factor) is represented in Table 2.

TABLE 2: Reliability and validity of measurement scale

independent Variables	Number of items	Cronbach’s alpha	Total Variance Explained
Team spirit (TS)	8*	0.870	59.091%**
Compensation (COMP)	5*	0.844	
Career development (CD)	5*	0.805	
Relationship with principal (REWP)	3*	0.756	
Working	4*	0.724	

independent Variables	Number of items	Cronbach's alpha	Total Variance Explained
environment (WE)			
Working condition (WC)	4*	0.752	
Fringe benefit (FRB)	4*	0.715	
teacher motivation (TM)	10*	0.875	50.772%**
teacher loyalty (TL)	5*	0.806	

*All items have factor loadings > 0.5

**KMO indexes > 0.9 and sig. = .000 < 0.05

For the eigenvalues greater than 1, there were 7 components extracted including team spirit, compensation, career development, relationship with principal, working environment, working condition and fringe benefit. Seven independent variables were appropriate for factor analysis as the KMO index (0.940 > 0.5) and the Bartlett's test of sphericity ($p = .000 < 0.05$) were all acceptable. These 7 variables explained 59.091% for the total variance. Furthermore, with the high value of Cronbach's Alpha of independent components, they experienced the high reliability for analysis. Likewise, mediating variable (teacher motivation) and dependent variable (teacher loyalty) were estimated to be suitable for further research as the KMO index (0.915 > 0.5) and the Bartlett's test of sphericity ($p = .000 < 0.05$). These two variables were extracted component with the total variance explained at 50.772%. In regard to reliability value, with the high Cronbach's Alpha (> 0.8), it indicated the good reliability to conduct further research.

7. DATA ANALYSIS & FINDINGS

Demographic of respondents

Most of the respondents were primary level and middle level teachers, which accounted for 84.2%; whereas, the remaining were secondary level teacher. Regarding gender, there was a balance percentage between male and female respondents (48.1% and 51.9%, respectively). A large proportion of them belongs to young generation from 18-30 years of age (79.6%); meanwhile, teachers from 31-45 and from 46-65 constituted only 16.3% and 2.4%, in order. As a result, the percentage of single occupied up to two-thirds and the marriage percentage made up to only 30.8%. As the high turnover rate characteristic in school sector, from the data survey, up to 40.2% teachers worked from 1-3 years, 29.1% from 4-6 years, 10.3% from 7-10 years and just 3.4% over 10 years. Around 40% respondents graduated from college and 36.3% from university. Following is vocational school with 13.6%, high school with 5.2% and post-university with 4.4%. In conclusion, as the study focused on teacher level; therefore, most of them were young, single and have few years of experience.

Data findings & result

Table 3 explains all the correlations (all significant at $p < .05$) among independent variables, mediating variable and dependent variable. The strongest positive relationship is between team spirit and teacher motivation ($r = .710$, $p < .05$), which means that the better team spirit, the higher teacher motivation.

TABLE 3: Summary of all variables with reliability coefficients

EMLOY	1	2	3	4	5	6	7	8	
EMLOY	1.000								
TS	.543	1.000							
COMP	.482	.593	1.000						
CD	.568	.611	.612	1.000					
REWP	.480	.570	.538	.519	1.000				
WE	.540	.519	.433	.491	.485	1.000			
WC	.507	.667	.574	.562	.596	.520	1.000		
FRB	.487	.598	.564	.559	.540	.453	.549	1.000	
TOM	.604	.710	.688	.641	.606	.608	.693	.647	1.000
Mean	3.76	3.60	3.47	3.60	3.60	3.81	3.62	3.58	3.65

As table 4 shows, there is no direct effect of team spirit, compensation, relationship with manager, working condition and fringe benefit on teacher loyalty as P -value > .05. On the contrary, teacher loyalty experienced a direct positive influence of teacher motivation with ($\beta = .189$, $P = .001$). Likewise, career development and working environment have direct positive association with teacher loyalty with ($\beta = .217$, $P = .000$ and $\beta = .208$, $P = .000$) respectively. These hypothesized supported the previous researches of (Turkyilmaz *et al.*, 2011; Chen & Lin, 2013). $R^2 = .463$ pointed out that 46.3% of the variance in teacher loyalty was explained by career development, working environment and teacher motivation.

