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ABOUT THE JOURNAL

The Management Review is an open access double-blind peer-reviewed annual research journal published by Research Management Cell (RMC), Central Department of Management (CDM), Far Western University, Nepal. The journal aims to explore the new ideas, trends, and issues specially in the diversified discipline of management such as accounting, finance, banking, insurance, marketing, business economics, business communication, business statistics, management information system, corporate governance, corporate social responsibility, general management, human resource management, operational management, strategic management, project management, organizational behaviour, organizational development, and many more connected with management discipline.

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EDITORIAL

With gladness we share with you volume 2 of The Management Review. The journal has been providing a forum to the researchers, practitioners, policymakers, and students for critical discussion regarding new issues, current problems, and new approaches in various management fields. Academic journals are center to the process of generating and disseminating knowledge as management scholars and practitioners look for solutions to growing complexity in organizational challenges based on evidence.

Articles in this volume reflect the diversity and vitality of today's management research. They cover accounting and finance, entrepreneurship, human resource management, organizational behavior, digital transformation, governance, economic development, strategic management, and business communication. We hope the articles contained in this volume will inspire further investigation, stimulate scholarly discussion and make a significant contribution to the development of management knowledge.

The Management Review being a journal of University of Nepal is committed to fostering a dynamic research culture in Nepal and around the world. We are convinced that quality research is not only central to academic high standards, but it also plays a key role in information for policymaking, institutional development, and socioeconomic development. We welcome researchers, academicians, and practitioners to join us for academic excellence and the advancement of society as authors, reviewers, and readers of The Management Review.

There are many people who have contributed to the publication of this volume. We gratefully acknowledge the contributions of all the administrative staffs of the department, authors, reviewers, and the ongoing guidance and commitment of the editorial board and advisory board in upholding the quality and integrity of the journal. We are also thankful to the Far Western University for its continuous support in promoting and encouraging research, innovation, and academic excellence.

With sincere anticipation and academic solidarity,

Editor-in-Chief

Authors Guidelines for Submission of Manuscript

The authors should follow the following submission procedures:

i. The author should also declare that the manuscript is original, not submitted elsewhere for publication.

ii. The authors should adhere to research ethics. The author(s) him/her/themselves will be responsible for plagiarism.

iii. The paper should provide the proper in-text citation and references.

iv. The maximum length of the manuscript submission should be 4,500 to 7,000 words.

v. Manuscript should be submitted in Microsoft word (DOC, DOCX) format with proper page numbering.

vi. The manuscripts should be written in English, Time New Roman Font, Font Size 12, Paragraph Justified. Typed in 1.5 line spacing with 1 inch page margin on A4 size paper.

vii. The title should have maximum 14 words, all caps. Font size 14.

viii. The title page should contain the title of the article, name of the author, designation, (e-mail address, and contact number in the footnote), and abstract less than 300 words with maximum 6 key words.

ix. All level headings-1 must be centered and Title Case, 6 pts line spacing before and after.

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xii. In text citation and references must be in APA-7 style.

xiii. Table and Figure numbers should be in in natural numbers (e.g. Table 1, Table 2, … etc. and Figure 1, Figure 2 . . . etc), bold, left alignment.

xiv. Title of the Table and Figures should be italic, Title Case, and left alignment.

xv. Note description of the table and figures should be in italic, 10 points, no line spacing, just below the table/figure number and just above the table/figure title.

xvi. The manuscript should contain **Introduction**, **Literature Review** (optional), **Research Methodology**, **Results and Discussion**, and **Conclusion**.

xvii. The manuscript should be in all the disciplines relating to management.

xviii. If any acknowledgment or declaration is needed, it should be placed after the conclusions.

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

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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

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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).

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

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.

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Career Commitment among Bank Employees in Kathmandu Valley

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Abstract

The study is conducted to invest the interrelationship between affective, normative, and continuance components of career commitment and to examine their combined effect on overall career commitment among banking professionals in Kathmandu Valley. The study used three component models of Meyer and Allen's to achieve the objective of the study by using quantitative research design and the data were collected from the structured questionnaires and distributed to the banking employees of the Kathmandu Valley, out of 120 questionnaires only 109 were valid responded. The findings from Pearson correlation and multiple regression analyses showed that affective and normative commitments significantly and positively impact overall career commitment, where the affective commitment is considered as the strongest predictor among three. In contrast, continuance commitment results show less impact on overall commitment. The results of the study suggested that emotional attachment and the important factors play a more important role in long-term career dedication than cost-related obligations, which emphasize the importance of fostering a supportive, value-driven work culture to enhance employee commitment and retention in Nepal's banking sector.

Key Words: *Affective commitment, normative commitment, continuance commitment, career commitment*

Introduction

In the today's fast-changing world, organizations understand that the employees are not

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just cost but they are one of their most valuable assets (Hoang et al., 2023; Nazish et al., 2013). These employees play a very important role in every organization by helping the organization to stay competitive and succeed overtime (Imam et al., 2013; Mittal & Mittal, 2015). Especially it is true in banking sector, where employees often face high stress and strong competition (Hoang et al., 2023). In such a situation, employee commitment becomes very important and when employees are committed, they are more dedicated to their work, better able to handle pressure, and more likely to stay with the organization and they also help to improve the organization's performance, innovation, and long-term success (Mittal & Mittal, 2015; Hoang et al., 2023).

A widely recognized model to understand employee commitment is Meyer and Allen's (1990) Three Component Models, which explains that employees stay with an organization for three main reasons:

Affective commitment (AC): This happens when employees feel emotionally attached to their organization and they stay because they want to (Allen & Meyer, 1996; Hoang et al., 2023; Singh & Bhardwaj, 2017).

Continuance Commitment (CC): This happens when employees think about the cost of leaving, such as losing their salary, benefits, or relationship and they stay because they need to (Allen & Meyer, 1996; Meyer et al., 2002; Emiru & Haile, 2021).

Normative Commitment (NC): This happens when employees feel a sense of duty or responsibility to stay and they stay because they feel or think that it is the right thing to do (Cuong et al., 2024; Emiru & Haile, 2021).

Although this model was first developed to explain the organizational commitment and it has also been widely used to understand career and professional commitment (Meyer et al., 1993; Snape & Redman, 2003). Understanding these three components about how they work together to support the long-term career commitment has become increasingly important (Meyer & Allen, 1991; Somers, 2009), and understanding these in the sectors like banking, where the complex services and heavy use of the technology

make employee commitment an essential for the organizational performance and stability (Alam & Nahar, 2021; Cuong et al., 2024; Hoang et al., 2023). According to the study of Blau (1985) the career commitment refers to a person's ability of motivation, dedication, and positive attitude toward their chosen profession or career.

In Nepal, economic liberalization has contributed to the rapid growth of financial institutions and increased competition for skilled employees (Rai et al., 2021). So, as a result banks often face challenges in retaining talented staff, since employees are frequently attracted by other organizations that offer better salaries, benefits, and career development opportunities (Subedi & Bhandari, 2024; Rai et al., 2021). Due to these high movements of employees between banks highlights the need to better understand the level of commitment among Nepalese bankers and understanding employee commitment can help banks develop effective strategies to improve retention and reduce turnover (Rai et al., 2021).

In Nepal's banking sector, employees face a lot of pressure such as rapid growth, strong competition, new technologies and strict performance targets which have made the work environment very demanding and this challenge has directly affected how committed banking professionals feel toward their careers (Rai et al., 2021; Subedi & Bhandari, 2024; Yukongdi & Shrestha, 2020). According to the researchers such as Emiru & Haile, (2021) and Subedi & Bhandari, (2024) over the past two decades, the industry has grown quickly, but it still faces serious problems like employees leaving their jobs, dissatisfaction, and loss of skilled workers. Similarly, the many studies have looked at factors like work-life balance, salaryand leadership and how they influence employees' commitment to their organizations (Cuong et al., 2024; Hassi, 2018; Hoang et al., 2023; Islam et al., 2013; Najam et al., 2020; Nawab & Bhatti, 2011; Subedi & Bhandari, 2024; Talukder, 2019). However, there is still a gap in understanding career commitment in a deeper way, particularly not much attention has been given to how the three aspects of career commitment work together, and how they interact with each other, similarly how they influence long-term career stability and attachment to the profession.

Moreover, as Morrow (1993) explained that the modern careers are no longer fixed in one role or one organization, people often move across different jobs and institutions, so they need to balance their personal goals with their professional ambitions. In this changing environment, having strong career commitment will help employees to stay motivated, productive, and loyal to their profession (Najam et al., 2020; Pahi et al., 2021).Similarly, John Meyer and Natalie Allen (1991) have explained that in the Three-Component Model, people stay in their profession for three main reasons: due to the emotional attachment (affective commitment), due to sense of responsibility(normative commitment), and the cost of leaving (continuance commitment). Together, these dimensions influence whether individuals choose to stay in or leave their career (Meyer & Allen, 1997). As originally discussed by Blau (1985), strong career commitment enhances employee motivation, performance, and long-term professional stability. As a multidimensional construct, career commitment plays a pivotal role in enhancing employee performance, reducing turnover, and supporting organizational effectiveness (Blau, 1985).

However, few studies in Nepal have examined how these components work together to shape career commitment among banking professionals (Gautam, 2017; Rai et al., 2021; Subedi & Bhandari, 2024).Where the existing research has highlighted that weak compensation practices, lack of recognition, and limited career development opportunities have negatively affected employee loyalty and increased turnover in Nepalese banks (Rai et al., 2021; Subedi & Bhandari, 2024). In 21st century the banking industry has been grown quickly, but still these challenges has led to employee dissatisfaction, lower engagement, and the loss of skilled workers, which indicates that how important it is to better understand what will helps employees to stay committed to their profession (Cuong et al., 2024; Emiru & Haile, 2021; Hoang et al., 2023).

According to these issues it is considered as the important part to understand how affective, normative, and continuance commitment are connected to each other and how they work together to shape overall career commitment among banking professionals in

Kathmandu Valley. So, to cover this gap this study focuses on examining how these three types of commitment are related and how they work together, and how they influence employees' overall commitment to their careers. Therefore, by doing this, the study will offer useful insights for banks to improve employee motivation, to reduce staff turnover, and to create a more stable and committed workforce in Nepal's financial sector.

Literature Review

Many of the studies have defined the career commitment in different ways and in different periods. Those studies have mainly focused on the personal and workplace factors or conditions which affect how strongly people are dedicated to their long-term careers (Nazish et al., 2013; Carson & Bedeian, 1994).For instance, the study of Blau's (1985) has stated that the career commitment is about how strongly individuals identify their profession and stay involved in their chosen profession for the long term and this study has also investigated the role of "situational and individual differences variables" in predicting career commitment. Likely, other researchers such as Carson & Bedeian, (1994); Colarelli & Bishop, (1990); Nazish et al., (2013) has explored the different personal and situational factors which affect career commitment and found that the employees who are more involved in their jobs, satisfied with their work and committed to their organization tend to show higher career commitment, additionally their results also says that the personal traits like the need for achievement and a strong work ethic have a smaller but still have positive effect. Therefore, the overall findings of these studies show that the career commitment is shaped by both internal factors (like personal motivation) and external factors (like the work environment).

Similarly, the study of Allen and Meyer (1990) and Meyer and Allen (1991) has introduced a model from the organizational side by including the three types of commitment which are affective, continuance, and normative commitment. Later, the study done by Meyer, Allen and Smith (1993) expanded this idea and showed that the models are not limited to organizations, where it can also be applied to careers and

professions, which means that the people can feel different types of commitment not just to their workplace, but also to their chosen career. Furthermore, research by Allen and Meyer (1996) also suggested that these three types of commitment are clearly different from each other like some employees stay because they feel emotionally connected to their work, others stay because leaving would be costly, and some remain because they feel a sense of duty or responsibility and their findings also showed that affective and normative commitment are somewhat related, while continuous commitment tends to be more separate and this finding is supported by Meyer et al., (2002) which results state that affective and normative commitment are positively related, but they are still distinct and not the same.

Existing research shows that the three components of commitment are related to each other, but they still separate and distinct concepts (Singh & Bhardwaj, 2017;Allen & Meyer, 1996). Particularly, some of the studies have found a strong positive relationship between affective and normative commitment, which means that individuals who feel emotionally attached to their profession are more likely to develop a sense of moral responsibility to continue in it (Singh & Bhardwaj, 2017; Bergman, 2006; Alam & Nahar, 2021). On the other hand, the study done by Alam & Nahar, (2021) shows that the continuance commitment works a bit differently and is usually more independent and in some cases, it can even have a negative relationship with normative commitment, which suggests that when people feel they must stay in a profession, it may reduce their sense of moral obligation to stay. However, in specialized fields like banking, the situation can be different like when employees believe that the skills, time, and effort they have invested in their profession are valuable and not easily transferable, so the continuance commitment can also become positively related to affective and normative commitment therefore in such cases, employees stay not only because they need to, but also because they want to and feel they should (Singh & Bhardwaj, 2017).

Likely, the research of Gautam et al., (2001) has examined the Meyer and Allen's three-part model of organizational commitment by using 103 employees from different

organizations in Nepal, including the banks and their findings showed that affective, normative, and continuance commitment are separate but still connected in the Nepali context. They found that affective commitment had the strongest link to employees' intention to stay, that means employees who felt emotionally attached to their organization were much less likely to think about leaving their job. On the other hand, normative and continuance commitment had weaker effects and were more influenced by the factors like job satisfaction and the availability of other job opportunities. Similarly, the study based on statistical analysis concluded that while all three types of commitment are relevant, emotional attachment (affective commitment) plays the most important role in retaining the employees. Therefore, this is especially important for banks in Nepal, where keeping skilled and experienced staff is crucial in a competitive job market which is like the findings of some researchers such as (Rai et al., 2021; Subedi & Bhandari, 2024; Yukongdi & Shrestha, 2020).

Somers (2009) looked at how the three types of commitment work together instead of studying them separately by studying the hospital nurses and found that employees who felt both emotionally connected to their organization (affective commitment) and a sense of responsibility to stay (normative commitment) were less likely to think about leaving and experienced less stress. Similarly, Somers (2009) also found that these two types of commitment are stronger when they work together than when they are considered individually which means that emotional attachment and a sense of obligation support each other and lead to better work outcomes and this finding is like the work done by Gellatly et al., (2006) and Wasti, (2005). So, this idea is especially important for sectors like banking, where employee turnover is high and by building both emotional connection and a sense of responsibility, organizations can help to keep employees committed for a longer time (Hoang et., 2023; Subedi & Bhandari, 2024).

Traditionally, many studies have examined affective, continuance, and normative commitment separately but more of the recent research suggests that it is more useful to look at them together by focusing on different commitment profiles within an individual

and this approach helps to understand how these three types of commitment combine and influence a person (Stark et al., 2025; Alam & Nahar, 2021). Similarly, the research done by Stark et al., (2025) shows that individuals with high affective commitment (emotional attachment) tend to experience the most positive outcomes, such as better job performance and lower stress. In contrast, employees who mainly stay because they feel they must(continuance commitment) which may be more likely to leave if better opportunities arise and may also become less engaged or less willing to contribute new ideas (Cuong et al., 2024). Therefore, understanding these different combinations is especially important for bank managers in the Kathmandu valley, where strong competition and a demanding work environment make it changeling to retain skilled employees (Alam & Nahar, 2021; Subedi & Bhandari, 2024).

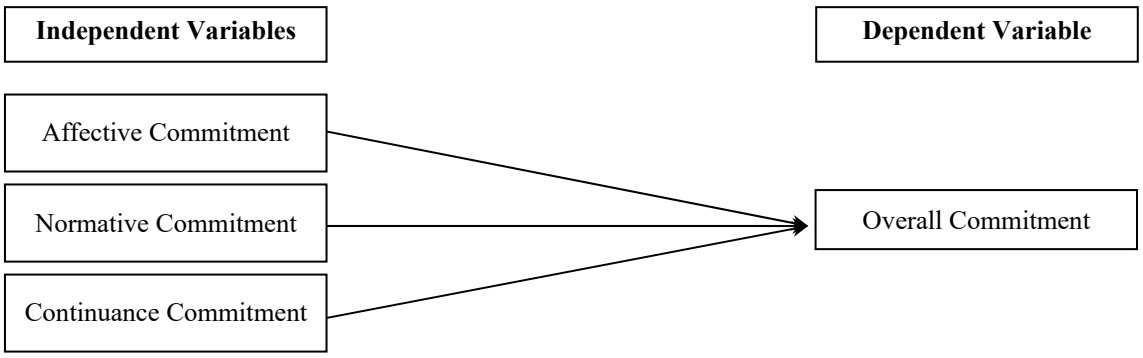
In the context of Nepal, banking sectors has grown very quickly after economic liberalization, which has created strong competition among banks to attract and retain skilled employees, due to this "war for talent," banks often offer attractive salary packages and benefits to bring in employees from other organizations, which will be leading to frequent job switching (Rai et al., 2021; Subedi & Bhandari, 2024). In this context, study of Subedi & Bhandari, (2024) states that the compensation and career development opportunities play a very important role in building employee commitment. When employees feel that they are paid fairly and have clear chances for career growth, they are more likely to stay in their profession out of both necessity and a sense of responsibility, which strengthens their continuance and normative commitment and at the same time, the work environment in Nepalese banks can be quite demanding and employees often face high stress due to the strict performance targets and rapid technological changes (Cuong et al., 2024). The existing study of Rai et al., (2021) indicates that the factors like good relationships with colleagues, opportunities for promotion can improve employees' emotional attachment and the sense of responsibility toward their profession and revealed that these factors influence mainly to the emotional attachment of the employees' (affective commitment) and sense of the

responsibility (normative commitment), but considered that these factors may not influence much to the cost of leaving perspective of the employees (continuance commitment).

Therefore, these existing research shows that there is still limitation of understanding about how these three different dimensions of commitment interact with each other and work together for the long-term career commitment. So, to bridge this gap the present study has focuses on investing the interrelationship between affective, normative, and continuance components of career commitment and examining their combined effect on overall career commitment among banking professionals in Kathmandu Valley. This kind of examining can help organizations to manage their employees more effectively and create a more stable work environment. In the context of banking in the Kathmandu valley, this understanding is especially useful for strengthening employees' dedication to their profession and improving long-term retention.

1. Conceptual Framework

According to the theories and ideas discussed in previous research, the below figure 1 shows the conceptual framework developed for this study.



Methodology

The study employed a quantitative, cross-sectional research design to examine how affective, continuance, and normative commitment are interrelated and how they together influence overall career commitment among the employees of the banking

sector in Kathmandu Valley, Nepal. Similarly, the study is based on Allen and Meyer's (1990) Three-Component Model of commitment, which explains that the career commitment in three parts, such as emotional attachment to profession (affective), the perceived cost of leaving it (continuance), and a sense of moral responsibility to stay (normative).

The target population of the study included both public and private sector banks within the Kathmandu valley, by covering the different job levels such as managers, officers, and general staff. To make sure the sample fairly represents the population, a simple random sampling technique was used, giving every employee an equal chance of being selected. In total 120 questionnaires were distributed to the respondents, but only 109 were received with valid responses and these 109 responses were used for the final analysis.

For the final analysis, the study collected the primary data through a structured, self-administered questionnaire and those questionnaire were divided into two main sections like in section one demographic details (age, gender, marital status, education level, job position, years of banking experience, and bank type) were included and for the section two measurement of career commitment using the three-component mode of commitment scale (Allen & Meyer, 1990) were included, and each of the three dimensions (affective, continuance, normative) was measured by using the five-point Likert scale (1 = Strongly Agree to 5 = Strongly Disagree)by including the five items for each commitment. This scale is widely validated and used in prior organizational research (Blau, 2001; Cohen, 2007; Meyer et al., 2002).

Those data collected were analyzed by using the SPSS version 27 (Statistical Package for the Social Sciences) and the analysis of the study involved descriptive statistics for summarizing the demographic characteristics of the respondents and overall distribution of commitment scores. Likely, the Pearson correlation analysis was done to examine the strength and direction of relationships among the three commitment dimensions, and the multiple regression analysis was performed to determine the predictive influence of

affective, normative, and continuance commitment on overall career commitment. Therefore, these methods was also used by the existing research which has done practices in commitment research (Meyer et al., 2002; Lumley et al., 2011; Felfe et al., 2008), by ensuring analytical rigor and comparability with similar studies.

Results

Out of the 120 questionnaires distributed, 109 banking professionals' responses are included in the study. From these respondents, 48 were male and the 61 were female banker and all the participants were completed either Bachelor's or Master's degree and have the experience in banking sector more than the 10 years. From 109 responses 44 were employed in commercial banks and 65 were in the development banks.

Table 1

Descriptive Statistics

	N	Mean	Std. Deviation
Affective Commitment	109	2.3560	1.0450
Normative Commitment	109	2.6128	1.0962
Continuance Commitment	109	2.7413	.74501
Overall Career Commitment	109	2.5945	1.0390

To examine the average levels and variability of the three types of commitment and as well as for overall career commitment the descriptive statistics were calculated. From the three dimensions of career commitment, the continuance commitment has found the highest means score, which suggests that the employees are more staying in their current job or the roles due to the fear of leaving the cost of organization. Similarly, the analysis has found that the normative commitment had a moderate mean score, which indicates that the weak inner duty to stay in the organization because they believe it is the responsibility to fulfill their duty, so it considered that this feeling is not very strong. And the Affective commitment of the analysis showed the lowest mean score compared to others, which means that the employees are not strongly or emotionally connected with their job or the workplace. Likewise, the mean score for overall career commitment

was 2.5945, which reflects a moderate level of dedication to career development and long-term professional goals.

Reliability Analysis

The study has conducted the Reliability analysis to evaluate the internal consistency of the items which are used to measure affective commitment, normative commitment, continuance commitment, and overall career commitment. According to the Zikmund et al., (2010) a reliability coefficient between 0.80 and 0.90 is considered good, while a value above 0.90 is considered excellent (Cuong et al., 2024). The table 2 shows the Cronbach's alpha values for affective commitment and normative commitment, which are 0.928 and 0.923 respectively, which indicate that there is excellent internal consistency of the items. Similarly, the overall career commitment scale also considered as good reliability with Cronbach's alpha of 0.895. However, the continuance commitment scale showed a Cronbach's alpha of 0.690, which falls into the "questionable" range, suggesting that this scale may require further refinement for improved reliability.

Table 2

Reliability Measurement of Commitment

Items	Number of Items	Cronbach's Alpha Value
Affective Commitment	5	0.928
Normative Commitment	5	0.923
Continuance Commitment	5	0.690
Overall Career Commitment	5	0.895

Correlation Analysis

To explore the relationships among three types of commitment (affective, normative, and continuance) and overall career commitment the correlation analysis was performed which is shown in the table 3. According to the Hair et al. (2010) and Cohen (1988) correlation value must be ranges from -1 to +1 and if there is positive value that will

indicate a direct relationship as one variable increases the other also, and a negative value indicates an inverse relationship (Cohen, 1992). As shown in Table 3, the correlation coefficients between affective, normative, and continuance commitment with overall career commitment were 0.659, 0.584, and 0.479, respectively.

Table 3

Correlation Between Affective, Normative, Continuance and Overall Commitment

	Affective Commitment	**Normative Commitment**	**Continuance Commitment**	**Overall Career Commitment**
Affective Commitment	1			
Normative Commitment	.559**	1		
Continuance Commitment	.433**	.547**	1	
Overall Career Commitment	.659**	.584**	.479**	1

***. Correlation is significant at the 0.01 level (2-tailed).*

The results of Table 3 indicate that all three components of career commitment: affective, normative, and continuance are positively associated with each other and with overall career commitment. However, affective and normative commitments show the stronger correlations with overall career commitment, which suggest that emotional attachment and moral obligation are more influential in shaping an employee's long-term professional dedication than continuance-based reasons. These findings emphasize the importance for organizations to focus on fostering emotional and value-driven commitment to enhance overall career commitment among employees.

Regression Analysis

To examine the relationship between a dependent variable and one or more independent variables the Linear regression analysis has been done in the study. In this study, overall career commitment was the dependent variable, while the three dimensions of career commitment affective, normative, and continuance commitment served as independent variables.

