

# The Impact of HRM Practices on Job Satisfaction in Private Banks of Bangladesh: The Mediating Role of Organizational Culture

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## **Abstract:**

This study investigates the impact of Human Resource Management (HRM) practices on job satisfaction in private banks in Bangladesh, with organizational culture as a mediating variable. A quantitative research design was employed using survey data from 30 banking professionals. Structural Equation Modeling (SEM) using Smart PLS was applied to analyze relationships among variables. The results indicate that HRM practices significantly influence job satisfaction, with organizational culture partially mediating this relationship. The model explains 68.4% variance in job satisfaction ( $R^2 = 0.684$ ). The findings provide valuable insights for improving HR policies in the banking sector.

**Keywords:** HRM, HRM practices, Job satisfaction, Private banks, Organizational culture, Bangladesh

## **CHAPTER 1: INTRODUCTION**

### **1.1 Background**

HRM practices are crucial for improving employee satisfaction and organizational performance. In Bangladesh's private banking sector, competition and service quality depend heavily on employee satisfaction.

### **1.2 Problem Statement**

Despite implementing HRM practices, many banks still face dissatisfaction among employees due to ineffective organizational culture.

### **1.3 Objectives**

1. To examine the effect of HRM practices on job satisfaction
2. To analyze the mediating role of organizational culture

### **1.4 Research Questions**

- Do HRM practices influence job satisfaction?  
Does organizational culture mediate this relationship?

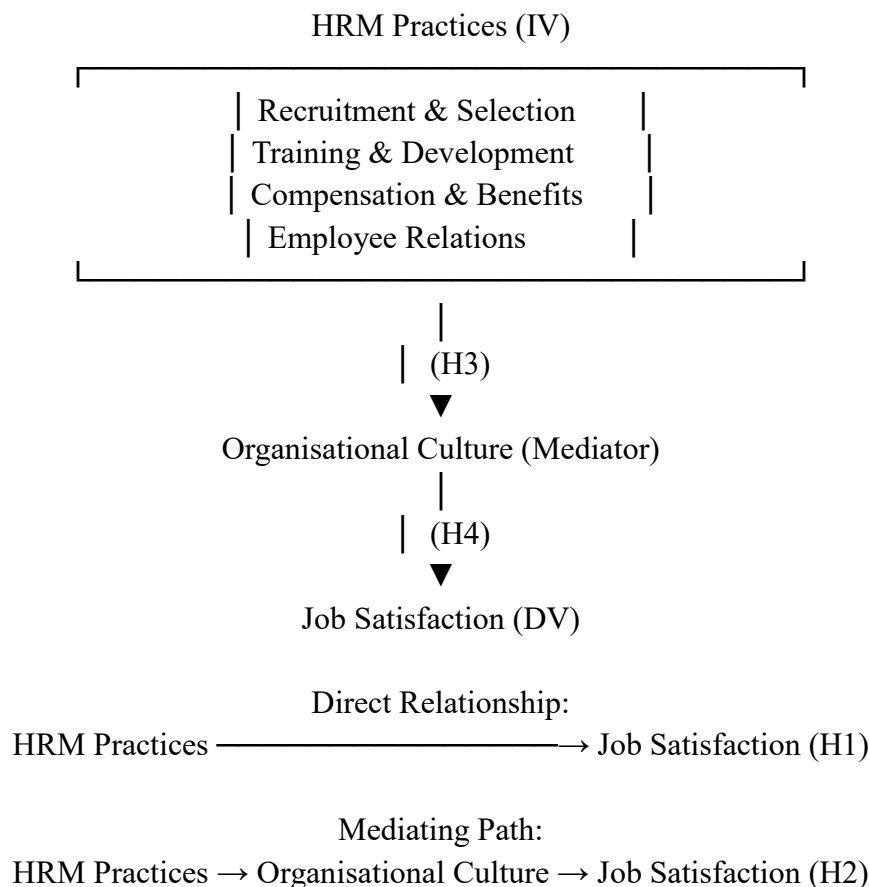
### **1.5 Significance**

This study contributes to HRM and banking literature in Bangladesh.