TABLE 4: Effect coefficients between all variables and teacher loyalty

Hypothesis	β	T-value	P-value	Decision
TS→TLOY	.087	1.797	.073	Rejected
COMP→TLOY	.005	.116	.908	Rejected
CD→TLOY	.217	4.968	.000	Supported
REWP→TLOY	.059	1.408	.160	Rejected
WE→TLOY	.208	5.264	.000	Supported
WC→TLOY	.023	.483	.629	Rejected
FRB→TLOY	.050	1.169	.243	Rejected
TM→TLOY	.189	3.372	.001	Supported

Model summary: $R^2 = .463$

The result of multiple regression implied that teacher motivation was directly influenced by all independent variables. As indicated in Table 5, team spirit, compensation, career development, working environment, working condition and fringe benefit significantly influence on teacher motivation positively. The strongest impact on teacher motivation is compensation ($\beta = .230, P = .000$), following are team spirit ($\beta = .188, P = .000$), working environment ($\beta = .182, P = .000$), working condition ($\beta = .179, P = .000$), fringe benefit ($\beta = .145, P = .000$) and career development ($\beta = .084, P = .009$). On the other hand, relationship with manager has a marginal positive effect on teacher motivation with ($\beta = .058, P = .058$). The positive correlations of these independent variables on teacher motivation were consistent with the researches of London (1993), Klein and Kim (1998), Kasper *et al.* (2012) and Gupta and Shaw (2014). The $R^2 = .71$, shows the high appropriateness of the model and data and describes that 71% of the variance in teacher motivation was explained by independent variable.

TABLE 5: Effect coefficients between independent variables and teacher motivation

Hypothesis	β	T-value	P-value	Decision
TS→TM	.188	5.441	.000	Supported
COMP→TM	.230	7.264	.000	Supported
CD→ TM	.084	2.636	.009	Supported
REWP→ TM	.058	1.899	.058	Supported
WE→ TM	.182	6.471	.000	Supported
WC→ TM	.179	5.357	.000	Supported
FRB→ TM	.145	4.708	.000	Supported

Model summary: $R^2 = .710$

Table 6 used MEDIATE macro model for mediation analysis of (F. Hayes, 2018). The outputs provided the bootstrap confidence intervals at 90%. If there is a ZERO between lower boundary (LL) and upper boundary (UL), there is no indirect effect. On the contrary, if ZERO does not exist in the range of LL and UL, the indirect effect is significant with 90% confidence. As a result, it was withdrawn from the Table 7 that all teacher motivation fully mediated the positive impact of compensation, team spirit, relationship with manager, fringe benefit, working condition on teacher loyalty ($\beta = .044, .036, .011, .028, .034$), respectively. On the other hand, career development and working environment experienced the partial meditation of teacher motivation in the relationship with teacher loyalty with $\beta = .016$ for the former and $\beta = .034$ for the latter.

TABLE 6: Direct, indirect and total casual effects

Casual Effects					
Variables	Direct	Indirect	Total	LL	UL
CD	.217	.016	.233	.0045	.0293
WE	.208	.034	.242	.0177	.0580
TS	-	.036	.036	.0165	.0583
COMP	-	.044	.044	.0187	.0606
REWP	-	.011	.011	.0010	.0214
WC	-	.034	.034	.0153	.0541
FRB	-	.028	.028	.0121	.0449

According to Table 6, working environment had the strongest impact on teacher loyalty ($\beta = .242$), following is career development ($\beta = .233$), compensation ($\beta = .044$), team spirit ($\beta = .036$), working condition ($\beta = .034$), fringe benefit ($\beta = .028$) and the weakest effect is relationship with manager ($\beta = .011$). In conclusion, the total effect of independent variables on teacher loyalty is .628.