Table 4

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.651[a]	.424	.419	.7921
.703[b]	.495	.485	.7455

From the model summary table found that how affective and normative commitment predicts overall career commitment like in Model 1, where only affective commitment is included as a predictor, the R value is 0.651, indicating a strong positive correlation with R Square 0.424, which indicates that affective commitment alone explains 42.4% of the variance in overall career commitment and the adjusted R Square is slightly lower at 0.419, which accounts for the number of predictors and sample size, this finding suggest that the model is statistically reliable. Similarly, the standard error of the estimate is 0.79216, which reflects the average deviation between the observed and predicted values.

In Model 2, normative commitment is added as a second predictor alongside affective commitment which improves the model's performance, with the value of R increasing to 0.703 and the R Square rising to 0.495. This finding indicates that together, affective and normative commitment explain 49.5% of the variance in overall career commitment with the adjusted R Square increases to 0.485, and the standard error of the estimate decreases to 0.74553, which suggests a better fit. The Square Change of 0.071 shows that the inclusion of normative commitment improves the model by an additional 7.1%.

From the ANOVA (Analysis of Variance) table 5, it is evaluated whether the regression models significantly predict the dependent variable or not, which in this study is overall career commitment. In Model 1, where only affective commitment is used as a predictor, the regression sum of squares is 49.453, which indicates that the portion of variance in overall career commitment is explained by affective commitment. Similarly, the residual sum of squares with 67.144 represents the unexplained variance, with the total sum of squares 116.597. The F-value for this model is 78.808, and the significance

level (p-value) is 0.001, which is well below the standard threshold of 0.05. This result confirms that Model 1 is statistically significant, and that affective commitment has a meaningful impact on predicting overall career commitment.

Table 5

ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.453	1	49.453	78.808	.000[b]
	Residual	67.144	107	.628		
	Total	116.597	108			
2	Regression	57.681	2	28.840	51.889	.000[c]
	Residual	58.916	106	.556		
	Total	116.597	108			

In Model 2 with both affective and normative commitment as predictors, the regression sum of squares increases to 57.681, which indicates that an improvement in the amount of variance has been explained, where the residual sum of squares decreases to 58.916 shows that a reduction is in unexplained variance. Similarly, the result of the Model 2 with the F-value of 51.889 and p-value of 0.00, indicates that the model's is highly statistically significance. Although the F-value of the Model 2 is slightly lower than the Model 1 which is due to more predictors and adjusted degrees of freedom, indicates that the increase in explained variance and reduction in prediction error, and due to these Model 2 offers a stronger and more reliable fit. So the results of Model 2 suggest that the inclusion of normative commitment enhances the model's ability to predict overall career commitment, these indicate that the Model 2 is more effective than Model 1.

In table 6, model 1 reflects only the affective commitment that is used as a predictor and the unstandardized coefficient (B) of the model represent as 0.648 which highlights that a one-unit increase in affective commitment will lead to an expected increase of 0.648 units in overall career commitment, with remaining other variables constant. In the same way, the standardized coefficient (Beta) of the model 1 is 0.651, showing that a strong

positive relationship in standardized terms with the t-value of 8.877 and p-value of 0.000, this value confirms that this result is statistically significant. Likely, when the affective commitment is zero, the predicted level of overall career commitment would be 1.069, which is shown by the constant value of the model with 1.069.

Table 6

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.069	.188		5.691	.000
	Affective	.648	.073	.651	8.877	.000
2	(Constant)	.695	.202		3.446	.001
	Affective	.469	.083	.472	5.669	.000
	Normative	.304	.079	.320	3.847	.000

But in model 2, both affective and normative commitment are included and the coefficient value for affective commitment is decreases to 0.469, and its Beta value also drops to 0.472 so as compare to model 1 the model 2 has the lowest coefficient and beta value of the affective commitment, which reveal that it is still significant, but its individual influence is slightly reduced when normative commitment is considered. Where the t-value also remains high at 5.669, with a p-value of 0.000, this confirms that it continues to be significant.

In a similar manner, Model 2 also shows that the normative commitment unstandardized coefficient value of 0.304, this means that a one-unit increase in normative commitment will increase overall career commitment by 0.304 units. Likewise, its Beta value of 0.320 indicates a moderate positive effect and this normative commitment is also considered as statistically significant with the corresponding t-value of 3.847 and the p-value of 0.000. Consistently, the constant value of this Model with 0.695 represents the expected value of overall career commitment when both predictors are zero.

In summary, the model has concluded that the both affective and normative commitment significantly influence overall career commitment. While affective commitment has a slightly stronger impact, and the addition of normative commitment enhances the model by explaining more variance and improving predictive accuracy. Therefore, these results suggest that both emotional attachment and a sense of obligation are important drivers of long-term career commitment.

Discussion

The study has collected the primary data from banking professionals of the Kathmandu Valley to show that the three types of career commitment like affective, normative, and continuance are all related to the overall commitment, but not equally. The study findings from the correlation analysis show that the emotional attachment to the profession has the strongest connection with overall career commitment ($r = 0.659$), which is followed by a sense of responsibility ($r = 0.584$). But the commitment based on the cost of leaving the job has the weakest connection with overall career commitment, although it is still important ($r = 0.479$). Therefore, this means that the employees who are more likely to stay committed to their banking careers genuinely like their work and feel a sense of responsibility toward it, rather than just staying because leaving the job would be difficult or risky for them. This finding is supported by the previous studies done by Gautam et al. (2001), Kumaran (2017), Meyer & Allen (1991), and Somers (2009).

Furthermore, the findings of the regression analysis provide a clearer picture of how each type of commitment influences overall commitment (Alam & Nahar, 2021; Cuong et al., 2024; Jakada et al., 2019; Parveen, 2015; Rai et al., 2021). Among the different dimensions of career commitment dimensions related to the emotional attachment individually explains a large amount of employee's commitment about 42.4%, where this shows that the simply liking and feeling connected to one's profession have a strong impact on overall commitment. In addition, the results also suggest that if a sense of moral responsibility is added then the explanation becomes even stronger which is

shown by the increasing value to 49.5%, this indicates that the both emotional connection and a feeling of duty together play an essential role in predicting how committed someone is to their career. Likely, this finding is supported by most of the previous studies such as Allen & Meyer (1996), Cohen (1999), Gautam et al. (2001), Iverson & Buttigieg (1999),and Meyer et al. (2002).These existing studies have also revealed that, even though many employees stay in their profession because of practical reasons like the cost or risk of leaving, this type of commitment has a weaker influence in overall commitment and measured the less consistently compared to other two types of commitments. Therefore, it means that while practical reasons can retain or keep the employees in their jobs, but they don't create the same strong and meaningful level of commitment as emotional attachment and a sense of responsibility does.

Conclusion

The study finds that affective and normative commitment are the most important factors which influence the overall commitment among the banking professionals in Kathmandu Valley and consider that the continuance commitment plays a comparatively weaker role in the overall commitment which is like the findings of. That means the employees who feel a strong emotional connection to their work, and who believe they have a personal responsibility to their profession, tend to be more committed and stay dedicated for a longer period. On the other hand, employees who stay in their profession mainly because of leaving would be costly or difficult, usually show a weaker and more passive kind of commitment, where this finding is supported by the three-component model by Meyer and Allen (1990, 1991), which also explains that emotional attachment and a sense of duty lead to better outcomes like staying longer in their job, feeling satisfied, and performing well compared to the staying just because it's hard to leave and this result is also matched with the earlier studies like Somers (2009) who explained that the emotional connection and moral responsibility are stronger drivers of long-term commitment than cost related reasons. Therefore, by studying about how these three types of commitment work together in Nepal's banking

sector, this study has confirmed that career commitment has multiple dimensions, as stated by the earlier researchers like Blau (1985) and Meyer and Allen (1990).

Similarly, the study has both theoretical and practical importance. From a theoretical perspective, the study adds existing knowledge by revealing that the Three-Component Model of commitment also applies effectively in Nepal's banking sector (Meyer & Allen, 1990, 1991). In the same way, the study findings from the practical perspectives says that the Nepal's bank should give more focus on developing the employee's emotional attachment to their professions and their sense of responsibility, rather than just giving focus on keeping them through financial benefits or the fear of losing the job.In addition, the human resources policies should emphasize meaningful work, employee recognition, ethical leadership, and clear career growth opportunities, because these factors will help employees to feel more connected and responsible toward their profession (Cuong et al., 2024; Jian-peng et al., 2019; Rai et al., 2021). Even though the fair pay and job security are still important and only giving focus on money or benefits may keep the employees away from leaving the job, but that won't make them truly engaged in their work (Cuong et al., 2024; Meyer et al., 2002; Rai et al., 2021). Therefore, by creating a supportive and value-driven work environment, Nepal's bank can build stronger employee commitment, can reduce turnover, and also support the long-term workforce development.

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Questionnaire

Dear Participant,

Thank you everyone for taking the time to complete this questionnaire for my research study on career commitment. Your valuable responses are very important for understanding the relationship between affective, normative, and continuance commitment among banking professionals.

Your honest answers will help me to improve the quality and reliability of my study, and your answers or responses will be used only for academic purposes. I truly appreciate your time, participation, and support.

Warm regards,

Researchers

Demographic Information

Gender: ☐ Male ☐ Female ☐ Other

Age: ☐ 20-29 ☐ 30-39 ☐ 40-49

☐ 50-59 ☐ Above 60

Marital Status: ☐ Married ☐ Unmarried

Education Level: ☐ Plus Two ☐ Bachelor

☐ Master ☐ MPhil / PhD

Job Position: …….

Total Years in Banking Sector: …….

Type of Bank: ☐ Commercial ☐ Development ☐ Cooperative

Instructions:
Please indicate how much you agree or disagree with the following statements about your feelings and attitudes toward your career and your banking organization. Use the scale below:

1 = Strongly Disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree

Section A: Affective Commitment

1. I enjoy discussing my banking with people outside of my field.					
2. I feel emotionally attached to my current banking job.					
3. I would be very happy to spend the rest of my career in the banking sector.					
4. I feel proud to be part of the banking profession in Nepal.					
5. I feel happy and excited about the tasks I do in my career.					

(This commitment will show your emotional attachment and how strongly you identify with your career/bank).

Section B: Normative Commitment

(This commitment will reflect your feeling of obligation to remain in your banking career/organization).

6. I feel an obligation to remain in my current banking career because it is the right thing to do.					
7. I feel thankful to my employer and believe I should stay because they have helped and supported me					
8. If I got a better job elsewhere, I would still feel bad about quitting my current career.					
9. I think people should not give up on their careers, even during hard times					
10. I think I should continue in my job because I am loyal to my organization					

Section C: Continuance Commitment

11. I am in my banking career because I have invested a lot in it (time, effort, education).					
12. I feel that I have too few options to consider leaving the banking sector.					
13. It would be difficult for me to leave my banking career because of financial security concerns.					
14. I am in this career mostly because changing to a different one would be too hard or complicated.					
15. I remain in my banking career because it provides benefits that would be hard to give up.					

(This commitment gives your awareness of the costs associated with leaving your banking career/job).

Section D: Overall Career Commitment

I am dedicated to building a long-term career in banking.					
I feel motivated to develop my professional skills to advance in my banking career.					
I consider my banking career as an important part of my life.					
I expect to continue working in banking for many years ahead					
I look for chances to learn, improve, and move forward in my banking job.					

(This is your overall commitment to your banking career as a professional path).

Thank You !

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Contribution of Rural Cooperative Institutions to Sustainable Income Generation

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Abstract

This study aims to find how the role of rural cooperatives in the implementation of Income Generating Activities (IGA) helps to improve the livelihood of people living in rural areas. While a number of cooperative programs and activities have been activated, their effectiveness in creating jobs within the neighborhood and local micro credits are still inadequately studied, and hence, there exists a lacuna in the already available body of knowledge. The overall aim of this study is to evaluate the role of the cooperatives in job creation and to evaluate the effect of micro credit on the IGAs in the study area. The survey method of descriptive research design was used and the data presented was obtained from both primary and secondary sources. The total households were 625 with simple random sampling technique of 120 households was taken. Information was gathered using a structured questionnaire with 25 closed-ended questions, participants were given help if needed. It was observed that agriculture is the main livelihood pursued by the members with 66.33% of the population engaged in agricultural pursuits and a satisfactory number of members, 20.67% involved in entrepreneurship and 13% participating in business. To improve economic empowerment and secure sustainable development, however, there is need for further strengthening of the delivery of credit, financial diversification, awareness creation and capital mobilisation/accessibility.

Keywords: *Income-Generating Activities (IGAs), Livelihood Improvement, Local Employment Creation, Microcredit Access, Rural Cooperatives*

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Introduction

This study mainly aims at knowing how cooperative can contribute to enhance the life of the rural community and supply income in the province of Sudurpachhim of Nepal. The journey towards development in Nepal has been long lived and cooperatives are an important part of the development process. They advance and assist people, offer loans, training and market access and organize collective action. Cooperatives are thought to play a vital role in rural development but in-depth analysis in rural areas is still limited. Even in rural households' poverty, employment and financial services are still problems, particularly in the urban areas. Hence, the research study will focus on the study of how a cooperative in the Sudurpaschim Province is helping the rural population to generate income in the form of Income Generating Activities (IGAs). This study is conducted with an urban cooperative located in a village having predominantly smallholder farming, animal husbandry, and seasonal agriculture activities. Many people here do not have formal finance because of their limited education, poverty and geographical isolation. In this context, the role of cooperatives in providing financial and social support through variation loans, organization of training, and providing support to individuals who wish to run small enterprises such as vegetable cultivation, goat raising, poultry and ginger/turmeric cultivation, and retail business can be said to be significant. The study will explore the effectiveness of the role fulfilled by a cooperative. A cooperative is defined as a voluntary group of individuals with limited resources who come together to meet their needs and protect their interests (Acharya, 2010). While organizations generally claim to help rural communities, their efforts may not always reach those they intend to help. Therefore, this study will find the real-life experiences of cooperative members, focusing on how they utilize cooperative services, loans, and support for IGAs, as well as the challenges they face.

Microcredit is one of the most important findings of the research: small sums of money loaned to poor households to enable them to undertake income generating activities. When collateral or a property cannot be established in rural areas, individual citizens often can obtain no loan. Thus, they have to go to informal moneylenders who charge

high interest. Another way to avoid this would be to go into a cooperative, in which they'll offer the loan at a lower interest rate, and they'll provide more flexibility in repayment terms. The paper will evaluate how successful micro credit is in rural areas whether it can boost the incomes of the targeted individuals or makes it difficult for them to service and pay back loans. An additional goal of the study is to discover how cooperatives encourage jobs to be created in the community. Labor deficit in Far-Western Province compels youths to move to labor rich countries such as India, the Gulf states, or Malaysia. Cooperatives, if they establish local jobs through agriculture, goat farming and the local economy, can mitigate migration and provide better economic development to the area. As the concept of microcredit gains global popularity, any policy adjustments affecting credit for the poor will inevitably influence remote microcredit operations in developing nations (Swami, 2014). This paper investigates the role of cooperative in creating job opportunities and the nature of the jobs it fosters.

Economic empowerment is also key theme of the research. Rural residents in Nepal are particularly those who are agriculturalists or farmers or are engaged in household activities, but without any recognition or voice. A lot of females rely on their male family members in financial situations. Cooperatives can offer women saving, training and membership opportunities. They may be designed to boost self-confidence, build leadership and expand in group decision making activities. In this paper I will discuss how women can be empowered with cooperative engagement. Moreover, the current research aims to explore the problems which cooperative members find. Despite the cooperation, some problems may continue, e.g., lack of confidence in borrowing loan, loan repayment problems, low literacy, lack of understanding of financial, failing to be attached to productive fields of activities, training programs that are not good. The purpose of this study is to address these issues and provide recommendations for improvement utilizing a cooperative service between the public school and the community. This study seeks to contribute to the understanding of the situation of cooperatives in Nepal, especially in the remote region of Sudurpashchim Province where poverty rate is high and services are scarce. The experience that can be learnt in

this region can be useful to policy makers, cooperative leaders, NGOs, development partners, students and researchers alike. The overall aim of this study will be to present an overall picture of the challenges faced by a rural cooperative in the Far-Western Province and how it can help residents improve their economic situation through IGAs. It emphasizes the positive and opportunities for improvement and creates overall progresses the cooperative movement for rural development and economic empowerment in Nepal.

Literature Review

The theoretical perspective on cooperative and income-generating activities, along with experimental studies, encompasses the literature in this area. This research involved consulting various sources including books, academic journals, research reports, policy documents, as well as both published and unpublished data to gain insight into how cooperatives contribute to the livelihoods of rural populations and the impoverished. The concept of cooperation started from the Latin term co-operari, which means to collaborate. As stated by Bista and Bhandari (2013), a cooperative is a distinct type of business where individuals with shared needs unite to achieve a common goal through self-help and mutual aid. It is crucial to highlight that this concept of cooperation relies on shared responsibility, democratic decision-making, and the principles of helping each other. Historically, the evolution of cooperative ideas mainly occurred in the United Kingdom and had strong relation to socialism. Robert Owen, one of the early promoters of cooperative reform, wanted to make a difference for the working and living conditions of the factory people by promoting increased compensation, shorter workday, and housing improvements. His efforts were not wholly successful but had an impact on subsequent cooperative efforts. Amongst, the numerous issues that had arisen in previous attempts, 28 workers known as the Rochdale Pioneers, headed by Dr. William King, discussed concern about selling credit, unhealthy competition and lack of trust amongst members. In 1844, along with others, they formed The Rochdale Equitable Pioneers Society, which is the foundation of the cooperative movement today.

Their framework, based on shared ownership, democratic governance, and fair trading, gained worldwide recognition.

Professor Muhammad Yunus has created an impact that is an unprecedented contribution in the field of microfinance. In 1976 he tried a small bank loan to the poorer people in the village of Jobra and in 1983 he founded Grameen Bank. According to Grameen Bank records, women own the bank, as 94 per cent of the borrows are women. Yunus' work showed that at the levels of common people, readily available financial services enable low-income individuals to save, take loans, and run small businesses. Saving and credit cooperatives (SCCs) are important institutions to help the poor women as they provide financial service for reducing risks, investment on micro enterprise and enhancing their earning. As noted by Ledgerwood (2005), cooperatives provide more than just financial services; they also offer social intermediation, business development, and community support. This assistance addresses structural obstacles prevalent in disadvantaged households, such as poverty, gender inequality, low literacy rates, and isolation. Bennett (2011) further explained that effective microfinance systems necessitate a variety of supporting institutions rather than relying solely on one to deliver all services. In Nepal, the link between microfinance and women's empowerment has been highlighted through empirical studies. Research conducted by the Centre for Microfinance (CMF, 1999; 2000) revealed that women tend to have more control over their savings compared to borrowed money. The study also indicated that factors like ethnicity, marital status, and social norms influence women’s use of loans. Additionally, women participating in mixed-gender cooperatives may have less control over decision-making. CMF concluded that SCCs that are managed by women are more effective in empowering women, as they promote leadership, participation, and easier access to credit.

WB (1975) argued that alleviating poverty also involves enhancing the capacity for transferability. Recognizing assets, improving access to existing resources, and increasing their transferability to enhance welfare are fundamental aspects of poverty

alleviation. Numerous traditional cooperation systems continue to thrive in the rural regions of Nepal (Gautam, 2068 B.S). The cooperative culture in Nepal is deeply rooted in historical traditions, including systems like Parma, Dhikuri, Dharma Bhakari, and Guthi (Dahal & Shrestha, 2011). These practices consist of well-established communication networks that rely on voluntary collaboration in agriculture, saving, ceremonies, and crisis support. Modern cooperatives are derived from these customs, although challenges persist.

Liu et al. (2023) studied in a rural area of western China to investigate how a rural cooperative helps mall farmer families become less vulnerable to poverty. The study showed that being part of a cooperative helped families earn more money, get better access to markets, and face fewer financial risks. The study found that cooperatives help create steady income in a sustainable way by working together and sharing resources. Chollet et al. (2025) looked at a lot of existing research to understand how well agricultural cooperatives are doing in terms of sustainability. The review showed that cooperatives help the economy stay strong by helping members earn more money, making it easier for them to take part in the market, and supporting jobs in rural areas. This also helps with social and environmental benefits. Ongachi and Belinder (2025) showed how agricultural extension services, usually carried out by cooperative groups, help people in rural areas make more money and have different ways to support their families. The study said that having access to training, information, and support from others helps families make more money and become more able to handle financial problems. Oliveira and Bertolini (2022) reviewed at how cooperatives help support the long-term success of family farms. The study showed that cooperatives help farmers have more say in their dealings, make their income more reliable, give them better access to new tools and techniques, and support long-term growth in rural areas. Pandey (2023) studied a case study from Dang District in Nepal looked at whether rural cooperatives can keep their businesses running without running out of money. The study found that cooperatives help members increase their income by offering savings and loan services, supporting business growth, and creating local investment chances, which

helps keep rural areas' economies strong and lasting. Chauguthi et al. (2023) examined in Nepal looked into how cooperatives have affected poverty reduction and the creation of lasting, sustainable incomes in Bhaktapur District. The findings showed that working together increased family income, helped people save money, made it easier to get loans, and improved the general economic situation of the family members. Dhakal et al. (2021) examined how government policies affect the work of agricultural cooperatives in Nepal. The study showed that agricultural cooperatives help farmers by working together to sell their products, getting better access to farming supplies, loans, and by making farming more efficient. This helps farmers make a steady income and reduces poverty.

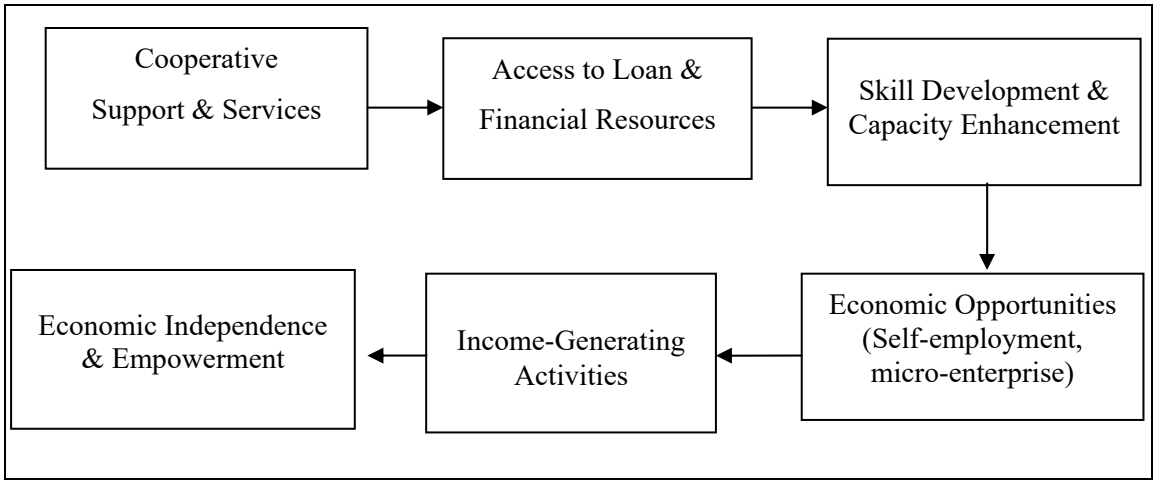
The problems pointed out by Acharya (2013) are lack of management skills, political bias, and lack of professionalism in the Nepali cooperatives. Cooperative societies were also in place to safeguard farmers from exploitation by landlords and traders, but the success depends on the management of cooperative and openness. According to Mahato (2012) microcredit has gained a worldwide recognition its ability to work effectively helping people in poverty to improve their income and their financial stability. Governments, donor organizations and NGOs have become more aware of and supportive of programs and interventions based on credit for empowering self-employment and income generation, rather than remunerative employment. Overall, the above literature demonstrated that cooperatives are extremely effective on the provision of income generating programs, empowerment and support rural livelihoods; financial and non-financial services and member participation is emphasized. Ghimire (2014) underscore the social, economic, cultural, and psychological barriers to be overcome in a process of poverty reduction. The democratically organized, flexible, participative and community-led nature of cooperatives makes them well suited to economic growth (Gertler, 2001).