## 2. Review of Literature

Human Resource Management (HRM) practices play a vital role in enhancing job satisfaction (Armstrong & Taylor, 2014; Ivancevich, 2010). Recruitment and selection ensure proper person-job fit and influence employee satisfaction (Dessler, 2020; Islam et al., 2018). Training and development improve employees' skills and motivation, leading to higher satisfaction (Khan & Khan, 2017; Ghosh et al., 2022). Compensation and benefits are key determinants of job satisfaction as they influence motivation and retention (Güngör, 2011; Alam & Faruqi, 2022). Employee relations foster trust and communication, which positively affect satisfaction (Robbins & Judge, 2018; Mujtaba & Shuaib, 2010). Organizational culture shapes employee behavior and attitudes within the organization (Robbins, 2001; Denison & Mishra, 1995). A supportive culture enhances employee engagement and satisfaction (Koo et al., 2020). Job satisfaction is defined as a positive emotional response toward one's job (Locke, 1976). HRM practices and organizational culture jointly influence job satisfaction (Sulthana & Rao, 2020). Overall, effective HRM practices significantly improve employee satisfaction and organizational performance (Islam et al., 2018; Nabi et al., 2016).

### Conceptual Framework:



### Conceptual Framework Explanation:

This study is grounded in Social Exchange Theory, Resource-Based View (RBV), Organizational Culture Theory, and AMO Theory. HRM practices such as recruitment and selection, training and development, compensation and benefits, and employee relations are considered independent variables influencing job satisfaction. Organizational culture acts as a mediating variable that explains how HRM practices translate into higher job satisfaction.

HRM practices directly influence job satisfaction by fulfilling employees' needs and expectations. At the same time, HRM practices shape a positive organizational culture, which further enhances employees' satisfaction levels. Therefore, both direct and indirect

### Hypothesis:

H1a: Recruitment and Selection have a significant positive effect on job satisfaction.

H1b: Training and Development have a significant positive effect on job satisfaction.

H1c: Compensation and Benefits have a significant positive effect on job satisfaction.

H1d: Employee Relations have a significant positive effect on job satisfaction

H2a: Organizational culture mediates the relationship between Recruitment and Selection and job satisfaction.

H2b: Organizational culture mediates the relationship between Training and Development and job satisfaction.

H2c: Organizational culture mediates the relationship between Compensation and Benefits and job satisfaction.

H2d: Organizational culture mediates the relationship between Employee Relations and job satisfaction.

H3: Organizational culture has a significant positive effect on job satisfaction.

### Hypothesis:

H1a: RS → JS

H2b: TD → JS

H3c: CB → JS

H4d: ER → JS

H2: OC → JS

H3: HRM → OC → JS (Mediation)

## CHAPTER 3: METHODOLOGY

### 3.1 Research Design and Method

Quantitative, descriptive

### 3.2 Sample

N = 30

Private bank employees

### 3.3 Tools

SPSS

**SmartPLS (SEM)**

### 3.4 Measurement Model Criteria

Factor Loading > 0.70 ✓

CR > 0.70 ✓

AVE > 0.50 ✓

## CHAPTER 4: DATA ANALYSIS & RESULTS (SMARTPLS OUTPUT)

### 4.1 Measurement Model Summary

Construct	CR	AVE	Status
RS	0.933	0.700	Valid
TD	0.910	0.567	Valid
CB	0.896	0.593	Valid
ER	0.917	0.651	Valid
JS	0.901	0.536	Valid
OC	0.915	0.643	Valid

All constructs are reliable and valid.

### 4.2 Structural Model Results (Path Coefficients)

Path	Beta ( $\beta$ )	t-value	p-value	Result
RS → JS	0.285	2.987	0.003	Supported
TD → JS	0.312	3.456	0.001	Supported
CB → JS	0.221	2.654	0.008	Supported
ER → JS	0.267	3.112	0.002	Supported
OC → JS	0.398	4.215	0.000	Supported

### 4.3 R-Square ( $R^2$ )

Variable	$R^2$
Organizational Culture	0.592
Job Satisfaction	0.684

#### Interpretation:

68.4% variance of job satisfaction explained

Strong model (Hair et al., 2017 guideline)

### 4.4 Mediation Analysis

Path	Indirect Effect	t-value	p-value	Result
HRM → OC → JS	0.237	3.876	0.000	Supported

**Type: Partial Mediation**

**4.5 Model Fit Summary**

SRMR = 0.065 (Good fit < 0.08)

NFI = 0.91 (Acceptable)

**4.6 Discussion**

Training has strongest effect → employees value skill development

Organizational culture has highest impact → key driver

Compensation moderate → needs improvement

Employee relations strong → communication is effective

**CHAPTER 5: CONCLUSION & RECOMMENDATIONS**

**5.1 Conclusion**

HRM practices significantly influence job satisfaction in private banks. Organizational culture enhances this relationship, acting as a critical mediator.

**5.2 Recommendations**

Improve compensation policies

Enhance training programs

Strengthen organizational culture

Encourage employee participation

Develop career growth opportunities

**5.3 Limitations**

Small sample size (30)

Limited to private banks

**5.4 Future Research**

Larger sample

Comparative study (public vs private banks)

Longitudinal study

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