8. DISCUSSION

The study has clarified the direct positive relationship of team spirit, compensation, career development, relationship with manager, working environment, working condition, and fringe benefit on teacher motivation. However, those factors affected not only on teacher motivation but also indirectly on teacher loyalty through the mediation of teacher motivation. It can be recommended from the study that to increase employee motivation, managers in school sector in Birgunj city should pay attention in developing attractive compensation and benefit policies, comfortable workplace environment, coherent teamwork culture as well as straightforward career training and development plan. Especially based on the causal effect of teacher loyalty, because working environment and career development had the strongest effect on teacher loyalty, school sector leaders should take notice of building a safe and friendly working environment as well as creating more opportunities for teachers to develop their knowledge and skills with specific training plan. This study's findings beside job satisfaction, team spirit, working environment, career development, leadership relationship and compensation also had remarkable impact on employee motivation and indirect relationship with employee loyalty through the mediation of employee motivation. Considered as a labor-intensive industry, school sector should concentrate on employee-oriented policies to ensure the satisfaction, motivation and loyalty of employees to organization; as a result, they are able to provide exceptional quality products, services and experience for guests.

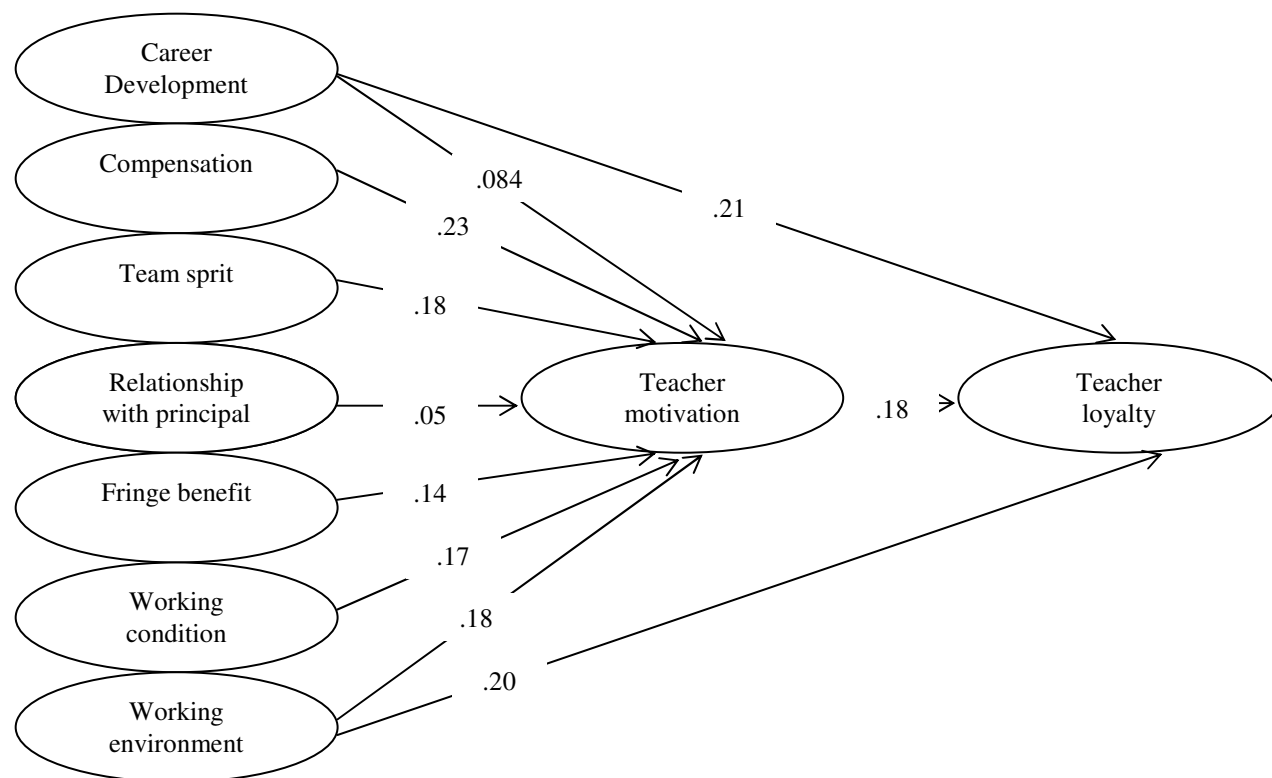


Fig. 1. Path coefficient of hypothesis testing

9. CONCLUSION

This study has remarkably contributed to both theoretical and practical implication for school sector in Birgunj to take consideration in managing human resources. It is believed that there are many other factors affecting, moderating and mediating the relationship among teacher motivation, loyalty and independent human resource factors. Hence, future studies have a variety of factors and opportunities to conduct and widen understanding about human resource management in school sector.

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