Conceptual framework can be used as a orientation in the study, which is carried out to understand, interpret and classify the data that are used in the study. It aids researchers to come up with crucial variables, formulate research questions, and to draw logical

relationships between various elements of the research within a favorable theoretical background. The conceptual approach of this research is conceptual framework as follows:

Figure 1

Conceptual framework



Methodology

The method chosen for this research provided a framework that was used to investigate the possibilities of cooperatives supporting Income Generating Activities (IGAs) and improving the rural economy of Nepal. A descriptive research design was used which involved focus on real situation at the field level while considering the role played by cooperative organizations in creating jobs and working with disadvantaged people or communities (IGAs). This method enabled collection of robust information on the current working of cooperatives and the impact of the microcredit on the lives of people. The research was conducted in Sudurpashchim Province focusing on the members of cooperative living in the villages. The total number of shareholders was 625 with a minimum investment of share capital in each shareholder was NPR 5,000. The number of 120 houses used to make a detailed representative sample was studied by simple random sampling using the lottery technique. A multi-source approach was used; both primary and secondary sources were used. Structured questionnaires were used to

collect the primary data, unstructured interviews to get qualitative information and observation for the situation and lifestyle of the people in the households. Cooperative office records, government publications, academic journals, and previous research studies were used to collect secondary data. The research that was conducted made use of descriptive and quantitative techniques for analysis. The quantitative data was processed with the aid of computer software for editing, coding, classification and tabulation and qualitative data was analyzed by thematic analysis. This combination of analyses enabled a holistic grasp of the processes and dynamics of IGAs as practiced and promoted by collaborative work, by quick access to microcredit, by skills development through trainings.

Results

In this section, the results obtained from the data analysis were presented.

Table 1

Cooperative Support & Services

Indicators	No of Respondents	Percentage
Access to services	30	25
Training & guidance	24	20
Service quality	10	8.33
Member support	36	30
Information sharing	20	16.67
Total	120	100

Table 1 shows the opinion of 120 people about main impact and influence on them due to cooperative organizations. Member support is identified as one of the key aspects with the highest being for member support with 36 respondents (30 per cent) stating its importance. This indicates that the members of the co-operation community value strongly the support, encouragement and collaboration among the members of the co-operation. However, access to services follows for the second most frequent point mentioned, with 30 people (25 percent) emphasizing that services needed to be easily and reliably accessible both in terms of financial and non-financial services. Further, 24

respondents (20 percent) said they will be trained and guided, again demonstrating that they perceive training and awareness raising and right orientation as means to improve their participation. Furthermore, a total of 20 respondents (16.67 percent) pointed out the sharing of information, underscoring that effective and timely communication is a concern, though it is not as prominent as support and accessibility to services. Only 8.33 percent (10 persons) indicated that they were most concerned with the quality of the services provided. Though it is not talked about much, it continues to be a fundamental element to cooperative success. Over all the results indicate a diverse range of community priorities and support from others along with access to services are especially significant.

Figure 1

Show the Cooperative Support & Services

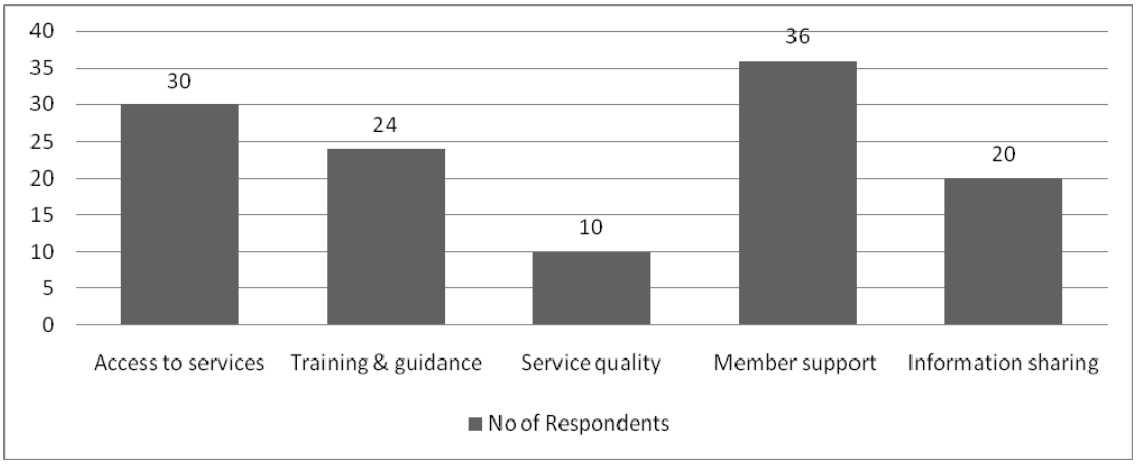


Figure 1 shows the results of participants' assessment of the importance of different elements in the collaboration experience. The 5 factors are: Accessibility, Training and Support, Quality of services, Assistance from members, and Information exchange. As per the graph, member support was the most cited as one of the key factors with 36 people answering that it was. It is a reminder that the cooperation, support and help from fellow members is most important. Service access is next in importance where 30 answers indicated its importance. This suggests that cooperative services are considered by members as a major priority for good use and for their convenience. Next, training

and support are recognized by 24 respondents, indicating that a significant number are still relying on capacity building opportunities and training to improve their involvement. 20 respondents indicated that sharing information is relevant, but not the most important problem. At the far end of the spectrum is service quality with only 10 of the respondents viewing this as their major concern. Overall, the bar chart shows a clear pattern of interest; supportive interactions and ease of access of services is very important to respondents, whereas quality of services is perceived to be relatively less important.

Table 2

Access to Loan & Financial Resources

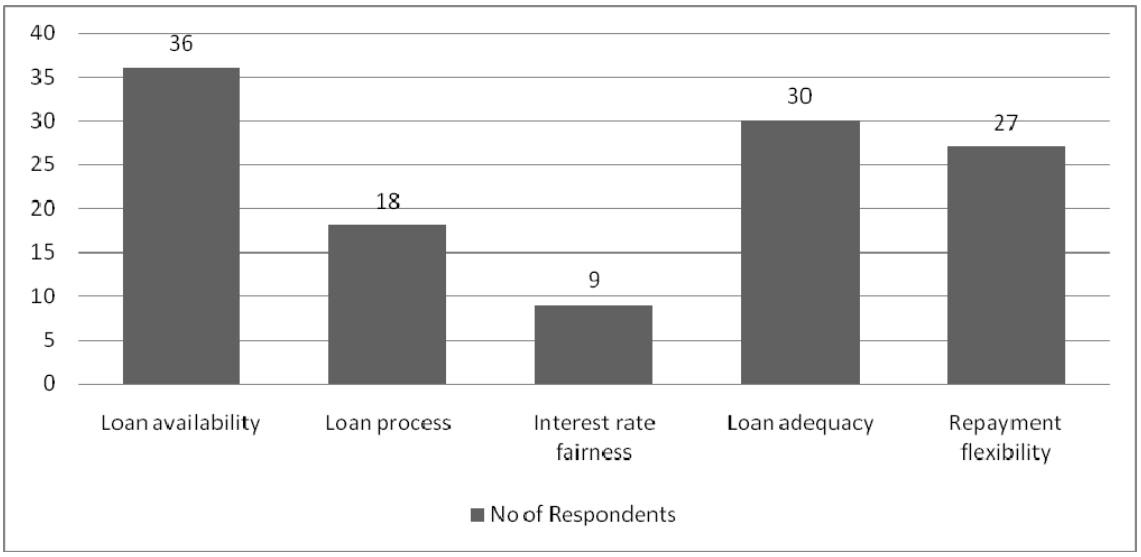
Indicators	**No of Respondents**	**Percentage**
Loan availability	36	30
Loan process	18	15
Interest rate fairness	09	7.5
Loan adequacy	30	25
Repayment flexibility	27	22.5
Total	120	100

Table 2 gives the summary level information about the 120 respondents in relation to different factors associated with loan offerings of the cooperatives. Accessibility of loans is cited as the common reason with 36 participants (30 percent) indicating that members do appreciate the opportunity to get loans where they are needed. Loan sufficiency was the second most mentioned factor, with 30 participants (25 percent) selecting it. This is indicative of members' concerns regarding getting a loan, not just a decent sum of money but a substantial amount of money that would be able to meet their financial requirements. Repayment flexibility is second, with 27 participants (22.5 percent) saying many members like the fact that they have flexible and manageable repayment plans as part of the loan services. The number of individuals who responded to the loan application process was 18, or 15 percent, suggesting that the application process is important, but not as significant as accessibility or loan adequacy for most

respondents. Finally, 9 participants (7.5 percent) symbolized the issue of fair interest rates. This was not mentioned by many, but it still points to some concerns about the fairness of interest rates. In general, these responses show that three things are critical for cooperative members - loan access, amount of loan, and repayment terms.

Figure 2

Show the Access to Loan & Financial Resources



Figures 2 show that Respondents' perception of various factors pertaining cooperative loan services is depicted in the bar graph. The chart consists of five main elements: loan availability, loan processing, and fairness of interest rates, loan sufficiency and repayment flexibility. The most important concern is loan availability, with 36 respondents noting it is their biggest concern. This suggests that a cooperative member's greatest need is for quick access to loans. Next is loan sufficiency (30 respondents), indicating that the amounts of money that are lent should be related to the financial needs of the members. Repayment flexibility is also important and 27 respondents see the benefit of having more options when it comes to repayment, because they don't want to be in a situation where you feel like you have to pay back. The other finding is that 18 respondents know the loan process, indicating that simple and effective procedures

are deemed less important than availability and sufficiency. Interest rate fairness was least talked about with just 9 respondents saying it was a major issue. Even though it's ranked last, some concern remains regarding the fairness of Century Fair and Just Loan Pricing. To summarize, the most important factors for members are access to loan, loan size and loan repayments, ease of procedure and interest rate fairness are less important.

Table 3

Skill Development & Capacity Enhancement

Indicators	**No of Respondents**	**Percent**
Training participation	25	20.83
Training relevance	20	16.67
Capacity enhancement	32	26.66
Practical knowledge	15	12.5
Confidence building	28	23.33
Total	120	100

Table 3 represents the ratings given by 120 people of the topics of cooperatives' training and skill building courses. Skill improving was identified as the most important factor with 32 individuals (26.66 percent) comments that skill improving was the most important factor. This suggests there is a high degree of satisfaction that the training sessions are effective in improving their skills and performance. The second most mentioned aspect is confidence increasing (23.33 percent) with 28 respondents selecting this option. This will be not just providing knowledge but additionally enhancing the members self-confidence in regards to the job and decision making. The second is active involvement in training (20,83%), which emphasizes the need to take an active role in training activities. 20 (16.67 percent) indicated relevance and applicability of the content of the training to work they do day to day. The smallest number of responses, 15 (12.5 percent) were for the benefit of the area of practical knowledge. Due to its low feedback (the lowest for all level 1 categories), it does show the value of hands-on experience. As a general rule, the findings indicated that the highest benefits obtained by the cooperative members are increase in skills and boosted confidence.

Figure 3

Skill Development & Capacity Enhancement

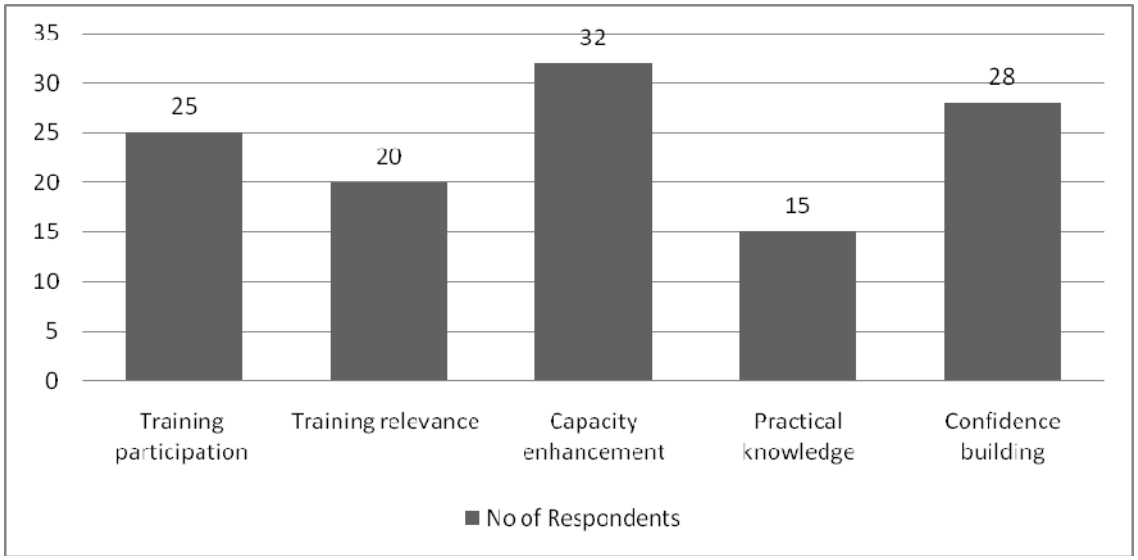


Figure 3 presents ratings given by the respondents on the cooperatives' training program, concerning the different components. It demonstrates 5 key indicators: participation in training, relevance of training, capacity building, practical knowledge and building confidence. According to the data, the most common answers (32) were for the capacity enhancement. This implies that a large number of members think training activities have a significant effect on their skills and ability. Confidence building is the second fastest growing indicator at 28 respondents claiming it is important. This will involve not only technical skills being developed but also the member will gain confidence in the ability to execute the task or make the decision. The third is with respect to training participation, with 25 responses, a number of members value participation in training, and are pro-active in their learning. With the 20 respondents, there was a discussion on relevance of training. While this is less than the best indicators, it is important to note that for many participants, the usefulness and applicability of the training content remain important. Finally, the practical knowledge acquired was the least preferred with only 15 respondents ticking the box. But it's the bottom line and good evidence of the importance of experiential and hands-on learning.

Overall the data indicate that the emphasis of the training is on skills – self-confidence and there isn't that much on applying knowledge or on relevance.

Table 4

Economic Opportunities

Indicators	No. of Respondents	Percent
Self-employment	25	20.83
Micro-enterprise support	18	15
Market access	15	12.5
Business expansion	36	30
Entrepreneurship growth	26	21.66
Total	120	100

Table 4 shows how 120 participants assessed over a range of factors related to self-employment and the entrepreneurial opportunities offered by cooperatives. The most common answer to this question is business expansion (36 AN, 30 per cent). This indicates many members think that co-operation helps their businesses to grow or progress. The second aspect was related to the development of entrepreneurship with a 21.66 percent (26) of the participants. This suggests that a lot of respondents believe that cooperatives have improved their entrepreneurial skills through their impact on creativity, initiative and an entrepreneurial view. Another notable finding is that of those with a 0/100, 25 participants (20.83 percent) are self-employed, further highlighting the co-operatives contribution to catering for a chance to earn a living through working for oneself. With 18 responses representing 15 per cent of the total, micro-enterprise support was also found to be appreciated, but not as highly as business expansion or self-employment. The lowest number of responses came for market access—with 15 (12.5 percent) commenting about it, fewer view it as the primary benefit of a cooperative engagement, but it is one of the advantages that still help bring business to an enterprise. In general, the findings suggest that business development, improvement of entrepreneurial skills and self employment are considered as the most important outcomes of the cooperative programs by the members.

Figure 4

Show the Economic Opportunities

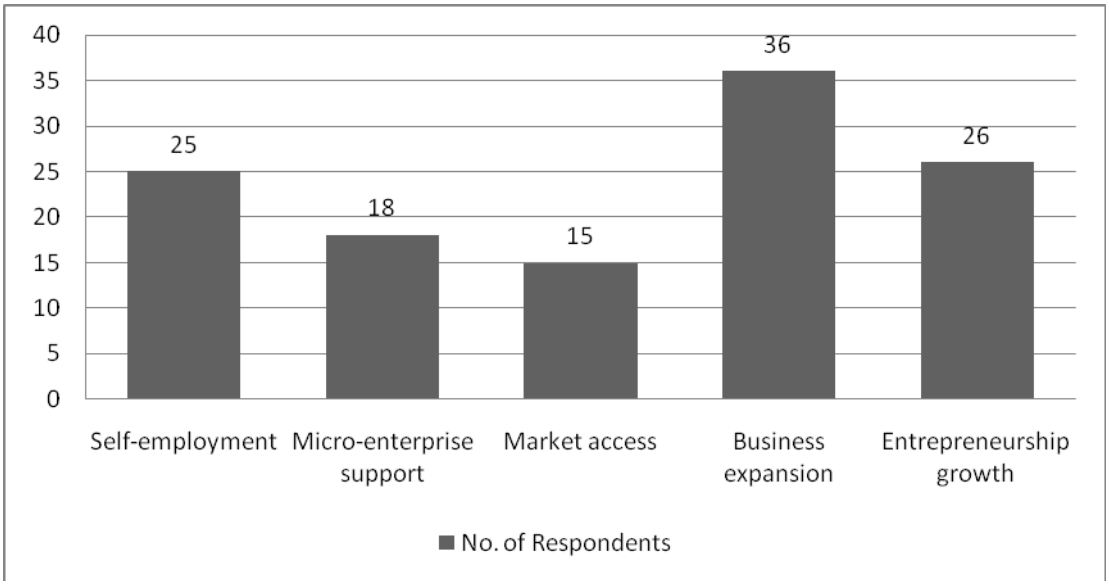


Figure 4 shows the results of the surveys conducted on several topics about the support and development of entrepreneurs. The x-axis provides for five groups: entrepreneurship development, market access, micro enterprise assistance, business growth, and self-employment. The number of participants (0 to 40) is plotted against the vertical axis while the vertical axis shows the length of the participations. The advancement of businesses is perceived as the most important factor by the most people with 36 people saying that it was the most influential factor, the survey results indicate. After this, the number of students who selected the importance of entrepreneurship growth was 26. There were 25 people who identified with 'Self-employment' on the participant count. In contrast, market access was mentioned by the fewest (15), followed by micro enterprise assistance (18). Overall, it appears that the participants consider the growth of existing businesses to be a priority, while access to the market is seen as the least important. The Results indicate that the respondents are more inclined towards improving existing projects, as opposed to supporting start-up companies and companies entering new markets.

Table 5

Income-Generating Activities

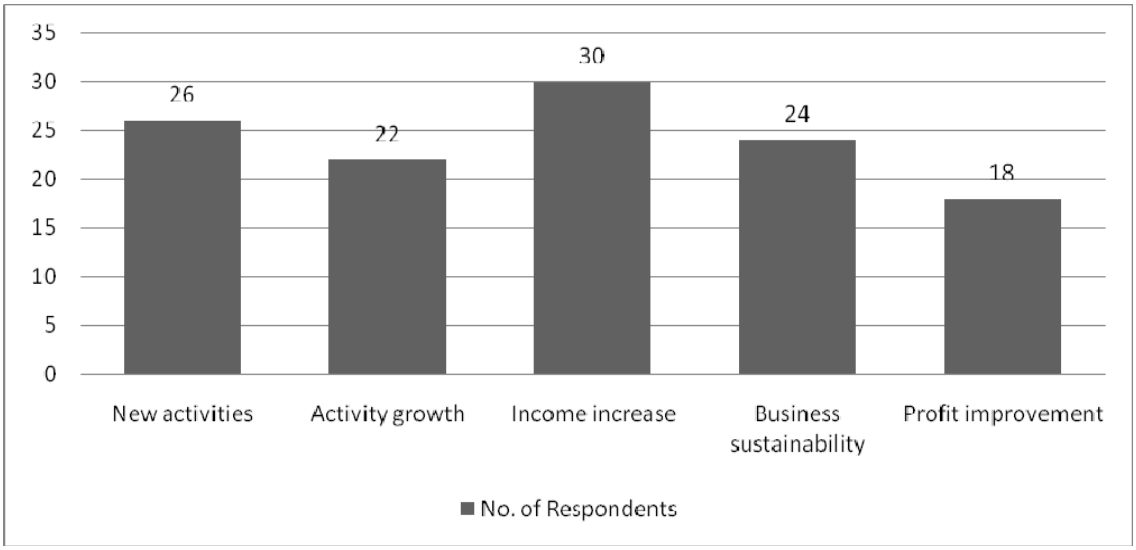
Indicators	**No. of Respondents**	**Percentage**
New activities	26	21.66
Activity growth	22	18.33
Income increase	30	25
Business sustainability	24	20
Profit improvement	18	15
Total	120	100

Table 5 shows that Identifies 5 important factors for business and shows the number of people who selected each factor and the percentage for each of the factors. Income growth was the over choice, although 30 participants (25%) chose it.25 participants (30%) chose for income growth to be the preferred, although this was not the most popular. This basically indicates 25% of the respondents are more interested in the financial gain rather than anything else. The next most selected factor was New activities, with 26 respondents (21.66%) and Business sustainability 24 respondents (20%) respectively selecting them as their next most chosen factor. 22 students (18.33%) was identified by the development of the activities. Only limited interest (18 or 15 percent) came from the few interested in profit enhancement. The overall results confirm the value placed by a majority of the respondents on the short term benefits (improved income), while many respondents value long term benefits like sustainability, new business opportunities and growth of operations. With the highest diversity of responses it is clear there are varying group priorities or contexts.

Figure 5 displays data from an opinion poll on business performance, with bars showing the percentage of people that ticked each box that represents a different aspect. The vertical axis shows the number of responses occurring in groups of five (5) until 35 responses are reached; the horizontal axis represents 5 categories: New activities, Activity growth, Income increase, Business sustainability, Profit improvement. The largest amount of responses were directed to the "Income increase" category (30 respondents), as indicated in the chart.

Figure 5

Show the Income-Generating Activities



The number of responses for the New activities is 26 and for Business sustainability is 24. Profits improvement was chosen by least active participants, the fewest with only 18, while Activity growth was chosen most, with 22. Overall the present chart shows that for the respondents the most important is the increase in income, while the lowest is the improvement of the profit. Variability among the categories shows the different priorities and opinions among the sampled people about some important business success measures.

Table 6

Economic Independence & Empowerment

Indicators	No of Respondents	Percentages
Financial independence	34	28.33
Decision-making power	12	10
Improved living standard	20	16.67
Household contribution	18	15
Social empowerment	36	30
Total	120	100

Table 6 show that results are created by this survey based on various indicators of empowerment or achievement. It illustrates percentages based on the number of respondents (out of 120) who chose each indicator. The findings show that social empowerment is the most preferred option, with 36 respondents (or 30%) having selected this, above the other options. This suggests the samples interviewed are attuned to social status issues. What premiered and followed was not far behind financial independence, with an acceptance from 34 individuals (28.33%), which betters state that for many individuals financial independence is an important factor. All of the other indicators were selected less frequently. Household contribution was ranked as 15% in terms of improvement, with a better living standard prioritized as 16.67%, by 20 people. Among all the measures presented, decision making power was the least correlated (12) items selected, indicating that it was the least important indicator. To summarize, it can be seen that respondents clearly preferred social empowerment and financial independence while the importance of household contribution and decision making was mostly perceived by the respondents as less important.

Figure 6

Show the Economic Independence & Empowerment

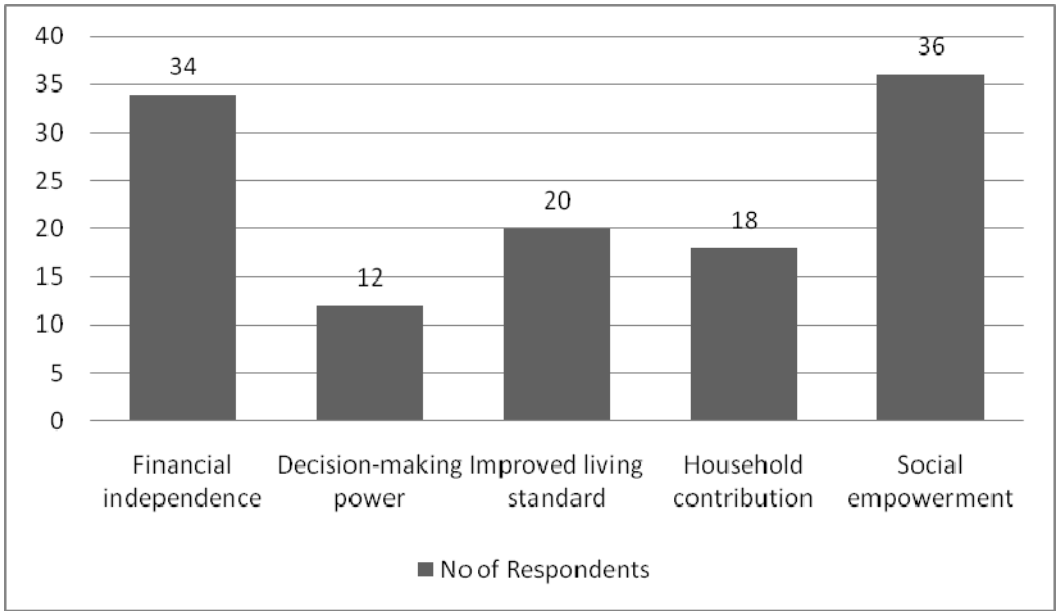


Figure 6 shows the results of the survey with the number of people choosing different indicators of their personal or social outcomes. The graph shows the Number of Respondents. Four of the categories (Financial independence, Decision-making power, improved living standard, and Household contribution) are represented on the horizontal axis as categories, where number of respondents (range 0–40) is plotted on the vertical axis. The five aspects are represented on the horizontal axis as categories, with the numbers of respondents (range 0–40) plotted on the vertical axis. The results indicated that the total chapters of Social empowerment resulted in the highest number of respondents to answer that this is significant, with 36 observers pointing out the importance of this chapter. Closer to home was financial independence selected by 34 who said that in their opinion, the most important part of life was being able to fend for oneself. Better living standards is reported by 20 respondents, and Household contribution by 18. The least popular form of empowerment was mentioned by 12 respondents—decision making. It is interesting that although the issues of social empowerment and financial independence are perceived as most important, the issue of decision-making power does not seem to get the "hearing." This is reflected in the forms of answers that they give to various aspects of empowerment, demonstrating the various views and priorities held by the participants in respect of these elements of empowerment.

Discussion

Results from this study are useful for understanding the role of cooperatives play in Income Generating Activities (IGAs) and providing access to micro credit in order to better economic empowerment in rural areas of Sudurpaschim Province, Nepal. The data shows that cooperatives are increasingly playing a crucial role in rural development, both financially and non-financially, through their support to boost the status of the rural household. This paper builds on previous calls to cooperative models as instruments of collective development and mutual support (Bista & Bhandari, 2013) and stresses that member help, service provision and capacity building efforts play a

vital role in cooperatives. Support from members is critical: 30% of the respondents indicated that member support is a critical part, a measure of how tightly bound members are together in the cooperative, an experience prior research has illustrated as important to the success of a cooperative. Access to micro credit continues to lend support to the significance of co-ops and cooperative financial services for rural poor that cannot readily get money from formal financial institutions. 'Loan accessibility' was the prime factor with the majority of the respondents highlighting its significance, thereby emphasizing that it is important to get loans when needed and it must be accessible. This is in line with the opinions of those who place their faith in microfinance, namely Muhammad Yunus who say that small loans can truly make a difference; people can start their IGAs or expand their IGAs with small loans. The strong stock was on "loans" and "flexible terms of reimbursement" suggesting that cooperatives do not just have to offer loans, but loan products need to be created that cover the various financial requirements of their members. The low rate of mention of 'fairness of interest rates' could be interpreted that the interest rates were not properly understood or there was an intention to ignore expenditure to get the loan, which is similar to earlier research by CMF (1999; 2000). Cooperatives' training and capacity building have been critical to development and building of confidence. The greatest benefit was the increase of capacity and confidence levels, and this was in line with Ledgerwood's (2005) argument that cooperatives are more than merely a source of credit, as they also provide a form of training and social intermediation and enterprise development. But with the comparatively light weighting of practical experience, there is scope for doing more in terms of building skills based on local IGAs. In general, the findings of the study showed that cooperatives had positive impacts on rural life including job creation, empowerment of rural people, access to finance and a source of encouragement for organizing small enterprises. However, there was a mention of some challenges that occurred such as inadequate loan coverage of some IGAs (especially in the rural areas) misalignment in training course provided and sometimes difficulties in communications. The problems are similar with Acharya (2010) who found managerial

and professional deficiencies of many cooperatives in Nepal. The necessary response to these challenges will be measured through improved governance structures, increased variety of lending products, increased monitoring, and tailored capacities-building efforts. The analysis indicates that cooperatives like SMACLS show great potential to improve sustainable income, but it will require: strengthening of the services and quality of cooperatives, financial innovation and development of member development strategies.

Conclusion

This document indicates that the cooperatives have an important role inside empowering and promoting the income generating activities and to the economic development among the households in Sudurpashchim Province and to provide microfinance. The various functions of cooperatives in promoting the livelihoods and health of the members include giving access to financial support, skills development and community services. Credit, supportive networks, and attractive capacity development programs for individuals to start or expand small businesses are important factors for success. But a number of problems were revealed, including low amounts of loans and not enough practical training, as well as the communication aspects that could prevent the proper use of cooperative programs. These issues can be tackled by strengthening governance practices, creating more effective financial instruments, and provider more effective and practical training. An overall impression from the findings is that, if cooperatives keep adapting themselves according to the expectations and needs of their members who are generally the rural communities, they can have a significant impact on sustainable economic growth.

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Digital Municipality: Deploying a Mobile Platform for Integrated Online Municipal Services in Nepal's Local Governments

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Abstract

The purpose of this study is to propose a mobile-first architecture that integrates vital municipal services within local governments in Nepal. While there is increased focus on digitizing services through the Government of Nepal's Digital Nepal Framework, most municipalities continue to rely on fragmented and paper-intensive procedures. This research involved conducting semi-structured interviews and surveys with the IT staff of seven local government organizations in Kanchanpur District (two rural municipalities and five municipalities). This research analyzed the findings using the Design Science Research approach and the SDLC model to identify the requirements and develop a viable architecture for the proposed information system. A relational database, micro service architecture, and security mechanisms like role-based access control and OAuth2/JWT are essential features that make this proposal possible. A few critical outcomes from the research suggest that such architectural designs help reduce costs, enhance transparency, and improve service delivery, particularly in disconnected regions by leveraging offline caching. This report is an informative resource for local governments wishing to implement effective e-governance systems centered on their citizenry. It demonstrates how municipalities can achieve digital transformation that is both scalable and sustainable along with the practical implementation of the Digital Nepal Framework.

Keywords: *SDLC, architecture, design science, mobile governance, e-government, municipal services, Nepal*

Introduction

The digitalization of services has occurred at the global level, but due to bureaucratic inertia and lack of infrastructure, sometimes, this has not been adopted uniformly, particularly in developing contexts (Heeks, 2002; Ndou, 2004). A vision of delivering

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citizen-centric services via mobile devices in Nepal can be found in the framework known as Digital Nepal (Government of Nepal, 2019), as well as in the IT policy of Nepal (Ministry of Science, Technology and Environment, 2010). Local administrations continue to deliver services in silo fashion and in manual mode, despite these national-level aspirations. Routine tasks such as business licenses, payments of taxes, and births and deaths registration require physical presence at offices.

This study addresses this problem by designing a "Digital Municipality" architecture a unified mobile system that integrates multiple features into one application. This research highlights the inefficiencies caused by the current fragmented process and the absence of a unified mobile solution through the findings of IT professionals working in seven LGUs in the Kanchanpur district. Through the use of the SDLC, this study presents an architecture design that is scalable, secure, and accessible through Design Science Research methodology. There are two contributions made through this study: (a) the creation of an empirical modular design of a municipal mobile application, and (b) useful suggestions for LGUs to incorporate the country's digital policy in the local context.

Kanchanpur District consists of five municipalities and two rural municipalities, located within the Sudurpashchim Province of Nepal. The penetration of mobile phone use and internet connectivity has gradually improved, but the local population's usage of digital technologies is still quite limited. Municipal departments still rely on ad-hoc spreadsheet solutions, manual records, and disconnected web portals. This fragmented approach limits public access to efficient services, increases operational challenges, and reduces transparency.

"Digital Government" and "Digital Services" have been identified as significant areas under national initiatives such as the Digital Nepal Framework. But concrete technical designs, detailed workflow processes, and practical implementation approaches are necessary to translate these goals into practice within the municipal context. The purpose of this paper is to fulfill that need by proposing a replicable framework for mobile-based municipal services in Nepal.

Problem Statement and Objectives

In spite of the nationwide initiative towards digitization under the Digital Nepal Framework (2019), municipal governance in Nepal continues to be plagued by inefficient, fragmented, paper-heavy, and office-based processes. Routine processes such as obtaining company permits, making taxes, registering births and deaths, and submitting complaints remain manually performed and scattered across different systems in the Kanchanpur District. As the government struggles with issues like fragmentation of data, weak auditability, and the lack of analytical capability, the citizenry is burdened by repetitive visits, red tape, and long waits. Previous efforts in digitization have been rather disorganized and lacked adequate security and scalability.

The objective of this research is to develop a mobile-based platform that would help deliver improved municipal services within local governments in Nepal. To ensure convenient use for all the participants, such as local residents and administrative users, it is important to design an architecture that would focus on creating a mobile-first and modularity-based structure of municipal services. In addition to that, this study also puts a significant emphasis on identifying and analyzing the needs of all stakeholders involved in the development process of the mobile application in question, in order to transform them into relevant functional and non-functional requirements that will facilitate its efficiency, user-friendliness, and dependability. Moreover, it is critical to create comprehensive architectural and design solutions that would prove the feasibility and usability of the proposed system in practice.

Literature Review

Foundations of M Governance and E Governance

The concept of e-governance, which can be broadly characterized as the application of ICT to provide public services, foster stakeholder participation, and optimize administrative procedures, has undergone various levels of maturity (Ndou, 2004; West, 2004). Initially, there was an isolated digitization of services, and then came the

integration of such services within agencies and across life events (Layne & Lee, 2001; Andersen & Henriksen, 2006). All these approaches share two common elements, which have formed the foundation of our design: (a) service delivery must be citizen-centric and not agency-centric, and (b) interoperability at the back end is a necessary condition for front-end integration.

However, in low-resource environments, (Heeks, 2002) warns that many e-governance initiatives tend to falter due to an overestimation of institutional capacity or underestimation of the contextual realities, which he refers to as the "design-reality gap." In our current requirements analysis, this problem is tackled through the alignment of the recommended functionalities with actual staff practices, regulations, and network constraints involving seven LGUs. The expansion of e-governance to the mobile platform, which is often referred to as m-governance, allows for greater accessibility, especially when desktop computers are not available (Nhamo & Ndlela, 2018). Mobile phones can facilitate "always-on" micro-transactions, such as status updates and one-time password approvals, which are critical for Nepal's varied-connectivity environment.

User Contentment and Service Quality in Digital Public Services

Quality and trust are as relevant as accessibility in the adoption process of digital services. E service quality is measured by (Parasuraman et al. 2005) through the E S QUAL instrument that evaluates the quality of e services on the following dimensions: efficiency (ease of use), availability of the system (up-time and reliability of the service), fulfillment (timeliness of delivery), and privacy (data protection). The logic is further extended by Lee & Lin (2005) who find that in the realm of online communication, happiness and loyalty correlate directly with usability and trust. In the municipal environment these variables would imply such steps as making forms brief and avoiding clicks (efficiency), real-time status indicators (availability/fulfillment), and transparency in privacy policy and strong encryption (privacy).

Educations conducted in the public sector confirm these factors.

According to (Chen et al., 2018), citizens' tendency to reuse web-based tax portals depends greatly on their perceptions of security and timeliness. As such, timeliness criteria (such as automated alerts and SLA time counters) and security features (such as MFA requests and HTTPS status indicators) are included in our non-functional requirements. To conclude, it can be stated that quality attributes must be key considerations for electronic government applications.

Design science and the SDLC in public information systems

To solve problems of real life, Design Science Research involves the development and testing of artifacts, including software architecture (Hevner et al., 2004). Within the scope of E- Government systems, the implementation of such research methodology would involve iterative SDLC process with requirements gathering, modeling, prototyping and feedback incorporation (Janssen et al., 2015). However, comparative studies of SDLC models reveal that linear approaches have serious weaknesses in the face of change in policies, laws, or even stakeholders' expectations during the project (Balaji & Murugaiyan, 2012). That is why we give preference to front loading in analysis and design with subsequent implementation through pilot project – hybrid agility in practice.

By providing all necessary information, including descriptions of DFDs, use cases, ER diagrams and security models, we reduce risks for the developer and create testable artifacts for stakeholders (e.g. city council members) to evaluate before making investment decisions. Such methodology resembles that of Luna Reyes and Andersen who stressed importance of systematic qualitative data gathering for understanding of system dynamics from the stakeholder perspective.

Trust, Security, and Privacy

Mobile public services security is more than a technological challenge; rather, it involves questions of trust. The most common types of mobile security risks can be found in the list of Mobile Top 10 Threats (OWASP, 2023) among them there are

everything ranging from poor transport-layer security to insecure local data storage and weak authentication. Based on this information, our solution should provide for client-side secure storage (Keychain/Keystore), require TLS 1.2+ usage for all traffic and input validation. An ISMS (information security management system) that would involve risk assessment, incident response, and continuous improvement must be implemented within an organization following ISO/IEC 27001 standard (2018). This means software implementation of such measures as audit logs, role-based access control, and centralized secret management. Moreover, according to (Heeks & Bailur, 2007), accountability and visible security are the key components in ensuring public trust in technology. Consequently, I will give a lot of attention to transparent processes that could not be changed and allow demonstrating how users' requests and personal data are treated.

Nepal's Policy Environment

Both "Digital Government" and "Digital Services" have been identified as priority sectors within the DNF framework of Nepal, which also stipulates that interoperable systems should be provided so as to avoid any unnecessary repetition of the investment (Government of Nepal, 2019). This demand is clearly catered to by our microservice approach, which enables each town separately to make alterations to the services provided without having to change the entire system. The use of MFA, SSL/TLS, and secure databases is made possible through our compliance with IT policy, 2010 and the Payment Systems Act.

In addition, guidelines for the implementation of the framework at the municipal level are yet to be provided, even with the existence of high-level frameworks for national strategies. In the absence of empirical research in this area (beyond scattered case reports), our contribution is clearly pioneering because we provide a tangible, actionable framework for implementing national mandates at the ground level. & satisfaction of users of digital public services. To ensure sustainability, it is important to measure user

perceptions of quality and satisfaction. (Parasuraman et al., 2005) created the ESQUAL tool for assessing efficiency, availability, fulfillment, and privacy of online services. Similarly, (Lee & Lin, 2005) found happiness in relation to usefulness and trust. In the public sector, studies relating to the adoption of electronic tax filing (Chen et al., 2018) highlight timeliness and security as important determinants of reuse.

Research Gap

Earlier studies have either focused on the assessment of individual services (e.g., tax electronic filing) without considering the integration of multiple service modules in municipalities, or have provided a conceptual framework without any detailed mobile-enabled architectural support. To our best knowledge, no earlier work has considered the integration of all design components (DFDs, ER, Security Design Framework), along with an implementation roadmap, based on multiple modules required by municipalities in Nepal.

Significance of the Study

In this regard, this paper outlines an exhaustive guide to digital transformation in municipalities through the following points:

Enhanced Accessibility: End-to-end access of services to citizens through their mobile phones at any time.

Increased Efficiency: Through one dashboard control of processes, administrators can reduce errors and minimize the need for paperwork.

Data Integrity: In auditable log files and real-time monitoring of data enhance trust in the system.

Scalability and Compliance: The micro services approach makes implementation across districts easier while complying with the national ICT policy and Digital Nepal framework.

With this paper, local governments can implement mobile governance solutions that will help them deliver better public services in Nepal and other similar nations.

Methodology

This research relied upon the Systems Development Life Cycle (SDLC) in combination with the Design Science Research (DSR) approach. DSR is appropriate for this study as its aim is developing and evaluating the mobile-first architecture of municipal services based on real issues. The choice for using the SDLC among other approaches such as Agile, Spiral or DevOps can be explained by the need for a structured and sequential process with clear documentation, accountability, and traceability. These features are extremely important for government-based digital solutions due to their maintenance and longevity.

Study Area

The Kanchanpur District in the province of Sudurpashchim, Nepal, is composed of five municipalities and two rural municipalities, all of which form the seven LGUs selected for research. This selection was based on the rationale that they represent a current example of the existing digital divide at the municipal level.

Sampling Procedure

The purposive sampling technique was utilized in the study. Being the administrators and providers of digital services for the system, one IT officer per LGU was selected. Their insights played a critical role in identifying the needs and deficiencies of the system. The absence of ward personnel and ward citizens in the study can lead to biased results in favor of administrative perspectives. Further studies in the field are recognized.

Data Collection Tools

The two methods involved were:

1. Information in numeric terms regarding the e-services that already exist, the existing technical infrastructure and problems encountered were collected using an online survey.

2. Qualitative information concerning citizen needs, procedures and expectations in relation to the m-governance portal were obtained via semi-structured interviews.

Such methods were selected in order to find a balance between qualitative (perception-based issues) and quantitative approaches.

Data Use

Because this research project was aimed at providing recommendations on how to design the system and not testing hypotheses, the collected information from the IT specialists was not statistically analyzed but examined to find out the expectations from mobile application development along with issues that could appear during the process. A proposed design of the system was created based on the identified recurring themes turned into requirements.

Requirement Analysis

The online survey and semi-structured interviews with IT Officers from seven Local Government Units in the district of Kanchanpur comprising five municipalities and two rural municipalities were used to analyze the needs of stakeholders and requirements of the system. These challenges were found to be fragmented service delivery, lack of mobility, high costs due to administration, and heavy work for citizens.

Some of the functionalities were births and deaths record registration, permission, taxation, letter of recommendation, complaint of citizens, directory of ward, notice board, and AI Chatbot application. On the other hand, security (including encryption and access control), availability (with uptime guarantee and offline support), and accessibility (with multilingual support, mobile-friendly design, and WCAG compliance) were key non-functional requirements.

System Design

The first interface is the User Panel, which caters to users, while the second interface is the Admin Panel, intended for municipal employees. Not only does the User Panel provide real-time tracking, but the AI chatbot also allows the panel to cater to citizens in

need of essential services such as registering births and deaths, business licenses, paying taxes, recommendation letters, complaints, ward contacts, and other notifications. The Admin Panel assists in effective governance by offering staff members an easier method for role management, workflow monitoring, module configuration, and report generation. Designing for usability means that the layout is single column for smaller screen sizes, multistep forms with validation, file uploads with preview, and accessibility compliant with WCAG, such as high contrast mode, scaling, and language switching. Feedback mechanisms include progress indicators, notifications, and error handling, which increase public confidence. Offline-first design makes sure that functionality works even when Internet connectivity is not available.

The defense-in-depth framework takes an integrated security approach. Although authorization uses role-based access control with fine-grained permission models, authentication uses OAuth 2.0 with MFA for critical tasks. All traffic is encrypted using TLS 1.2+, and AES-256 encryption is applied to sensitive data at rest. Security measures include auditing critical activities, reducing vulnerabilities through OWASP-based hardening, and responding to incidents to monitor anomalies within the systems. Besides protecting information, such architecture provides multi-layered security measures and instills trust in local digital services.

The narrative is supported by a series of formal design artifacts that demonstrate feasibility and create scalable templates. The high-level block diagram in Figure 1 depicts communication flows between the user and admin panels and other backend services including data persistence services, microservices, and authentication services. The Level 0 DFD showing interactions between users, administrators, and repositories is illustrated in Figure 2. With service module decompositions of workflow and routing flows to the central service router, Figure 3 converts it to a Level 1 DFD.The use case diagram is illustrated in Figure 4 and helps to understand the administrative tasks (administration, processes monitoring, reporting) and citizens' interactions (user account management, services, and chatbot). The ER diagram conceptually illustrates various items including such items as User, Profile, Service, Document, Role, and Audit, all of

which are shown in Figure 5. Taken together, these artifacts prove that the system is secure, scalable, feasible, and structured, thus giving municipalities an applicable path toward mobile governance.

Figure 1

High-level block schematic of the mobile architecture for the Digital Municipality

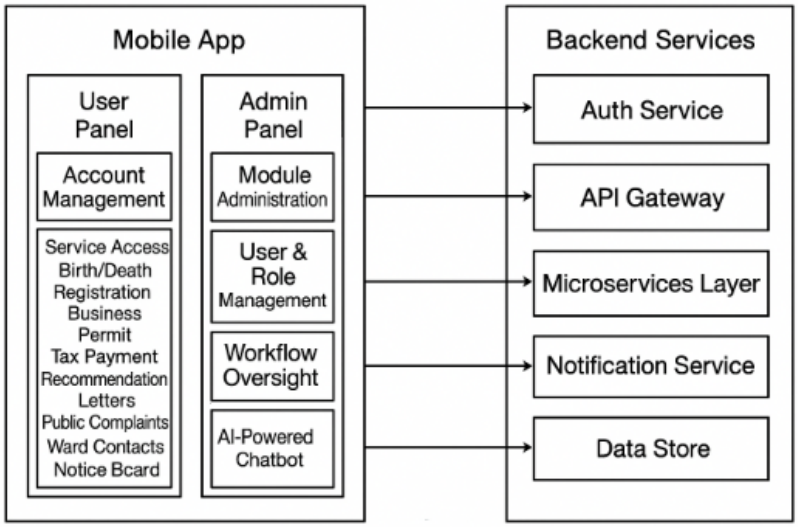


Figure 2

A Level 0 Data Flow Diagram (DFD) that illustrates the interactions and system context

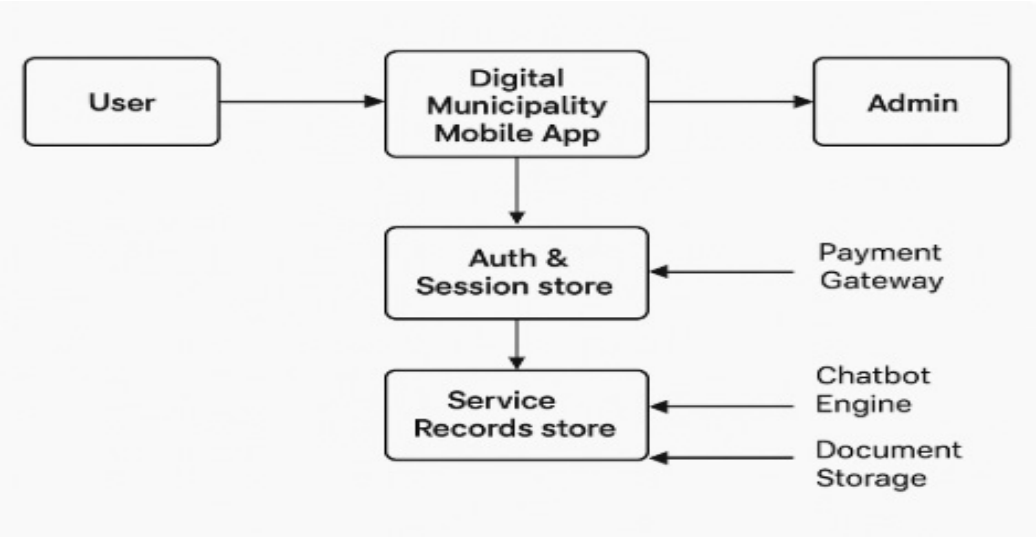


Figure 3

Core service modules and routing in a Level 1 DFD

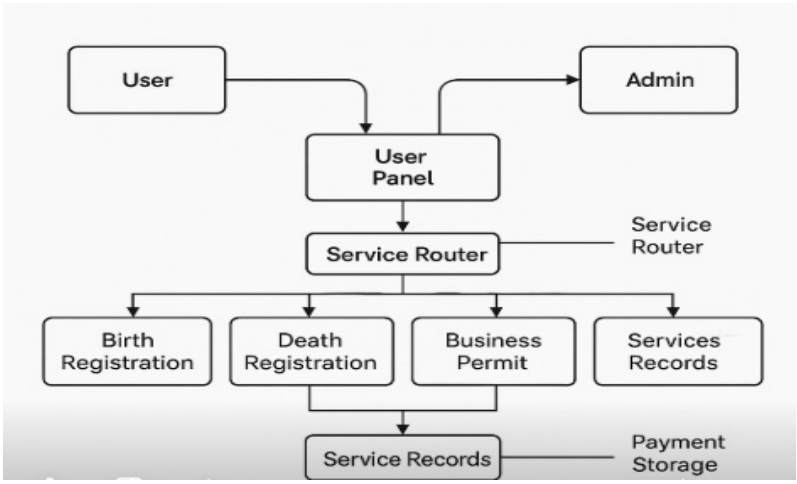


Figure 4

Two actors in a use case diagram of the Digital Municipality mobile system Administrators and Users

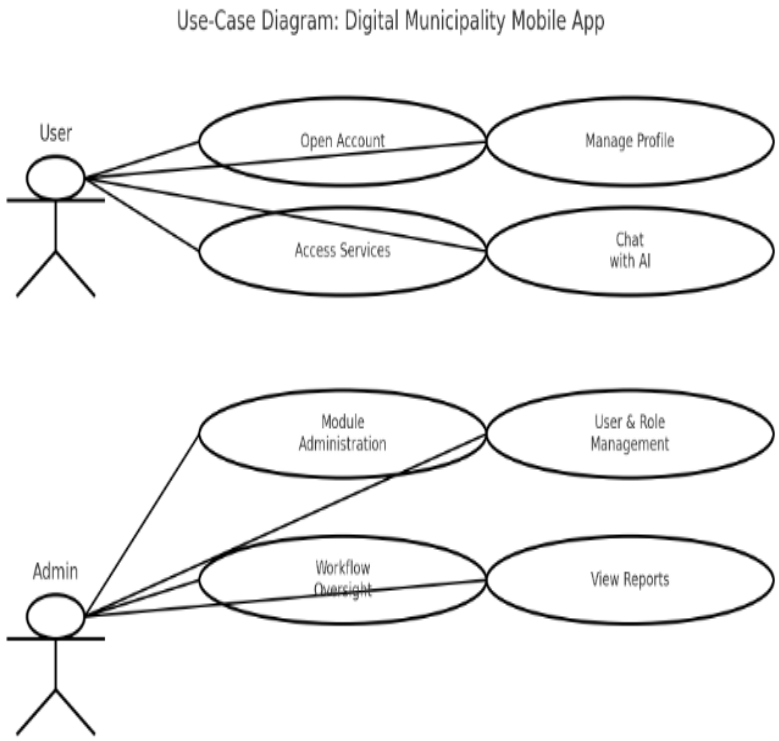
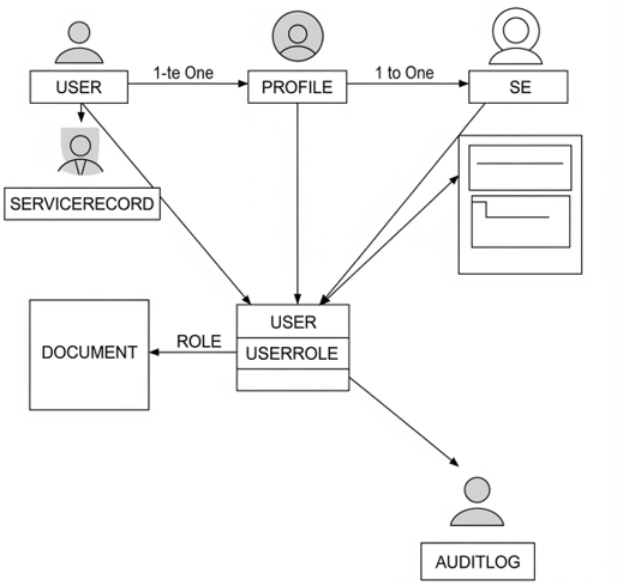


Figure 5

Conceptual ER model of the Digital Municipality database schema



Implementation and Deployment Considerations

Implementation, testing, and deployment are also considered next phases in the development process after the design phase. Frameworks such as Flutter and React Native can be used for implementation purposes, while PostgreSQL will be used for the database. Testing methods that will ensure reliability and usability are unit testing, integration testing, and acceptance testing. Pilot testing will be employed during deployment, where the first municipality will be deployed before proceeding to other municipalities.

Results and Discussion

Births and deaths, corporate licenses, tax collection, recommendation requests, complaints, and official announcements could potentially all be brought together under one intuitive app that municipalities create based on the architecture described above. Through dividing up the functions into micro services and then using the user and admin interfaces to present the information, the architecture ensures constant availability, real-time status updates, and rapid approvals. The APIs being consistent

and shared across devices, along with progressive forms disclosure, and offline-first caches help minimize issues due to occasional loss of Internet connectivity. OAuth2/JWT-based authentication, role-based permissions, and full end-to-end encryption and audits bring security and privacy to the mix. It is clear from the aforementioned results that with a properly designed mobile solution, we can recreate or even improve upon what has traditionally been available in an office environment.

The challenges and demands raised by stakeholders during requirement analysis also emerge in the design results. IT officials across all towns often lamented the issues with manual paperwork, lack of integration, lack of awareness among citizens, and lack of security. The proposed design takes care of all these concerns through incorporation of digital self-service functionalities, seamless service processes, real time notifications, and built-in security measures. Thus, the study turns recurring stakeholder concerns into non-functional needs (availability, reliability, security, and accessibility) and functional requirements (digital registration, taxation, and permissions processes). Through such a discussion on the results, it becomes clear that not only does the proposed system align with the 'mobile first' approach prescribed by the Ministry of Federal Affairs and General Administration and the overall strategy of Nepal Digital Nation Framework but also offers a scalable way forward with respect to future expansions including integration with national databases, AI chat support, and analytics-based service improvements. Data flow diagrams, use case diagrams, and entity relationship diagrams have been provided to prove the feasibility of the design and ensure it is reproducible and assessable. Nevertheless, it is imperative to address the challenges related to managing the change in the area of personnel training, data transition, and reliability of networking at the level of local government to achieve a successful implementation. Thus, it becomes essential to conduct pilot projects, which will be accompanied by capacity building and performance evaluation.

Conclusion

The aim of this research was to develop an innovative mobile-first digital architecture that will facilitate the transition of critical municipal services through one unified

system. For this we first examined the repetitive problems encountered in operations, such as paper-based processes, disconnected workflows, bad integration between systems, low awareness among citizens, and security risks and converted them into both functional and non-functional requirements through inputs provided by IT officials from seven municipalities in Kanchanpur District. The architecture designed in this way with its clear separation between user and administrator interfaces ensures uninterrupted availability of services such as permit issuance, payment, registration, complaints, and notifications.

The proposed system integrates advanced security mechanisms, including OAuth2/JWT authentication, role-based access control, encryption, and auditing, along with the features of usability in terms of mobile-first and offline-first approaches and multilingual capabilities. Data-flow charts, use case diagrams, and entity-relationship schemas are some examples of formal designs that help provide a replicable design framework. This study is an effective path towards the digital transformation of governments since it adheres to the Digital Nepal framework and Mobile-First policy of Nepal. The proposed design will provide an approach focused on the citizens which can be implemented in many cases within the municipal governments.

Future Scope of the Study

Taking cue from the architectural framework thus created, the logical next step is to create a working prototype of this platform and test out the same within the chosen municipality. This will serve as a means of providing useful feedback regarding the development of better user interfaces, improved back end connections, and effective change management strategies that can be adopted within the context of local governments. Apart from these improvements, there may be other possibilities for future upgrades such as connecting this platform to national ID schemes and digital payment platforms to facilitate easier processes, while using AI-powered chatbots and analytics dashboards to enhance citizen participation.

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Digital Transformation for Operational Leverage: Perception of Small Business Entrepreneurs in Nepal

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Abstract

The global business landscape is transforming rapidly with the cutting edge of advanced digital technology as an outcome of the Fourth Industrial Revolution. The aim of this paper is to assess the perceived influence of digital transformation (DT) on overall operational leverage of small business entities and identify challenges and barriers in the process of DT in the study area of Kailali and Kanchanpur districts. The philosophical underpinning of this paper is a pragmatic realist ontological lens implying that DT in SBFs is both an observable and measurable phenomenon. in terms of selected dimensions and constructs in the context of business performance appraisal. The study population is defined as all the SBFs operating in the study area that are divided into 11 strata and the purposive sampling technique was adopted within the strata considering the relevancy of the study objective. The findings revealed that digital transaction proportion is about 37 percent of total transaction, followed by a 13.99 percent increase in perceived operational efficiency, an 11.16 percent reduction in perceived operational cost, and a 14.58 percent growth in perceived sales. Moreover, DT reduces marginal transaction cost, and improves allocative efficiency, thereby enhancing productivity of SBFs. In conclusion, DT is instrumental in contributing significantly to increase overall operational efficiency and enhancing performance and competitiveness of SBFs. Therefore, the policy makers and stakeholders are

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expected to focus on encouraging DT in the business operation through digital literacy and financial incentives for SBFs.

Key words: *Digital Transformation, Operational efficiency, Cost reduction, Sales growth, Market expansion*

JEL Classification: O33, M15, L25

Introduction

The fast-paced rise of Industrial Revolution 4.0 has significantly contributed to digitally transform the global marketplace. The concept of digital transformation (DT) encompasses a wide range of cutting-edge advancement, including social media engagement, e-commerce platforms, data analytics, mobile application and cloud computing intended for resource optimization (Kraus et al., 2021; Westerman et al., 2014). Business entities, whether small or large, are not in a position to ignore DT adoption shift. Moreover, despite resource limitations, small business entities are also increasingly adopting the DT strategy in their business. However, Small Business Firms (SBFs) are not in the financially comfortable position to fully adopt this shift. Studies underscore that many SBFs struggle to fully exploit DT due to high costs, limited skills, and structural barriers (Kallmuenzer et al., 2024; Yujie et al., 2024; Cheng et al., 2023). Positioned at the forefront of this digital shift, SBFs face both opportunities and challenges (Oyeyemi et al., 2024). Firms increasingly deploy digital strategies to remain competitive, improve efficiency, and capture new market opportunities (Chesbrough & Rosenbloom, 2002). In support of this, Government of Nepal has launched Digital Nepal Framework (2019) recently meant for enhancing DT across the country. The Digital Nepal Framework provides a strategic roadmap for leveraging digital technologies across sectors such as finance, agriculture, health, and urban infrastructure to accelerate economic growth and improve service delivery in Nepal (Giri, 2020). Therefore, the DT of SBFs has become increasingly significant in contemporary business world, with the increase in the magnitude and intensity of digitization adopted by SBFs. These technologies are reshaping how firms operate, communicate, and compete (Schallmo et al., 2018). Hence, assessing its impact for operational advantage

is essential for policymakers, business owners, and researchers.

DT has emerged as a potential solution to improve operational efficiency, access to new markets, and enhance customer interactions. The problem, therefore, is the gap in understanding the effect of DT on the growth, competitiveness, and sustainable existence of SBFs in the study area based on the perception of entrepreneurs. Shah et al. (2025) argued that entrepreneurs encounter similar prospects and constraints when adopting digital technologies. Yet limited empirical research has explored their perspectives. In these backdrops, this study addresses that gap by examining how SBF entrepreneurs view DT's contribution to overall operational advantage of SBFs in the study area. Moreover, the central questions of the current study were: What is the existing status of DT in the study area? How is the attitude of SBF owners towards DT with respect to their operational efficiency improvement, sales revenue growth, and cost reduction in the study area? What are the barriers and challenges of DT shift of SBFs in the study area? and how do they address or mitigate these challenges? In fact, getting better answers to these questions is essential for operational efficiency gain for entrepreneurs' and eventually expected to foster economic growth and development of the country. However, the effectiveness of these policies in facilitating DT among small business firms remains unclear. In this context, the current study has provided valuable insights to stakeholders and policy makers to encourage optimal utilization of digital technology and DT framework meant for optimizing resources. Moreover, this has given vision for evidence-based actionable policy formulation implementation regarding DT meant for overall efficiency gain of SBFs in the study area.

Literature Review

Theoretical Perspectives

The discussion on the theoretical underpinning is essential to capture the better scenario of knowledge construction and arrive objective conclusions. Moreover, the theory of creative destruction can offer perspectives on the broader economic implications of DT of SBFs (Carayannis et al., 2020), encompassing market structures, innovation

dynamics and market competition (Emami, 2021; Gomulka, 2006). Another theory, Dynamic Capability Theory underscores the importance of a firm's ability to adapt to a constantly changing external environment (Bleady et al., 2018). Likewise, Resource Based View (RBV) offers a theoretical framework within strategic management that emphasizes the role of internal resources to adopt DT for a firm's competitive advantage and enhanced performance instead of relying solely on external market factors. This strategy is expected to establish a long-term success and resilience amidst market uncertainty (Madani, 2010; Barney, 1991).

Technology Acceptance Model (TAM) proposed by Davis (1989) focuses on predicting and explaining the acceptance of new technology meant for resource optimization originally derived from theory of reasoned action (TRA) (Marangunic & Granic, 2015). However, TRA provides more specific and reliable construct for assessing technology adoption (Davis, 1989; Ali et al., 2020). Essentially, central to the model are two core dimensions: perceived ease of use (PEOU) and perceived usefulness (PU). Moreover, PEOU reflects the extent to which a person believes that interacting with a technology will be free of effort, while PU relates to the belief that the technology enhances business and job performance or overall effectiveness of business (Venkatesh & Davis, 2000; Ali et al., 2020). These factors collectively shape individual attitudes, intentions, and behaviors toward technology adoption. Moreover, Dynamic Capabilities view holds that firms' ability to sense opportunities, seize them, and reconfigure resources is key for successful change in fast-moving, disruptive contexts like DT and entrepreneurs' perceptions are likely influenced by how capable they feel in these dimensions (Held et al., 2025). The aforementioned theoretical discussion provides valuable insight to adopt RBV as a theoretical lens to proceed with this study and arrive at meaningful conclusions with the achievement of predefined objectives of this study.

Empirical Review

Empirical studies have highlighted that DT is playing pivotal role as cutting edge for successful operation of SBFs around the world. Moreover, DT tools improve

operational efficiency, market reach, and innovation capacity of SBFs. In this regard, Chesbrough and Rosenbloom (2002) underscore that SBFs endowed with visionary leadership and culture of experimentation and committed for digital leadership meant for digitization better for navigating the complexities and capitalize on the opportunities. Bharadwaj et al. (2013) underscored that digital technologies including cloud computing, data analytics, and e-commerce platforms can enhance operational efficiency, and customer engagement of SBFs. In addition, DT can yield a range of positive outcomes for SBFs, including increased market reach, enhanced customer experience, improvement in financial performance. Markus and Loebbecke (2013) underscored that DT is instrumental for getting leverage of social media marketing, e-commerce platforms, and data analytics tools to achieve higher levels of customer satisfaction, and customer retention and loyalty. However, SBFs are struggling to invest in the necessary infrastructure, talents, and more importantly cyber security measures required for digitalization effort (Westerman et al., 2014).

Moreover, Avgerou et al. (2016) also opined that leadership support, organizational culture, and employees' skill are critical determinants of DT and reaping its benefit. Likewise, Li et al. (2018) conducted study in China and found digital adoption significantly enhancing firm performance through supply chain integration and quality customer relationship management. However, Schallmo et al. (2018) study highlighted the challenges and risk associated with DT of small business entities financial constraints and technological barriers. The study report of OECD (2021) underscore that small business entities gain productivity and market reach from DT but lag behind larger firms because of shortage of skill, financial constraints and weak digital infrastructure. Intuitively, comparative evidence also shows shocks such as COVID-19 accelerate uptake but do not automatically convert tactical use (e.g. social media, digital payments) into strategic digitalization without targeted support and learning interventions (OECD, 2021).

Teng et al. (2022) study identified three factors; digital technology, employee digital skills, and DT strategy as key for DT. The study asserted that these factors are positively correlated with the DT and play a vital role in enhancing their financial performance, sustainable development of SBFs. Kyurova (2022) examined the essence of DT, and the opportunities and changes associated with the application of technologies in SBFs. The study provided an overview of digital tools and technology used for business transformation, including social, mobile, big data, analytics, and cloud.

Zhang and Ma (2022) paper addressed the significance of DT highlighting its role in helping firms to achieve competitive advantages amid intense market competition in the business world. They argued that technological factors, organizational factors, and environmental factors all play a key role in SBFs' DT journey. The study also concluded that employee skills play a crucial role in determining the relationship between organizational capabilities and DT success of SBFs. Therefore, they suggested that enterprises attach importance to the improvement of organizational capabilities as important resources to promote the success of enterprise DT. Taneja and Dahiya (2024) underscored that the digital era has transformed business, but it has also exacerbated inequality. They explored the impact of digitalization on rural entrepreneurship, revealing opportunities such as family-run businesses, improved employment, and regional economic development. Essentially, their study provided empirical evidence and recommendations for institutional and social reforms, contributing to our understanding of the latest innovation theories associated with Kontratieff Schumpeter's wave in institutional and social entrepreneurship.

Zhu et al. (2024) stated that DT enables SBFs to access new markets, diversify their revenue streams and forge strategic partnerships to ensure long-term viability and competitiveness. In addition, the rapid pace of technological change can exacerbate uncertainties and complexities for SBFs. Zhao et al. (2024) examined the influence of DT on the performance appraisal of business firms using a RBV and innovation theory

based on the Chinese companies operating in Shanghai and Shenzhen taking the samples during the period 2010-2021. Their result shows that DT significantly improves firm performance, with total factor productivity and innovation outputs playing a mediating role. In fact, the impact is more noticeable on small and medium-sized enterprises (SMEs) than larger ones, and more significant in Special Economic Zones (SEZs) (SOEs) in comparison to non-SEZs. Moreover, the result also revealed the fact that DT positively affects labor-intensive firms and technology-intensive firms. On the contrary, DT inversely affects the capital-intensive firms. Moreover, recent review work frames DT as interactional and dynamic, where technological affordances and firm capabilities co-evolve; this perspective explains heterogeneous entrepreneur perceptions and adoption paths across sectors and sizes (Plekhanov et al., 2023).

Empirical work on specific digital practices highlights heterogeneity across technologies. In this regard, recent Nepalese studies report mixed readiness. Ghimire et al. (2023) examined the impact of Covid-19 on the digitization of SMEs in Nepal. Their findings suggested that limited change in digitization pre- and post-crisis highlights the necessity for SBFs to embrace digital evolution. Likewise, they suggested SMEs need to adopt DT for sustainability post-COVID-19. Bhattarai et al. (2023) found that digital payments, perceived usefulness, security, and ease of payment thereby significantly affected firm performance. Adhikari and Molla (2024) found that digitalization significantly improves overall business operation including customer support, decision-making, and internal communication. Moreover, access to data and analytics aids timely, informed decisions, boosting efficiency and productivity. The study recommends strategies for business enterprises to adopt digital tools effectively, to ensure sustainable growth of business and improve competitiveness in an increasingly digital business environment. Social-media and platform adoption show clear performance links in Kathmandu-area studies; entrepreneurial orientation predicts social-media uptake and enhanced sales performance (Maharjan, et al., 2024).

Systematic reviews of SBFs' DT argue that sustainable roadmaps and firm capabilities determine whether digital investments yield long-term gains rather than short-term fixes (Melo, 2023; Mick, 2024). Systematic reviews focused on the contribution of digitization to SMEs' performance identify core success factors: leadership commitment, incremental digitalization, skills development, alignment of IT with business goals, and access to affordable solutions (Sagala & Ori, 2024). Likewise, studies have highlighted that there are several benefits of DT in SBFs but facing several structural barriers to adopt DT, including inadequate internet infrastructure, limited technical skills and higher cost of adoption as a result DT is conditional on firm readiness and broader enabling environment (Subedi & Bhatt, 2025).In Nepalese context, SBFs shows interest in digital tools face gaps several dimensions such as leadership, skills, and infrastructure that hinder meaningful adoption of DT (Bhatt, 2025). Another study underscore that there is significant contribution of DT on overall efficiency gain, cost reduction, and sales revenue growth (Subedi et al., 2026). Theoretical and empirical literature summarized so far provides valuable insight regarding significance DT on several dimensions of business performance assessment of SBFs. Moreover, the review synthesizes the global, and regional studies to identify the driver force, barriers and outcomes of DT in SBFs. In this regard, evidence from Nepalese context remains scant and fragmented. In this context, this study has made endeavor to fulfill these gaps through the perception analysis of SBF entrepreneurs of the study area to explore the relationship between the DT of SBFs and their operational leverage for overall efficiency gain.

Methodology

The study is grounded in a pragmatic realist research philosophy, integrating both post-positivist and interpretive perspectives. In this context, the ontological position of the study is critical realism, because this study recognizes DT in SBFs of study area as an observable phenomenon while also acknowledging that owners' perceptions of its

impact exist in reality and can be understood through both objective metrics and contextual interpretation. Likewise, the epistemological position of this study aligns with the pragmatic epistemology tradition, where knowledge is considered valid when derived from empirical observation with objective measurement. In axiological perspective, a value-laden pragmatic axiology, as the research adheres to ethical principles, ensuring confidentiality, accuracy, and respect for participants' perspectives, guided by a value-laden pragmatic approach to produce socially relevant outcomes.

This study is predominantly quantitative in nature followed by the qualitative interpretations of the findings. The study population comprises all the SBFs in the study area that have implemented DT initiatives and have been in operation for at least the past 12 months. The researchers collected the primary data from the study site during the months of January to April 2025, with special focus on the collection of data as to answer earlier stated research questions. Moreover, structured questionnaire was administered via Google Forms to collect the required data to fulfill research objectives relating to this study. The sample size was determined using Cochran (1977) formula:

$$\eta = \frac{Z^2(P)\,(1 - P)}{M^2} \qquad \ldots(1)$$

The sample size (n) is determined using above formula presented equation (1), which is inducted based on the three dimensions viz, Z-score (Z), proportion population having attributes of interest (P), and margin of error (M). In other words, in the equation, n, Z, P, and M stands for sample size, Z-score usually at 95 percent confidence level, proportion population having attributes of interest and margin of error.

Results and Discussion

The empirical analysis is focused on the perception analysis on drivers and barriers of DT adoption in SBFs in the perspectives of entrepreneurs operating in the study area. Therefore, primarily this part is focused on the perception analysis of small business owners towards DT.

Characteristics of Respondent Small Business Firms in Terms of Digital Adoption

It is desirable to present summary result of perception analysis of the SBF owners on various dimensions of DT adoption to overview the existing scenario of DT shift by the SBFs in the study area. In this regard, Table 1 below summarizes the scenario in terms of digital transaction percentage of total transactions, perceived percentage of operational efficiency, perceived percentage of operational cost reduction, perceived percentage of sales growth as the contribution of DT, and life span of SBFs in the study area.

Table 1

Characteristics and Perception of Small Business Firms included as Respondents

Particulars(n=384)	Mean	SD
Life span of SBFs (in years)	8.39	5.745
Percentage of Digital Transactions	37.37	15.366
Perceived percentage of operational efficiency increased by DT.	13.99	4.470
Perceived percentage of operational cost reduction as the contribution of DT.	11.16	9.444
Perceived percentage of sales growth as the contribution of DT.	14.58	9.025

Note. Table 1 shows summary of characteristics and perception of Small Business Firms included as Respondents. Data Source: Field Survey, 2025.

Evidently, Table 1 data shows that average life span of firm is 8.39 years, perceived percentage of digital transaction is 37.37 percent, and perceived percentage of operational efficiency increased by DT 13.99 percent, perceived percentage of cost reduction as the contribution of DT 11.16 percent, and perceived percentage of sales growth as the contribution of DT is 14.58.

Challenges and Obstacles Faced by the SBFs in Adopting DT

The SBFs in the study area were found to confront obstacles during DT adoption in their business entities. The problems, obstacles and challenges are in the form of internet

access, technical know-how, cost of installation and internal inertia obstacles to resist changes. The respondents were allowed to report more than one obstacle or challenge. Therefore, the total outcomes in this regard may be greater than sample size 384. Table 2 below summarizes the challenges regarding SBFs of the study area. Therefore, the total response may be greater than sample size.

Table 2

Challenge and Obstacles Faced by SBFs in DT

Identified Obstacles and Challenges	Frequency
Lack of Fast and Reliable Internet Access	185
Lack of Technical expertise in DT adoption	163
Problems to afford high-cost digital tools and accessories	148
Organizational inertia as a resistance to change for DT	95
Other factors creating obstacles to adopt DT	34

Note. Table 2 presents summary relating to Challenge and Obstacles Faced by SBFs in DT

Table 2 above shows that SBFs are suffering from lack of reliable and fast internet access (185) is the most reported challenge, indicating infrastructural inadequacy is a widespread issue. The second most detrimental factor is identified as lack of technical expertise in DT adoption (163). The third detrimental factor is identified as problem to afford high costs of digital tools (148). Moreover, the fourth major challenge is inertia and resistance to change (95), reflecting attitudinal obstacles. Furthermore, other reasons (34) such as lack of management support, lack of awareness about digital tools, cyber security concerns, uncertainty about return on investment, unreliable power supply as challenges to adopt digitization.

Reliability Test Perception Analysis Construct

Table 3 presents result of the reliability analysis of the items used for perception analysis in term of Cronbach's Alpha for the perception scale encompassing key six

dimensions on digital transformation opted by respondents. The respondents were SBF owners of the study area.

Table 3

Summary of Reliability Test Result used for Perception Analysis

Analysis Dimensions	Number of Constructs Used	Cronbach's Alpha	Interpretation
General Perception towards Digitization	5	0.632	Acceptable
Perceived Contribution to Operational Efficiency	5	0.712	Good Reliability
Perceived Contribution for Customer Satisfaction	5	0.814	Very Good Reliability
Perceived Contribution for Market Expansion	5	0.757	Good reliability
Perceived Contribution for Cost Reduction	5	0.818	Very good Reliability
Perceived Contribution for Sales Revenue Growth	5	0.825	Very good Reliability

Note. Table 3 summarizes the reliability test result perception analysis based on the Cronbach's Alpha.

Table 3 summarizes the reliability test result perception analysis relating to digital transformation based on the Cronbach's Alpha. Moreover, Cronbach's alpha values across the six dimensions range from minimum 0.632 to maximum 0.825, indicating acceptable to very good internal consistency. Moreover, Cronbach's alpha value for the construct perception towards digitization is lowest with 0.632 but still acceptable range. Obviously, Cronbach's alpha value for other construct such as perceived contribution for operational efficiency, customer satisfaction, market expansion and sales revenue growth are in higher reliability condition.

General Perception of Respondents towards Digitization

The general perception analysis on the current status of digitization is essential to visualize the existing scenario of DT in the study area. The Table 4 below shows the

existing status of DT adopted by SBFs entrepreneurs in the study area. The perception analysis assessed using 5-point scale is presented in the Table 4.

Table 4

General Perception of Respondents towards Digitization

Statement (n = 384)	Mean	SD
Our business uses digital tools and technologies in daily operations.	4.08	0.617
The digital tools we use are sufficient to meet the current needs of the business.	3.80	0.615
Our business is actively investing in new digital technologies.	3.03	1.173
Employees in my business are skilled in using digital technologies.	3.50	0.827
The adoption of digital tools is a priority for my business.	3.60	0.834

Note. Table 4 summarizes the general perception of respondents towards digitization based on the data collected in the study area.

The result presented in table 4 shows that most of the business organizations are satisfied that existing tools are good enough to their current needs. The mean and standard deviation (SD) for the construct ‘our business uses digital tools and technology in daily operation’ are 4.08 and 0.617 respectively, suggesting consistent view of SBF owners of the study area. The mean score is relatively strong (3.80), on the threshold of "Agree," with low variability (SD = 0.615), indicating consistent agreement. Lowest mean (3.03) implies neutral position on actively investing in new digital technologies. The higher standard deviation (1.173) captures significant heterogeneity across some businesses meaning that they might be actively investing and the others might not be investing at all. Respondents agree that employees are moderately competent in digital technologies. The mean response of 3.50 lies in the interval of "Neutral" and "Agree." A moderate SD of 0.827 implies there exists some spread in the perceived level of employees' competencies across businesses. The adoption of digital tools is a priority for the business is rated as moderate priority (Mean = 3.60). However, the SD (0.834) captures minimal variability some businesses rank this higher than others.

Perceived Contribution of Digitization in Operational Efficiency

Table 5 summarizes the perception of entrepreneurs on the contribution DT for operational efficiency of SBF using 5-point Likert scale including five items covering vital aspects of operational efficiency.

Table 5

Role of Digitization in Operational Efficiency

Statement (n=384)	**Mean**	**SD**
The use of digital tools has improved the efficiency of our business operations.	3.79	0.661
Digital technologies have significantly reduced the operational costs of my business.	3.66	0.687
Digitization has streamlined communication and coordination within the business.	3.49	0.754
Using digital tools helps us make better and faster decisions.	3.74	0.678
Digital technologies allow us to track and manage inventory more effectively.	3.74	0.767

Note. Table 5 summarizes the perceived contribution of digitization in operational efficiency.

Table 5 presents summary of perception analysis on role of digitization in operational efficiency. The result shows that the application of digital tools has improved business operations' efficiency of SBFs, as supported by high mean value close 3.79 accompanied by the low standard deviation (0.661) indicates positive perception, and most businesses share this view consistently. Likewise, most respondents agree that digital technologies have helped to reduce operational costs of business as mean for this construct is 3.66 that shows a moderately strong agreement, while the relatively low SD (0.687) indicates uniform responses across businesses. Moreover, the mean score of 3.49 suggests that respondents are somewhat neutral to slightly agreeing about digitization streamlining communication and coordination, followed by the higher SD (0.754) reflects a greater degree of diversity in their opinion for the construct gives room for understanding the perception variation. Likewise, mean and SD for the construct 'using digital tools helps us make better and faster decisions' are 3.74 and

0.678 respectively, indicating relatively consistent agreement across the samples. Finally, mean and SD for the construct 'digital technologies allow us to track and manage inventory more effectively' are 3.74 and 0.767 respectively, indicating relatively consistent agreement across the samples. This gives overall result as DT improves operational efficiency, reduces operational cost, streamlines communication and coordination, enhances decision making capacity and contributes to the function of tracking and managing inventory of SBFs in the study area. To sum up, general agreement that digitization enhances operational efficiency, reduces costs, and improves decision-making.

Perceived Contribution of Digitization in Customer Satisfaction

Table 6 summarizes the perception of entrepreneurs on the contribution DT for customer satisfaction of SBF on different five constructs. The items were measured on 5-point Likert scale, where higher means indicate stronger agreement.

Table 6

Contribution of Digitization in Customer Satisfaction

Statements (n=384)	Mean	SD
Digital tools have enabled my business to respond to customer inquiries more quickly.	3.69	0.600
The use of digital platforms has improved the overall quality of service provided to customers.	3.53	0.744
Customers have provided positive feedback regarding the digital services offered by my business.	3.79	0.778
Digitization has helped us better understand and meet customer needs.	3.96	0.862
Customers are more likely to return to my business because of the convenience provided by digital tools.	3.65	0.823

Note. Table 6 summarizes the perceived contribution of digitization in customer satisfaction.

The calculated result shows that owners of business firms generally agree (3.69) that digital tools have helped them respond faster to their customer inquiries and the low standard deviation (0.600) in this regard suggests consistent agreement among respondents. However, regarding improved Service Quality (Mean = 3.53, SD = 0.744),

having low mean score suggesting that while some improvements are recognized, this benefit may not be as strongly perceived as others. Similarly, the SD indicates moderate variability in responses. The mean score and SD for the statements are 3.79 and 0.79, implies there is general agreement that customers have given positive feedback on digital services. But, moderate SD 0.778, suggests that some businesses have received stronger feedback than others. Moreover, regarding understanding and meeting customer needs has mean 3.96 and SD 0.862. The highest mean value 3.96 for the statement indicates that SBF owners strongly feel DT has enhanced their ability to understand and address customers need in the study area. However, the highest SD as 0.862 across all construct within the given dimension may be reflecting that some SBFs are benefiting significantly more than others. Finally, the statement "customers are more likely to return to my business because of the convenience provided by digital tools" has mean score mean 3.65 and SD 0.823. This implies that respondents generally agree that digitization has contributed to customer retention by offering convenience. Moreover, the SD 0.823 shows some variation meaning that not all firms may equally experience increased loyalty (Table 6).

Perceived Contribution of Digitization for Market Expansion

Table 7 summarizes the perception analysis result on the contribution of DT for market expansion from the perspectives of SBF owners on different five constructs. The items were measured on 1–5-point Likert scale, where higher means indicate stronger agreement.

Evidently, the mean scores for all items range between 3.49 and 3.57, suggesting that respondents agreed moderately to strongly that digital technology have positively influenced various aspects of their businesses. The respondents generally agree that DT has enhanced their ability to reach their potential customers beyond their traditional market limitations, followed low standard deviation (0.664) suggests that responses were relatively consistent across respondents. Regarding the statement "online marketing and social media have significantly increased the visibility of my business"

has slightly lower mean (3.49) than other items, followed the higher standard deviation (0.821) indicates more varied opinions. This may imply that businesses may not have experienced this benefit as strongly as others.

Table 7

Perception Contribution of Digitization for Market Expansion

Statement (n=384)	Mean	SD
Digital technologies have allowed my business to reach customers beyond our immediate local area.	3.56	0.664
Online marketing and social media have significantly increased the visibility of my business.	3.49	0.821
The adoption of e-commerce platforms has helped us attract new customer segments.	3.57	0.666
Our market reach has expanded as a result of implementing digital payment systems.	3.67	0.769
Digital tools have facilitated collaboration with other businesses, helping us enter new markets.	3.54	0.760

Note. Table 7 summarizes the perceived contribution of digitization on market expansion.

The statements "The adoption of e-commerce platforms has helped us attract new customer segments" has the highest mean (3.57), indicating strong agreement with the role of e-commerce in attracting new customers. Moreover, responses are again quite consistent SD 0.666. The mean score and SD for the "adoption of e-commerce platforms helped us attract new customer segments" are 3.67 and 0.769, showing that digital payment systems have played a significant role in expanding market reach, but variability is slightly. Furthermore, respondents generally agree (Mean =3.54), but responses show moderate variation with SD 0.760, suggesting differences in how businesses perceive the impact of collaboration tools on market expansion.

Perceived Contribution of Digitization in Sales Revenue Growth

Table 8 summarizes the perception analysis result on the contribution of DT for sales revenue growth from the perspectives of SBF owners on different five constructs. The

items were measured on 1-5 point Likert scale, where higher means indicate stronger agreement.

Table 8 presents the mean scores and standard deviations (SD) of perceptions measured on a 5-point Likert scale, with values ranging from 3.37 to 3.57 and 0.673 to 1.001 respectively.

Table 8

Perception of Respondents Regarding Contribution of Digitization in Sales Revenue Growth

Statement (n=384)	Mean	SD
Digitization has directly contributed to an increase in sales for my business.	3.54	0.673
The use of online platforms has made it easier to up sell or cross-sell products or services.	3.54	0.816
Digital marketing efforts have resulted in a higher volume of customer inquiries and sales.	3.57	1.001
Our business revenue has grown due to the operational efficiencies enabled by digital tools.	3.57	0.879
Digital technologies have reduced costs, leading to improved profit margins.	3.37	0.924

Note. Table 8 summarizes the perceived contribution of digitization in sales revenue growth based on the data collected in the study area.

The highest mean score (3.57) was recorded for the statements “digital marketing efforts have resulted in a higher volume of customer inquiries and sales” and “business revenue has grown due to operational efficiencies enabled by digital tools,” indicating general agreement that digitization supports sales and revenue growth. In contrast, the mean score for the construct ‘digital technologies have reduced costs, leading to improved profit margin' reflects weaker conviction about cost reduction benefits. The mean and SD for the construct ‘digitization has directly contributed to an increase in sales for my business’ are 3.54 and 0.673 respectively, indicating relatively consistent responses

across the sample. Finally, the mean score and SD for the construct 'digital marketing efforts have resulted in a higher volume of customer inquiries and sales' are 3.57 and 1.001. The highest SD across the construct under the dimension 'contribution of DT in Sales Revenue Growth' clearly indicating that marketing outcomes show greater variability among SBFs in the study area.

Perceived Contribution of Digitization for Sustainable Business Growth

The contribution of digitization for sustainable business growth is another important dimension of perception analysis of SBFs in the study area. The Table 9 below summarizes the perception analysis result across all five constructs relating to customer reaction, market reach, cost and benefits of DT, business competitive advantages and essentiality of DT for business growth of SBFs. The perception of the respondents was measured using 5-point Likert scale where all mean scores exceed 3.4 with different degree of variability of opinion across the dimension.

Table 9

Perceived Contribution of Digitization for Sustainable Business Growth

Statements(n=384)	Mean	SD
Digitization has positively transformed customer interactions.	3.59	0.671
Market reach has grown due to digital tools.	3.49	0.870
Financial benefits outweigh costs of digitization for business sustainability.	3.58	0.934
DT provides competitive advantage to my business	3.83	0.710
DT adoption is essential for business growth of SBFs	3.80	0.756

Note. *Table 9 summarizes the perception of respondents on the dimension the contribution of DT on sustainable business growth across five constructs.*

Table 9 result shows that mean score and SD for the construct 'digitization has positively transformed customer interactions', are 3.59 and 0.671 respectively. It indicates that the response is consistent with positive attitude and low variability across

the constructs. Likewise, mean score and SD for the construct 'Market reach has grown due to digital tools', are 3.49 and 0.87 respectively, indicating positive attitude towards with higher variability on the construct comparing across the constructs. Moreover, mean score and SD for the construct 'financial benefits outweigh costs of digitization for business sustainability', are 3.58 and 0.934 respectively, indicating positive attitude towards the construct with highest variability across the constructs. Similarly, mean score and SD for the construct 'competitive advantage of my business is given by DT', are 3.83 and 0.71 respectively, indicating positive attitude towards the construct accompanied by relatively lower variability on the construct comparing across the constructs. Finally, mean score and SD for the construct 'DT adoption is essential for business growth of SBFs', are 3.80 and 0.756 respectively, indicating positive attitude towards the construct accompanied by relatively mid-level variability on the construct comparing across the constructs. Overall, entrepreneurs widely acknowledge digital transformation as necessary for competitive advantage and business sustainability.

Lesson Learned from DT

Table 10 shows perception analysis of SBF entrepreneurs regarding lessons learned from DT with respect to operational efficiency of business firms. The respondents were requested to express their view regarding lesson learned from DT in the context of increase in operational efficiency of small business in the study area. The response was not mandatory but it was voluntary, out of 384 only 167 expressed their view in this regard.

Table 10 shows that most of the respondents (34.74) stated that they learned the use of digital platforms, followed by convenience in payments (22.16 %), increase in consumer satisfaction (10.79%), understanding internet problem (5.99 %), cost reduction (5.38 %).

Table 10

Respondent Perceived Lesson Learned from DT

Responses	Frequency	Percentage
Use of digital tools & platforms for Business	58	34.74
Use of internet for business Operation	3	1.80
Digital literacy Improved	3	1.80
Efficiency improvement	7	4.20
Convenient via digital Payments	37	22.16
Customer satisfaction Increased	18	10.79
Reduction in Cost	9	5.38
DT as future necessity	6	3.59
Automation Orientation of AI	3	1.79
Awareness of Digital Training	1	0.60
Understanding of Internet problem	10	5.99

Note. Table 10 summarizes the respondent perceived lesson learned from DT.

Other lessons from the system were use of internet in business, digital literacy, automation of AI and awareness of digital training.

Conclusion

The study findings indicate that SBFs have average digital transactions account for about 37 percent of business activities, reflecting moderate adoption of digital technologies among SBFs. Moreover, the perception analysis result shows that the digital transformation (DT) contributes positively to increase overall operational efficiency in terms of operational cost reduction, and sales growth. These findings imply that DT can enhance the performance and competitiveness of SBFs. In conclusion, strengthening digital infrastructure and providing tailored training could maximize efficiency gains, reduce costs, and stimulate sales growth across the small business sector. More importantly, enhancing operational efficiency by improving DT is directly

linked with the twin goals of national development and the Sustainable Development Goals (SDGs). Therefore, increased productivity of small business entity contributes to job creation and decent work Sustainable Development Goal 8 (SDG8) and innovation sustainable Goal 9 (SDG 9).

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Impact of Brand Loyalty on Consumer Repurchase Intention in Nepali Retail Markets

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Abstract

The aim of the present research was to investigate the impact of "brand loyalty" on customer repurchase intention in the retail markets of Nepal, considering "customer satisfaction" as a mediating variable. Based on the theory of planned behavior and customer loyalty theory, the present study attempts to make contributions to the understanding of the impact of attitude based on brand loyalty on customer repurchase intention. Quantitative methods were used for the present research through an online survey among 385 consumers of retail markets. Partial Least Squares Structural Equation Modeling was used for the analysis of the collected data. Based on the findings of the present research, it was found that brand loyalty had an impact on customer satisfaction ($\beta = 0.642$, $p < 0.001$) and customer repurchase intention ($\beta = 0.356$, $p < 0.001$) multiple contributions are as follows: Besides, customer satisfaction was found to have an impact on customer repurchase intention ($\beta = 0.481$, $p < 0.001$).The model accounted for 41.2% of customer satisfaction and 58.6% of repurchase intention variance. The findings from the mediation analysis suggest that customer satisfaction is a partial mediator for brand loyalty and repurchase intention ($\beta = 0.309$, $p < 0.001$). The findings suggest that brand loyalty and customer satisfaction will lead to repurchase intention. This research contributes to the body of research on consumer behavior in developing nations. The findings have marketing implications for retail marketers operating in Nepal.

Keywords: *Brand loyalty, customer satisfaction, Consumer behavior repurchase intention, retail markets, Nepal, PLS-SEM*

Introduction

Given the sheer number of products and the increasing expectations of customers in modern times, acquiring and retaining customers in modern-day retailing is more

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challenging than ever. In such a context, the ability of a firm to build long-term relations with customers is one of the most critical factors for the success of a firm. For a few years now, marketing theorists have emphasized that retaining customers is more economical for a firm than acquiring a fresh customer, and customer retention is vital to building long-term competitive advantage for a firm (Kotler et al., 2022). Repurchase intention is one of the most widely used metrics for customer retention, which measures the extent to which customers are likely to purchase from a firm or brand in subsequent periods. Repurchase intention is a critical aspect for a firm since it is directly related to long-term financial success, customer lifetime value, and brand longevity in a competitive environment such as retailing (Hellier et al., 2003).

Repurchase intention has also become a subject of interest as researchers seek to understand the psychological and behavioral aspects of the decision. Brand loyalty has received a lot of interest as a subject of study among the factors influencing the decision. Brand loyalty has been defined as "a deeply personal, long-lasting disposition that is subjectively expressed as favor toward particular products or services, causing repeat patronage of these products or services across time, despite situational influences and marketing efforts which have the potential to cause switching behavior" (Dick & Basu, 1994). It has also been noted that brand loyalty has emotional, attitude, and repurchase aspects. Thus, brand loyalty has been widely accepted as a vital brand asset, which enables companies to build stable, long-term relationships with their customers, thereby generating sustained, stable, and predictable revenue growth (Aaker, 1996; Keller & Swaminathan, 2020). In the face of stiff competition, the retail brands that have the loyalty of the customers have the advantage of low marketing costs, free word of mouth, as well as defiance against the competition.

Brand loyalty and its influence on consumer behavior has been examined extensively through the framework of brand equity and consumer-brand relationship theories. Loyal consumers tend to build deeper levels of trust and association with brands, which in turn influences their behavior and shapes their decisions as consumers (Chaudhuri & Holbrook, 2001). Apart from its direct influence on encouraging repurchasing behavior,

brand loyalty may also influence the way consumers assess their experiences of product and service consumption on a deeper level and may thus increase their satisfaction levels as consumers. Consumer satisfaction is defined as how well one product or service meets customers' expectations and experiences. A customer is likely to feel that they have been supplied with satisfaction and have a positive perception of the brand if they feel that there is a regular and consistent supply of value and quality delivered through brands (Luo & Homburg, 2007). Thus, satisfaction has been used as a key mediating process to link loyalty attitudes and behavioral outcomes in terms of repurchasing intentions.

One of the most prominent customer satisfaction constructs in the marketing literature is its influence on customer retention and the development of long-term economic relationships (Anderson and Mittal 2000). There have been many research works that have highlighted how customer satisfaction can influence customers to remain loyal to the brand and recommend it to other consumers (Mittal & Kamakura, 2001). Satisfaction is defined as the cognitive and affective response to a consumption experience. Most of the time, satisfaction influences the decisions of customers to continue or discontinue their relationship with the brand. Consumer satisfaction in retail markets can arise for many different reasons. The satisfaction may arise because of the quality of the products offered, the price imposition of the products, and the overall brand performance. The consumers tend to have a positive attitude if they get what they want. Therefore, their future intentions to purchase the products cannot be turned down (Mensah & Mensah, 2018). Most of the marketing scholars have stated that satisfaction acts as a connector between the psychological outcomes of consumers and their behavioral outcomes.

Given its immediate implications for business performance and customer retention strategies, repurchase intention is undoubtedly one of the most researched constructs in consumer behavior literature. Repurchase intention is defined as the willingness or likelihood of purchasing the same product or brand in the future. According to the theory of planned behavior, intentions are strong predictors of actual behavior.

Therefore, consumers who intend to repurchase a brand are likely to engage in repeat purchase behavior for that brand (Ajzen, 1991). This perspective is also capable of providing us with better insight into our own intuitive understanding of consumer intentions. Repurchase intention in retail markets reflects the formative development of brand perception, experience, and emotional connection that are created around brands. Studies have established that brand image, trust, and loyalty are significant factors in repurchase intentions in various industries (Chatzoglou et al., 2022; Lu et al., 2022). Overall, these findings suggest that building strong relationship bonds with consumers is critical in driving subsequent purchasing behavior.

Though brand loyalty, satisfaction, and repurchase intention are issues that are well researched in marketing research literature, most research in this area has only attempted to examine these issues in relation to developed markets or in relation to certain industries. Hence, in relation to emerging markets, where consumer behavior and retail markets may be different from those in developed markets, less emphasis seems to have been given. Emerging markets are unique in their own way, including but not limited to, urbanization, increase in disposable incomes, and changing consumer behavior. But this is also relevant for research scholars and practitioners in marketing, as they would have to take strategies according to how these consumer loyalty trends and repurchase intention emerge in these markets.

Indeed, Nepal is a very interesting case for exploring the concept of consumer loyalty and repurchase behavior in retail markets. Nepal's Urban Retail Sector over the Past Decade The last 10 years have seen a surge in the growth of Nepal's retail sector, driven by the increasing population of the middle class, high levels of disposable income, and exposure to international consumerism. In places like Kathmandu, the retail sector is flourishing, with many retail outlets, including supermarkets and organized retail, entering these areas to tap into the large market. As a result, there was a surge in competition between retail and brands, and thus, loyalty and repurchase behavior have become essential elements for achieving success in business. In addition, the new retail chains and technology have started influencing the behavior of consumers in the retail

sector of Nepal. With the current scenario, in which there is an overwhelming amount of products and promotional activities, brand images, satisfaction, and loyalty have started influencing the behavior of consumers.

Despite the increasing importance of brand-related consumer behavior in the context of the changing retail landscape of Nepal, there exists a dearth of empirical research studies aimed at understanding the underlying mechanisms of consumer loyalty and repurchase intention. Most of the existing studies have been conducted on specific products, such as mobile phones or financial services, owing to the lack of studies on consumer behavior in the retail industry. Moreover, there has been a lack of studies aimed at understanding the role of customer satisfaction as a mediating factor between brand loyalty and repurchase intention of Nepalese retail consumers. The importance of the underlying factors of repurchase intention makes it of critical significance to the retailers who wish to have a long-term relationship with the consumers as well as be competitive in the market.

Keeping the above backdrop in view, the current study attempts to examine the impact of brand loyalty on consumer repurchase intention in the urban retail markets of Nepal, considering the mediating variable of customer satisfaction. With the integration of the theoretical views of both the TPB and the customer loyalty theory, the current paper attempts to provide a holistic understanding of the process of transforming consumer attitudes based on retention factors into consumer behavioral intentions for the newly emerging retail formats. More specifically, the current research attempts to examine the following: Do brands that have higher levels of brand loyalty result in higher satisfaction and repurchase behavior? This research will contribute to the existing literature on consumer behavior in the context of the developing country of Nepal by empirically examining the retail consumer behavior in the urban retail markets of Nepal and provide some valuable implications for the retailers on the effective formulation of brand loyalty strategies.

Literature Review

Brand loyalty is one of the most important constructs studied in the field of marketing and consumer behavior due to its significant influence on the nature of the relationship that is developed between consumers and brands. The early studies on brand loyalty were restricted to its behavioral component and emphasized the consistent repurchasing of the same brand by consumers (Jacob & Kyner, 1973). However, subsequent studies on the subject tried to expand the narrow definition of brand loyalty and its limited scope and incorporated its attitudinal and psychological dimensions. According to Dick and Basu (1994) it is not just the consistent repurchasing of the same brand that constitutes brand loyalty, but it is also associated with the development of a number of psychological and attitudinal aspects on the part of the consumers. Thus, it can be said that brand loyalty is a relationship between consumers and brands that is of a very high and long-term nature and is associated with a great deal of satisfaction and identification. Consumers who are loyal to a brand are known to resist the promotional campaigns of rival brands and changes in the prices of the brands (Aaker, 1991; Keller & Swaminathan, 2020).

From the perspective of brand equity and relationship marketing, brand loyalty has been viewed as one of the fundamental aspects. Aaker (1996) has stressed that loyalty is essentially the strength of the relationship between consumers and brands, based on consumers' experiences and emotions with the brand. The pleasant experience and satisfaction will further increase consumers' intentions to buy the same brand in the future. Another perspective has been offered by Chaudhuri and Holbrook (2001), in which brand loyalty has been viewed as an outcome of consumers' experiences with brand trust and brand affect, which eventually generates loyalty to the brand. This perspective has stressed that loyalty to a brand is not just based on product attributes, but is closely associated with consumers' perception and emotions as well.

In addition to affecting repeat purchase behavior, brand loyalty also affects the way consumers evaluate their consumption experiences. Brand loyalty, as mentioned earlier,

leads consumers to view their experiences with the brand through the lens of a positive cognitive filter. Expectancy-disconfirmation theory states that satisfaction occurs when the performance of the brand meets or exceeds the consumer's expectations, thus creating a positive emotional response towards the brand. Loyal consumers are more likely to experience these types of evaluations, as the previous experiences have created a sense of trust, thus meeting the expectations of the brand. The link between brand loyalty and customer satisfaction has thus been explored extensively.

However, empirical research has consistently revealed the positive effects of brand loyalty on customer satisfaction. Loyal customers tend to have more confidence in their chosen brand. Therefore, they perceive lower risks in their purchase decisions. According to research by Luo and Homburg (2007), committed customers tend to have a more positive evaluative perception of their chosen brand's performance. The research revealed that this is because of their existing relationship with the brand. The existing relationship influences their perception of their consumption experiences. According to research by Fernandes and Moreira (2019), consumer engagement can have both loyalty and satisfaction effects. The research revealed that this is because loyalty and satisfaction are interdependent. According to research by Ghorbanzadeh and Rahehagh (2020), emotional attachment and identification can increase satisfaction among loyal consumers.

Customer satisfaction has, in turn, been viewed as a fundamental driver of consumer behavioral intentions. It has been defined as the consumer's overall evaluative judgment of the experience of consuming a product or service. It has also been viewed as a fundamental construct of consumer behavior. In theory, satisfaction has been viewed as a function of the affective experience of the consumer, where the consumer perceives the brand as meeting or beating expectations. The process of consumer perception, which includes both cognitive and affective components, has been viewed as a fundamental driver of consumer behavior. Previous studies have shown that satisfied consumers have the potential of displaying positive behavioral intentions (Mittal & Kamakura, 2001).

However, the significance of satisfaction in influencing behavioral intentions can also be understood through the lens of the Theory of Planned Behavior. According to this theory, behavioral intentions have the most direct influence on behavior. Behavioral intentions are shaped through attitudes, subjective norms, and perceived behavioral control. Satisfaction is important because it shapes attitudes toward brands. Positive experiences shape attitudes that help to build intentions of repurchasing the same brand. Therefore, satisfaction is crucial as it links experiences to future behavior.

Significant empirical research has validated the positive relationship between customer satisfaction and repurchase intention. The relationship between satisfaction and repurchase intention has been successfully established by Hellier et al. (2003). This is vital in the establishment of long-term customer relationship. In the virtual world, customer satisfaction has been established by Lu et al. (2022) as playing a crucial role in the establishment of continued intention to use on-demand service platforms. Similarly, Owusu et al. (2025) have validated the notion that high levels of customer satisfaction are positively associated with loyalty and continued purchasing relationship. The above research clearly indicates that customer satisfaction is vital in the establishment of continued customer relationship.

Besides its indirect effect through satisfaction, brand loyalty was found to have a direct effect on repurchase intention. As mentioned earlier, loyal consumers are identified by their strong emotional association and trust. Chaudhuri and Holbrook (2001) found that brand loyalty gives rise to increased levels of consumer confidence in the brand's ability to deliver value, thus directly affecting repurchase intention. This is more visible in competitive markets where loyal consumers display stable purchase behavior despite the presence of other brands.

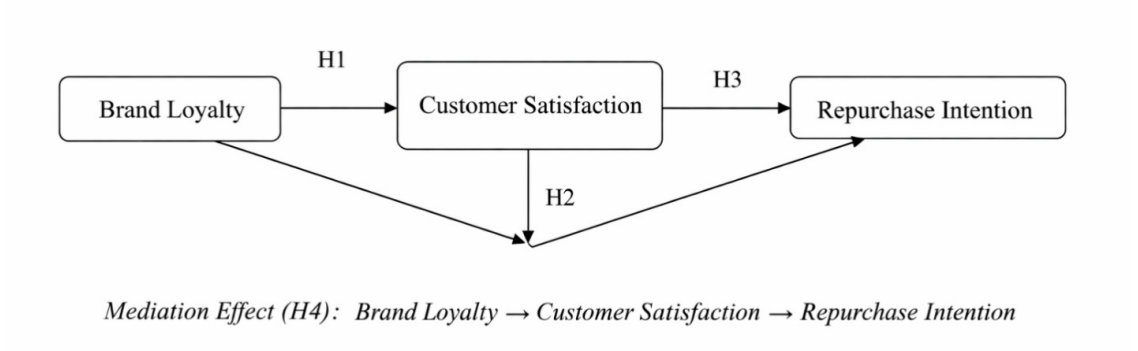
Furthermore, loyal consumers are less likely to be influenced by external marketing factors, which is commonly called resistance to 'brand switching' or 'brand drift.' Research has shown that loyal consumers are likely to exhibit habitual consumption tendencies and display significant resistance to competitive marketing offers (Dick &

Basu, 2003). This is particularly significant in retail markets with numerous product offers and marketing activities. In both brick-and-mortar and e-commerce retail markets, brand loyalty has been shown to be significant in influencing behavioral intentions, particularly in situations where trust plays an important role in decision-making (Machi et al., 2022).

Even though there exists a direct link between loyalty and repurchase intention, the latest studies have started focusing on the mechanisms of the relationship. Customer satisfaction has been identified as the key mediating factor of the process. Loyal consumers have higher levels of satisfaction, driven by the trust they have in the brand, which consequently has a positive influence on the perception of the quality of the brand's products. Satisfaction, therefore, acts as the psychological link of the relationship between loyalty and repurchase intention.

There is considerable support for the mediating effect of satisfaction. For example, the study conducted by Ghorbanzadeh and Rahehagh (2021) showed that the combined effect of emotional attachment and satisfaction influences brand loyalty and subsequent consumer behavior. Another study by Chen et al. (2021) showed that satisfaction mediated the relationship between brand experiences and loyalty in the context of digital markets. Other studies have also supported the mediating effect of satisfaction between the relationships of brand perceptions and repurchase intention in a retail context (Owusu et al., 2025).

There is considerable support for this mediating role from empirical research. For instance, Ghorbanzadeh and Rahehagh (2021) discovered that emotional attachment and satisfaction are co-factors in brand loyalty and subsequent consumer behavior. Another study by Chen et al. (2021) showed that satisfaction acts as a mediator in brand experience and loyalty in digital markets. Other research also indicates that satisfaction acts as a significant mediator in brand perception and subsequent repurchase intention in brick-and-mortar stores (Owusu et al., 2025).



Thus, according to the above-mentioned theoretical arguments and findings, this study proposes that brand loyalty would directly influence customer satisfaction, and this would in turn influence consumer repurchase intention in urban retail markets. Furthermore, brand loyalty was also proposed to exert both direct and indirect influence on consumer repurchase intention through satisfaction as a mediator. Thus, it was hypothesized that

H1: Brand loyalty has a positive effect on satisfaction.

H2: Satisfaction has a positive effect on repurchase intention.

H3: Brand loyalty has a positive direct effect on repurchase intention.

H4: Satisfaction mediates the relationship between brand loyalty and repurchase intention.

Methodology

The study design that has been adopted in the study is a quantitative approach that incorporates a cross-sectional survey design. This design can be used to investigate the relationship between brand loyalty, customer satisfaction, and repurchase intention. This approach can be used to measure consumer perceptions as argued by Creswell (2009) and Bryman & Bell (2011).

The study has been conducted in the retail industry in Nepal. The country has witnessed tremendous economic growth in recent times. This economic growth has led to rapid urbanization in Nepal. Therefore, it has changed consumer behavior in Nepal. The target

population in the study comprises consumers who have been purchasing products from various supermarkets, FMCG stores, online shopping portals, etc. The study has been conducted in urban areas because consumers in urban areas are more likely to be exposed to various retail stores. Therefore, they can be considered relevant to carry out a study on brand loyalty.

The sample size that has been considered in the study can be calculated using Cochran's formula for large populations:

$$\eta_0 = \frac{Z^2 pq}{e^2} \quad \text{... } (1)$$

where n is the needed sample size, Z = the Z-value for the given confidence level, p = population proportion, and E = margin of error. In this study, it was assumed that the level of confidence was 95%, (Z = 1.96), population proportion was (.5) to maximize variability, and margin of error was (E = 0.05). The equation can be written as:

$$\eta 0 = \frac{(1.96)^2 (0.5) (0.5)}{(0.05)^2} \quad \text{... } (2)$$

$$= 384.16$$

Hence, the rounded sample size is 385. This is a satisfactory value for survey-based research and for the use of structural equation modeling. Previous research has shown that a minimum of 200 samples is required for a reliable outcome in SEM. Since the entire population is not known, non-probability convenience sampling is used. This is a common approach in behavioral research, enabling the researcher to choose the participants based on their availability (Cooper & Schindler, 2014). This is a suitable approach in this research since the retail consumers in Nepal are diverse. For data collection, an online questionnaire was designed and implemented via Google Forms. This is a cost-effective, accessible, and fast approach. A pilot study was conducted for 30 participants, and the questionnaire was revised for better readability.

$$\text{Indirect effect} = (BL \rightarrow CS) \times (CS \rightarrow RI) \quad \text{... } (3)$$

Where BL is brand loyalty, CS is customer satisfaction, and RI is repurchase intention. The presence of mediation is confirmed when a significant indirect effect (or effects) is found, and partial or full mediation is confirmed through a comparison of the direct and indirect effects. In addition to the analysis of the relationships through the SEM technique, the relationships may be conceptualized in the following regression equations:

$$CS = \beta_1 BL + \varepsilon_1 \quad \text{... (4)}$$

$$RI = \beta_2 BL + \beta_3 CS + \varepsilon_2 \quad \text{... (5)}$$

where the coefficients indicate the strength of the relationships. These equations give an alternative view of the structural model. It is possible to reconcile these equations with the conventional regression-based approach.

To avoid the possible common method bias due to the use of self-reported data, Harman's single-factor test was conducted. In the test, it is examined whether the data are explained by a single factor. If the data are not explained by a single factor by 50% or more, common method bias is not regarded as a serious problem.

In the study, the ethical issues have been well handled. First of all, the participants are informed of the intention of the study before providing the data. Then the participants are free to withdraw from the study at any time. Moreover, the data are analyzed without collecting identifiable data from the participants. In addition, the data are only used for the research purposes. No identifiable data are collected from the participants.

Results

Respondent Profile

A total of 385 valid data points were used for the final analysis, and they were relevant for urban retail consumers in Nepal and their engagement in supermarket retail, FMCG stores, and online retail. The sample included 54.3% males and 45.7% females. The age group of the sample included 34.5% from 26-35 years, followed by 28.8% from 18-25

years. In terms of income level, 31.7% of the sample belonged to NPR 30,001-50,000, followed by 27.5% from NPR 15,001-30,000.

Table 1

Demographic profile of respondents (N = 385)

Variable	Category	Frequency	Percentage
Gender	Male	209	54.3
	Female	176	45.7
Age	18–25 years	111	28.8
	26–35 years	133	34.5
	36–45 years	87	22.6
	46 years and above	54	14.0
Monthly income	Up to NPR 15,000	68	17.7
	NPR 15,001–30,000	106	27.5
	NPR 30,001–50,000	122	31.7
	Above NPR 50,000	89	23.1
Shopping frequency	Weekly	126	32.7
	Several times a month	161	41.8
	Once a month	69	17.9
	Less often	29	7.5

The measurement model was tested for reliability and validity. Reliability of the indicators was assured by outer loadings, which were all above .70, ranging from .741 to .891. Construct reliability was tested by Cronbach's alpha and composite reliability, which were all above .70, ranging from .821 to .882 and from .875 to .914, respectively (Table 2). Convergent validity was assured by the fact that all AVE values were above .50, ranging from .584 to .680.

Measurement Model Assessment

The findings from Table 2 suggest that the measurement scales have acceptable psychometric properties. For instance, brand loyalty has a value of .648 for AVE, implying that 64.8% of the variance is explained by the construct. Also, customer satisfaction shows the highest convergent validity, as it has .680 for AVE.

Table 2

Measurement model assessment: Outer loadings, reliability, and convergent validity

Construct	Item	Loading	Cronbach's α	CR	AVE
Brand loyalty	BL1	.812	.864	.902	.648
	BL2	.845			
	BL3	.891			
	BL4	.778			
	BL5	.764			
Customer satisfaction	CS1	.838	.882	.914	.680
	CS2	.871			
	CS3	.854			
	CS4	.793			
	CS5	.786			
Repurchase intention	RI1	.819	.821	.875	.584
	RI2	.741			
	RI3	.789			
	RI4	.801			
	RI5	.732			

Note. CR = composite reliability; AVE = average variance extracted.

For discriminant validity, the study used the HTMT ratio. As shown in Table 3, it is clear that all the values for HTMT are well below .90, implying that discriminant validity is satisfactory. The highest value for HTMT is .741, which is for customer satisfaction and repurchase intention. Although these constructs are related, they fall within acceptable limits.

Discriminant Validity

The results obtained through the HTMT method further confirm that although the constructs are related, they are distinct from each other and support the assumption proposed by the model regarding brand loyalty, customer satisfaction, and repurchase intention. After the measurement model analysis, the structural model was assessed.

Collinearity diagnostics indicated no problem of multicollinearity among the constructs, as all VIF values were found to be below 3.3. It was found that 41.2% variance was explained by customer satisfaction and 58.6% variance was explained by brand loyalty regarding repurchase intention.

Table 3

HTMT ratio of discriminant validity

Constructs	1	2	3
1. Brand loyalty	—		
2. Customer satisfaction	.687	—	
3. Repurchase intention	.702	.741	—

The hypotheses were tested through bootstrapping with 5,000 resample's (Table 4). It was found that brand loyalty had a significant positive effect on customer satisfaction ($\beta = .642$, $t = 14.873$), and customer satisfaction had a significant positive effect on repurchase intention ($\beta = .481$, $t = 8.962$). In addition, brand loyalty was found to have a significant positive effect on repurchase intention ($\beta = .356$, $t = 6.421$). This confirms the role played by both loyalty and satisfaction in the formation of repurchase intention in urban retail markets.

Structural Model Assessment

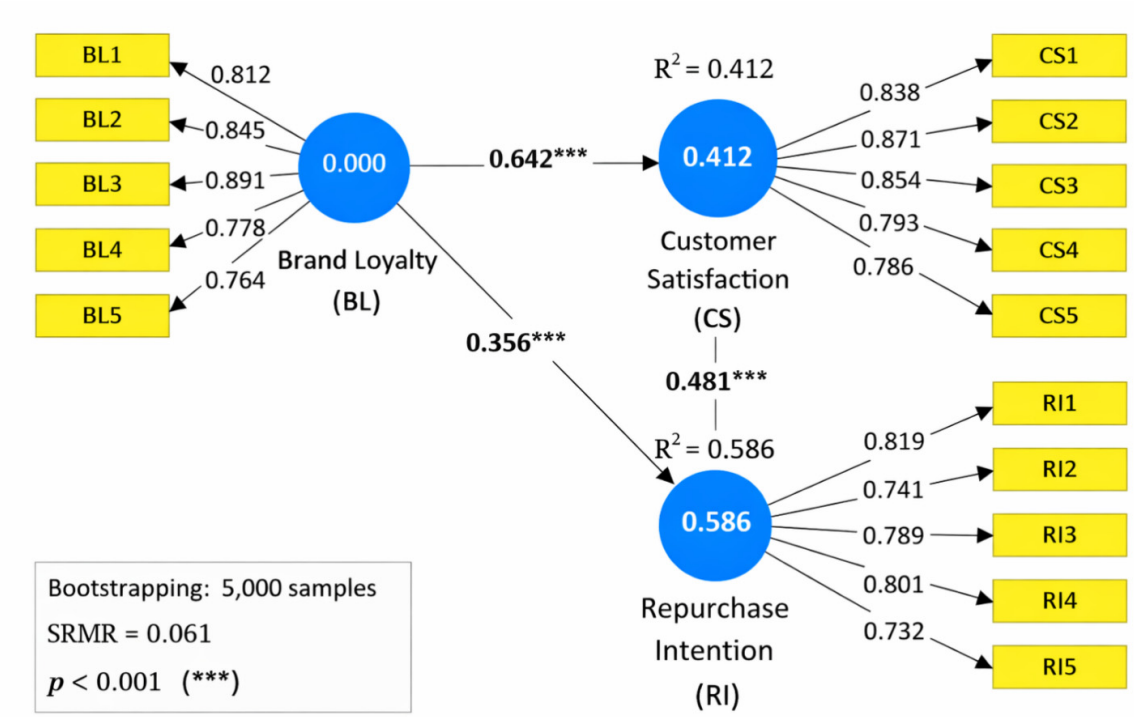
Table 4

Structural model results and hypothesis testing

Hypothesis	Path	β	SE	t	p	Decision
H1	Brand loyalty → Customer satisfaction	.642	.043	14.873	< .001	Supported
H2	Customer satisfaction → Repurchase intention	.481	.054	8.962	< .001	Supported
H3	Brand loyalty → Repurchase intention	.356	.055	6.421	< .001	Supported

The path coefficients reveal that brand loyalty has the strongest predictive power for customer satisfaction, while customer satisfaction has a slightly stronger effect on repurchase intention than the direct effect of brand loyalty. These results are consistent with theory and confirm the positive relationships between brand loyalty and customer satisfaction, as well as customer satisfaction and repurchase intention. The effect size analysis (f^2) demonstrates a strong effect for brand loyalty on customer satisfaction ($f^2 = .701$), a moderate effect for customer satisfaction on repurchase intention ($f^2 = .249$), and a small-to-moderate direct effect for brand loyalty on repurchase intention ($f^2 = .141$).

The analysis also demonstrates that the indirect effect of brand loyalty on repurchase intention through customer satisfaction is significant ($\beta = .309$, $t = 7.844$, $p < .001$). As the direct and indirect effects are significant, customer satisfaction acts as a partial mediator.



The structural model with standardized path coefficients has been depicted in Figure 2 by using SmartPLS. Here, brand loyalty was found to positively influence customer satisfaction significantly (β = .642). In addition, customer satisfaction was found to significantly influence repurchase intention (β = .481). Moreover, brand loyalty was found to influence repurchase intention significantly (β = .356). The model was found to explain 41.2% of the variance in customer satisfaction and 58.6% of the variance in repurchase intention (Table 5). Figure 2 depicts the mediating role of customer satisfaction; where brand loyalty was found to influence repurchase intention both directly and indirectly.

Mediation Analysis

Table 5

Mediation analysis

Path	Indirect effect (β)	SE	t	p	Mediation type
Brand loyalty → Customer satisfaction → Repurchase intention	.309	.039	7.844	< .001	Partial mediation

This mediation result points out that satisfaction is one of the mediating factors by which brand loyalty affects repurchase intention, as opposed to it being another predictor. This implies that consumers who are brand-loyal will be more satisfied, and this satisfaction will in turn increase repurchase intention. However, it is also evident from this result that brand loyalty has a direct impact on repurchase intention. These relations can be explained by the following equations:

$$CS = 0.642(BL) + \varepsilon_1 \quad \ldots (6)$$

$$RI = 0.356\ (BL) + 0.481\ (CS) + \varepsilon 2 \quad \ldots (7)$$

$$\text{Indirect effect of BL on RI} = 0.642 \times 0.481 = 0.309 \quad \ldots (8)$$

These equations indicate that for every one-unit change in brand loyalty, there is a corresponding .642 change in customer satisfaction. The factor of repurchase intention is directly affected by brand loyalty (.356) and indirectly affected by customer

satisfaction (.481) with a significant indirect effect of .309. The fit of the model was established using SRMR, where .061 is well within .08. The Harman test for single factor extraction showed that the first factor accounted for 34.2% of variance, and hence there is no serious common method bias. Overall, the hypotheses for direct and indirect effects have been supported. The findings from smartPLS have established that brand loyalty is a significant antecedent for customer satisfaction and repurchase intention, and customer satisfaction plays a mediating role for brand loyalty and repurchase intention in the context of the Nepalese urban retail market.

Discussion

The results of this study offer significant empirical evidence of the relationships between brand loyalty, customer satisfaction, and repurchase intentions in Nepal's urban retail markets. All hypothesized relationships were significant at $p < 0.01$, reinforcing the role of customer satisfaction as a mediating influence of brand loyalty on repurchase intentions. These results reinforce the importance of relationship marketing in competitive emerging markets such as Nepal (Ekakshya & Jha, 2023).

The significant influence of brand loyalty on customer satisfaction suggests that customers with higher loyalty experience greater customer satisfaction. Loyalty can be defined as a broader concept than repurchasing intentions; loyalty can include trust, emotional bonding, and brand attitude (Chaudhuri & Holbrook, 2001). Loyal customers are likely to perceive their relationships with the brand in a favorable manner, which increases their customer satisfaction. Prior research has shown that brand loyalty can positively influence customer experience and brand attitude (Luo & Homburg, 2007; Fernandes & Moreira, 2019). In Nepal's urban retail markets, brand loyalty can be seen as a balancing influence on customer satisfaction.

It also provides evidence that a positive link exists between and satisfaction leads to purchasing Repurchase intention is influenced by customer satisfaction because customers who are content are likely to purchase the brand again. This argument is supported by the Theory of Planned Behavior, which states that behavior is influenced

by attitudes that are shaped by past experiences (Ajzen, 1991). Satisfaction leads to a positive attitude towards a brand, which in turn leads to a greater intention to repurchase. This argument is supported by past studies that have shown that satisfaction leads to a change in behavior in relation to customer loyalty (Hellier et al., 2003; Mittal & Kamakura, 2001).

In addition to its indirect effect on repurchase intention, brand loyalty has a direct effect on repurchase intention. This argument is based on the fact that customers who are brand loyal are likely to repurchase a brand even in the presence of alternatives because brand loyalty leads to a level of resistance to change (Uncles et al., 2003). This argument is supported by past studies that have shown that brand loyalty leads to a change in behavior in relation to repeat purchase behavior (Chaudhuri & Holbrook, 2001). In a competitive retail environment in Nepal, brand loyalty can thus be a major strategic advantage.

Further analysis of the mediating effect using the partial mediation model indicated that customer satisfaction has a partial mediating effect between brand loyalty and repurchase intention. Although brand loyalty directly affects customer behavior through repeated purchasing, a significant proportion of the effect occurs through customer satisfaction. This implies that customer satisfaction is important for understanding consumer behavior. This study supports previous literature indicating the mediating effect of customer satisfaction between brand and behavior relationships (Ghorbanzadeh & Rahehagh, 2021; Pratiwi et al., 2021).

The study contributes to theory by adopting an integrative approach based on the Theory of Planned Behavior and Customer Loyalty Theory for understanding consumer behavior in retail markets. This study found that consumer behavior based on brand loyalty and customer satisfaction evaluations occurs in retail markets. This study is important for understanding consumer behavior in emerging markets, especially for countries such as Nepal, where brand loyalty and customer satisfaction evaluations occur. This study validates the relationships between consumer behavior based on brand

loyalty and customer satisfaction evaluations in retail markets in Nepal. This study contributes new knowledge to the existing literature regarding consumer behavior based on brand loyalty and customer satisfaction evaluations in retail markets.

The findings have significant managerial implications for retailers and marketers in Nepal. Firms should focus on the quality, reliability, and communication aspects of their service to develop long-term customer relationships. As satisfaction is a significant antecedent of repurchase intention (Lee & Gopinath, 2009), retailers should focus on creating a positive experience for customers. Furthermore, the positive association between brand loyalty and repurchase intention indicates the importance of developing brand loyalty. Nevertheless, satisfaction is a mediating factor in this association. Thus, developing brand loyalty is not enough; a satisfying consumption experience is essential.

The findings support the research hypothesis that both brand loyalty and satisfaction have a significant impact on repurchase intention in the urban retail market of Nepal. A direct and indirect effect of these variables on repurchase intention provide a deeper understanding of the impact of consumer attitudes and experiences on purchasing decisions.

Conclusion

In this study, the effect of brand loyalty on repurchase intention was examined in Nepal's urban retail sector, and customer satisfaction was considered as a mediator variable. The findings of the study revealed that brand loyalty has a positive effect on customer satisfaction and repurchase intention, and customer satisfaction has a significant effect on repurchase intention. Moreover, customer satisfaction partially mediates the relationship between brand loyalty and repurchase intention, suggesting that loyalty influences consumers' experiences, and experiences, in turn, influence repurchase intention. These findings of the study are consistent with the Theory of Planned Behavior and the Customer Loyalty Theory, suggesting that consumers'

attitudes and experiences influence their behavior. Consistently satisfied consumers are more likely to repurchase, and this finding provides insight into consumers' behavior in Nepal's retail sector, which is expanding rapidly. Practically, retailers must strive to offer quality service standards and ensure a positive customer experience. Increasing satisfaction levels through quality service standards, price fairness, and meeting customer expectations is vital because loyalty is not enough without satisfying experiences. Although the study is significant, it is also subject to certain limitations. First, the nature of the study is cross-sectional. It is also subject to convenience sampling. In the future, the study could be conducted longitudinally. It could also include other variables.

In conclusion, the study is significant because it provides meaningful theoretical and managerial implications regarding the determinants of repurchase intention in the retail market of Nepal.

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Influence of Training on Employees' Performance in Service Sector of Nepal

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Abstract

Training plays a significant role in improving employee skill, knowledge and overall productivity. This research inquiries about the influence of training on employee performance in service sector of Nepal focusing into four aspects: training design, effectiveness of training, frequency to training and On-the-job training methods. This study uses a quantitative research design where primary data were collected using a questionnaire from 315 employees working in the banking, education, health and hospitality industries. The statistics were descriptive, and included Pearson's correlation, multiple linear regression analysis as well as one way ANOVA. The results further showed that all training dimensions have a positive and significant effect on employee performance. On-the-job training proved to be the most powerful predictor, followed by training effectiveness, training frequency and training design. Correlation analysis also provides support that significant positive correlations exist between different of training and employee performance. But the ANOVA test results show that there are no differences in employee performance by type of service among the service industries, leaving unchanged the relationship between training and men's productivity by industry. The results are consistent with the Human Capital Theory and support the argument that intentional investments in training may positively influence employee performance in Nepalese service industries. The research has useful implications for managers and policy-makers and highlights the importance of quality, regular, on-the-job training in enhancing employee performance.

Keywords: *Training design; Training effectiveness; Training frequency; On-the-job training; Employee performance; Service sector; Nepal*

Introduction

Training that is acknowledged as a human resource management strategy, is among the most crucial organizational practices globally. Companies implement training due to

Khati, P. B. (2026). Influence of training on employees' performance in service sector of Nepal. *The Management Review, 2*(1). 145–166. https://doi.org/10.3126/tmr.v2i1.96912

their dedication to the way skills appear in employee performance. The process involves the professional development of workers, and the enhanced interactions of the staff reflect the management's idea of the connection between service quality and customer satisfaction. The effective and strategic training programs contain various elements of development, such as knowledge, skills, and abilities, as well as the principles, for instance, organizational effectiveness and worker performance (Becker, 1962; Cascio, 2015; Yorks, 2005).

Theoretically, investing on training is capable of increasing the organizational circulatory capital and results in long-term competitive advantage for organizations by contributing to company performance and success due to increase in efficiency (Becker, 1962; Hatch & Dyer, 2004). First, Herzberg's two factor theory states that growth and development (i.e., training) are motivators that have a positive impact on employees' job attitudes and performance (Herzberg et al., 1959; Hur, 2018). These theoretical arguments have been supported by empirical studies in different sectors which demonstrated that effective training programs resulted in improvements on job-related competencies, motivation, and overall employee performance (Yimam, 2022; Fitriani et al., 2024; Wambui & Nambuswa, 2024).

Internationally, it has been observed that various research studies have been conducted on the Effects of training on employees' job performance in banks education: health; hospitality and public sector. These studies have established that training effectiveness, design of training, frequency of training and on-the-job training are important determinants of employee performance outcomes (Agufana, 2022; Ibua et al., 2023; Lee et al., 2023; Ruswanto et al., 2024). On-the-job training has been found to be especially beneficial in the service sector, since this is hands-on training done on the job with full remuneration where employees acquire practical knowledge while performing their actual job tasks which leads directly to improve upon performance and reducing work related errors (Chezue & Mbuti, 2023; Mvuyisi & Mbukanma, 2023).

The service sector (bank, education, health and hospitality) is equally critical to the development of Nepal's economy and creation of jobs. Being a developing country, Nepal faces the problems of skill disparity, quality of services and productivity wage. There are reports and empirical evidence, which demonstrate the fact that in spite of increasing concerned to human resource development but most service organizations encountered difficulties to structure suitable training programme for its manpower on how it would be best utilized and produced so as to improve otherwise maintain employee effectiveness (Hakuduwal, 2019; Niraula & Niroula, 2022). Although a few studies on Nepalese context focused on the relationship between training and employee engagement or performance in some specific sectors such as banking and public service, extensive empirical research involving more than one type of service sectors is not adequate.

The available literature also brings to light several areas of insufficiency. For one, most of the related studies concentrate on a single training dimension or have been conducted in particular industries, which may keep their results from being representative. Second, limited empirical studies in Nepal have considered four dimensions of training (i.e., design, effectiveness, frequency, and on-the-job training) simultaneously as well as the combined effect of these dimensions on employee performance across different service sectors. Third, although training is commonly accepted to affect performance guidance on which components of training are more effective in influencing performance outcomes in the Nepali service context is limited for many organizations. To fill these gaps, the objective of this study is to explore what are the effects of training on employee performance in the service sector in the Nepalese context (Nepalese banking, education, health, and hospitality service sectors). With a quantitative research design and primary data from the use of a structured questionnaire, the paper also explores how training design, training effectiveness, training frequency and on-the-job training method impact on staff performance. The study tries to test and confirm a theory using real-world data from the retail sector. It aims to show, with practical evidence, that creating value/innovation (or a specific strategy) in retailing is a logical and effective decision.

To do this, the researchers used statistical methods descriptive statistics, correlation analysis, multiple regression analysis, and ANOVA to analyze data objectively**.** These methods help prove relationships between variables and measure their impact.

The results are intended to support both academic research (theory) and practical decision-making by managers, showing that the theoretical ideas also work in real business situations.

It is expected that the findings of this study will be beneficial for Nepalese service organizations and their managers, policymakers, and psycho resource practices, so as to identify effective training practices on employee performance. Additionally, the paper contributes to the literature on training and performance in developing countries and thus reinforces the empirical ground for strategic human resource development in the service sector.

Literature Review

Training and Employee Performance

Training is generally regarded as an important human resource development strategy designed to improve employee performance, particularly in service-based organizations where the quality of service and organization success are directly related to human effort. Training helps employees in acquiring the necessary knowledge, technical abilities and people skills that will enable them to carry their task efficiently and effectively (Vokshi, 2020; James et al., 2022). Empirical evidence consistently supports that trained employees are more productive, accurate, and produce better overall work quality as have not been provided with such adequate training Fitriana et al., 2024; Yimam, 2022).

Human Capital Theory provides a solid theoretical base for understanding the relationship between training and employee performance. Becker (1962) submits that investment in an employee’s training increases their productivity and, therefore, overall organization performance also improves. This perspective is also supported by Hatch

and Dyer (2004), who argue that for a firm, enduring competitive advantages are created only by developing firm-specific human capital through continuing education and learning. In service work, where employee's skills and behavior are critical to customer satisfaction, training is considered as an investment rather than the cost variable (Cascio, 2015; Yorks, 2005).

Tons of empirical research carried out in developing and emerging economies confirm the positive influence between training and human performance. For instance, Yimam (2022) revealed that the design, delivery method and evaluation of training had a significant effect on employee performance in Ethiopian higher institutions. Similarly, Wambui and Nambuswa (2024) indicated that training and development programmes influenced employee performance among the county government institutions. In hospitality, Lee et al. (2023) found that "training significantly enhanced job performance of employees in public universities, Malaysia," thus highlighting the importance of formal training scheme within service-based organizations.

Training Design and Employee Performance

Training design is a methodical process of developing training programs that are especially job focused and meets the organization and employee needs. Good training programs explicitly specify trainees' learning goals, what they will be trained in, how it will be delivered and evaluation methods; which facilitates knowledge transfer rate and performance outcomes (Akther & Rahman, 2022; Lee et al., 2023) The literature suggested that poorly designed training program, even though substantial amount of money has been invested in it, would not employ the expected level performance improvement with too (Aktar, 2023).

The empirical findings emphasize the positive association between the design of training and employees' performance. Esthi (2022) found that employees who underwent a structured and job-related training had superior performance, as compared to those who received informal or unplanned training. In the same context of the private

banking environment, Hasan and Chowdhury (2023) made findings that effective training design has a significant impact on both technical skills and work efficiency of employees. Such results emphasize how the design of training programs is crucial in translating training inputs into performance outputs. On the basis of above literatures following hypothesis is formulated:

H1: There is a significant positive effect of Training design on employee performance.

Training Effectiveness and Employee Performance

Effectiveness of training is the extent to which training programs achieve their intended purpose improving learners‟ skills, knowledge and work behaviors. Good training not only enhances the perceptions of employees' abilities, but also increases their attitudes, self-confidence and motivation to apply acquired skills on the job (Akther & Rahman, 2022; Saks, 2022). According to research, the impact of training depends on a wide range of factors such as the expertise of people conducting it, quality of learning environment, relevance of contents delivered by training and availability for practical exercise (Akhtar, 2023).

Previous investigations have consistently reported a strong positive relationship between the effectiveness of training and employee job performance. Fitriani et al. (2024) found that successful occupational training reduced overall employee performance, in either manufacturing or services. Likewise, Ruswanto et al. (2024) said that training effectiveness in public sector enterprises is having the positive effect on employee performance. These results imply that the better insulated employees believed they were, in terms of training effectiveness, the higher they perceived their work performance. On the basis of above literatures following hypothesis is formulated:

H2: There is significant positive effect of Training effectiveness on employee performance.

Training Frequency and Employee Performance

Frequency of training the frequency at which employees participate in training courses over a determined period. Training that is provided regularly allows employees to perfect skills and adapt to changing work requirements and organization process (James et al., 2022). For employees working in fast-service environments, skill retardation is experienced if training is infrequent and causes dysfunction within the personnel.

The literature reveals that optimal training frequency positively influences employee performance. Lee et al. (2003) reported that the performance of staff who had regular training was significantly better than the one which did not get training regularly. Similarly, Yew et al. (2024) showed that further education statistically increased employees' performance through the adaptability and job competence. These results highlight the importance of training over time to maintain performance enhancements. On the basis of above literatures following hypothesis is formulated:

H3: There is significant positive effect of Training Frequency on employee performance.

On-the-Job Training and Employee Performance

On the job training is a type of training that takes place in a normal working scenario; using the actual tools, equipment, documents or materials that trainees will use when fully trained on the job. Organizations in the service sector including banks can particularly benefit from this training program as it encourages application of what is learnt (Agufana, 2022; Ibua et al, 2023). Several OJTs such as coaching, mentoring, job rotation and apprenticeship have been proven to improve task proficiency and reduce error among employees.

There are many examples of successful on-the-job training practices (Kiesel, Carlson & Bradley, 2007). Agufana (2022) found that on-the-job training methodologies led to a significant improvement in job performance of university staffs. Likewise, Chezue and Mbuti (2023) reported that coaching and mentoring led to the enhancement of police officers in Tanzania. Relevant to service organizations, Mvuyisi and Mbukanma (2023) found that On-the-job training had a significant positive impact on employee

performance because it provided employees with the necessary hands-on skills associated with their job. On the basis of above literatures following hypothesis is formulated:

H4: There is significant positive effect of on-the-job training on employee performance.

Research Gap and Hypothesis Development

While prior studies offer significant evidence that the relationship between training and performance is positive (Becker, 1964; Frederick). The majority of previous studies have had a single sector analysis, or looked at specific components of training making it difficult to generalize their results. In the context of Nepal, there is still relatively lesser empirical evidence on different training dimensions (e.g., training design, training effectiveness, frequency of trainings and on-the-job trainings) that occur within and across service sectors. In addition, there is limited evidence to examine if these training dimensions combined have a joint effect on employee performance simultaneously with other training contributors through serious quantitative methods.

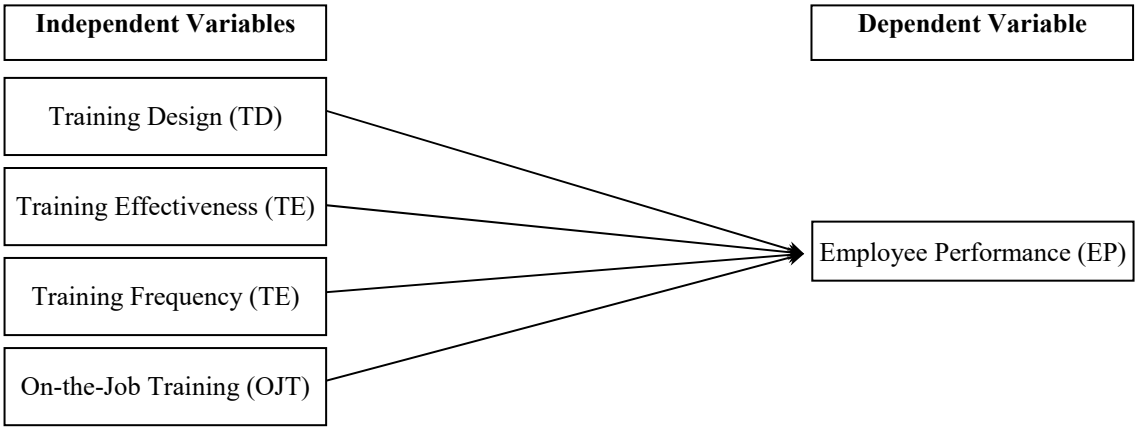
On the basis of literature review and theoretical arguments, it is hypothesized that training has a significant positive effect on employee performance in Nepalese service sector.

Conceptual framework

This theoretical model is a first-order effects model where training categories (IVs) have direct impact on employee performance (DV). Grounded in the Human Capital Theory, which assumes that training is investment that increases productivity and performance (Becker, 1962; Hatch & Dyer, 2004). Additionally, it is based on the motivation and development logic of Herzberg's theory: that developmental opportunities will result in better work outcomes (Herzberg et al., 1959; Hur, 2018). The empirical evidence cited in your references is a strong support for the link between training and performance (e.g., Yimam, 2022; Fitriani et al., 2024; Wambui & Nambuswa, 2024; Agufana, 2022; Ibua et al., 2023).

Figure 1

Conceptual framework



Methodology

Quantitative research design was employed in this study to identify the influence of training on employee performance in Nepalese service-based organizations. When it is necessary to examine and interpret the relationship between variables, and arrive at transferable generalizations using numerical data, a quantitative approach is appropriate (Zikmund et al, 2013; Hair et al., 2010). Consistent with previous empirical investigations of training and employee performance, the current study used a cross-sectional survey design recruiting data from participants at one point in time (Yimam, 2022; Fitriani et al., 2024).

This study on population was of the employees from the large service providing organizations in Nepal, i.e. banking, educational, health and hospitality sector. These industries were specifically selected because they are labor intensive and the degree of employee skills and performance are vital to the quality of service as well as the success of the organization (Cascio, 2015; Lee et al., 2023).

A judgmental non-probability sampling technique was used to choose respondents. This approach was an alternative because the definite population of service sector workers within the identified industries could not be determined and access to potential respondents was controlled by respondents' employers after giving consent (Zikmund et al., 2013). This sampling technique is frequently used in the research conducted in such organizations and other developing countries (Niraula & Niroula, 2022; Hakuduwal, 2019). A total of 300+ questionnaires were disseminated to staff throughout the four service industries and achieved adequate representation and power to support multivariate analysis (Hair et al., 2010).

The structured questionnaire used to collect primary data was based on standard measurement scales of previous research work. There were 2 main categories of the questionnaire. The first part collected the demographic data of participants; i.e., gender, age, academic major, field of work and years of experiencing. The second part measured the study constructs namely training design, training effectiveness, training frequency, on-the-job training and employee performance.

Responses were given on a five-point Likert type scale with 1 = totally disagree and 5 = totally agree, for all items. It is consistent with previous studies on training and performance and a useful way of capturing how employees see things (Pallant, 2020; Field, 2018).

Employee performance was considered a dependent variable and assessed as several items designed to capture employees' self-reported effectiveness at work, quality of work performed, ability to meet job goals, and overall performance. These measurement items were based on prior research that explored the performance of employees in service and public sectors (Yimam, 2022; Johari et al., 2019; Lee et al., 2023).

The content and design of training were evaluated by an examination of clarity of objectives, the extent to which materials are relevant to employees' work needs, the degree to which training method is appropriate for employees' learning needs, and consistency with organizational goals. These items were adapted from previous research of training effectiveness and training design (Akther & Rahman, 2022; Esthi, 2022).

Training effectiveness measured the extent to which process participants felt that training had improved their knowledge, skills, confidence and ability to do job tasks. Measurement Items The measurement items were adapted from prior studies on the training effectiveness and its effects (Akhtar, 2023; Fitriani et al., 2024; Ruswanto et al., 2024).

Training frequency was defined as the frequency that staff attended training programmes within a stated time frame. Questions inquired into whether workers were trained regularly and whether training opportunities were always available. Analogous operationalizations have been used in previous research studies with training continuity and performance (James et al., 2022; Lee et al., 2023).

Work-based learning was assessed by items about learning through coaching, mentoring, rotation and direct task performance. The measurement instruments were adopted from researches of the job training and employee performance (Agufana, 2022; Ibua et al., 2023; Chezue & Mbuti, 2023).

Admittedly, there are some deficiencies in this investigation. Use of a cross-sectional design limits inferencing on causal relationships over time. Moreover, the performance data of employees was measured as self-reported values which may lead to response bias. Future researchers may use longitudinal designs, objective performance indicators or study more mediating and moderating covariates (e.g., motivation, job satisfaction, organization culture). Towards this many other service sectors can be studied and comparative analyses between various countries may enhance the understanding of the relationship between training and performance.

Data Analysis Techniques

Analysis The data were analyzed by SPSS (Statistical Package for Social Sciences). Analysis occurred in multiple stages. To begin with, descriptive statistics were used to describe the demographic profile le of respondents and to present distribution of study variables. Second, using Pearson correlation analysis showed the form of relationships between training dimensions and job performance (Field, 2018).

Third, predictors such as training design, training effectiveness, training frequency, and on-the-job training were included in a multiple regression analysis model to include the predictive influences on employee performance. This method is useful to assess the relative contribution of each independent to dependent after controlling for the effect of other (Hair et al., 2010; Cohen et al., 2013). Moreover, ANOVA (or Analysis of Variance) was conducted to examine if employee performance differed across various service sectors which will provide further insights into sectors' differences (Field, 2018).

Results

Sample Profile

Table 1 shows the demographic profile of the respondents.

Table 1

Respondent profile (N = 315)

Characteristic	Category	n	%
Gender	Male	191	60.6
	Female	124	39.4
Age group	Below 25	49	15.6
	25–34	117	37.1
	35–44	80	25.4
	45+	69	21.9
Education	Bachelor	144	45.7
	Master	147	46.7
	MPhil/PhD	24	7.6
Sector	Banking	93	29.5
	Education	68	21.6
	Health	90	28.6
	Hospitality	64	20.3
Experience	Below 5	89	28.3
	5–10	90	28.6
	11–15	70	22.2
	15+	66	21.0

The result shows that the respondents are mostly men (60.6%). A large proportion of respondents (37.1%) are aged 25–34 years. Academic credentials indicate that majority of the respondents have their Bachelor's degree (45.7%) or Master's degree (46.7%). Sector representation In terms of sectoral affiliation, the banking (29.5%) and health sectors (28.6%) are best represented among participants. The distribution of work experience is relatively even, with the greatest density at 5–10 years (28.6%). This profile indicates relatively fair representation in the selected service sectors and experience levels.

Reliability and Descriptive Statistics

As shown in Table 2, Cronbach's alphas vary between 0.793 and 0.836, meaning that the internal consistency of each construct is acceptable or strong. With regard to the overall mean scores, findings indicate that respondents have positive attitudes toward training based on their ratings for each training form, whereby OJT had the highest mean (M = 3.96). Employee performance is reported likewise at an average high level of (M = 3.83). These observed trends are consistent with the empirical findings in prior research that service employees have favorable attitudes toward training and realize positive performance outcomes related to training such as the effectiveness of training, and on-the-job training's relationship with performance results in similar job contexts.

Table 2

Scale reliability and descriptive statistics (N = 315)

Construct	Items	Cronbach's α	Mean	SD
Training Design (TD)	5	0.821	3.75	0.54
Training Effectiveness (TE)	5	0.793	3.92	0.51
Training Frequency (TF)	5	0.820	3.66	0.62
On-the-Job Training (OJT)	5	0.836	3.96	0.53
Employee Performance (EP)	5	0.836	3.83	0.59

In order to verify the reliability of the scales, Cronbach's alpha was computed for all variables included in this study. An acceptable Cronbach's alpha >.70 (Hair et al., 2010;

Pallant, 2020) denoted an adequate internal consistency of the scales. Content validity was established through the use of measurement items drawn from instruments that have been previously acknowledged as valid in similar settings, based on peer-reviewed literature and compatibility with the theoretical foundation of Human Capital Theory and training-performance literature (Becker, 1962; Hatch & Dyer, 2004).

Correlation Analysis

Table 3 presents the Pearson's correlation coefficient. From the table we can see that the employee performance has a positive relationship with Training Design (TD), Training Effectiveness (TE), Training Frequency (TF), On-The-Job-Training (OJT). Among all these factors, On-The-Job-Training has a strong positive relationship with Employee performance ($r = 0.526$, $p<.001$) meaning employees who receive effective On-The-Job-Training tend to perform better. Similarly all the training variables were also related positively. Better training design is associated with higher training effectiveness.

Table 3

Pearson correlations among constructs (N = 315)

Variable	TD	TE	TF	OJT	EP
TD	—	0.454***	0.310***	0.354***	0.410***
TE	0.454***	—	0.334***	0.357***	0.487***
TF	0.310***	0.334***	—	0.271***	0.388***
OJT	0.354***	0.357***	0.271***	—	0.516***
EP	0.410***	0.487***	0.388***	0.516***	—

Note: *** $p < .001$.

Multiple Regression Analysis

The multiple regression analysis performed is shown in Table 4. It shows all the factors Training Design ($\beta = 0.122$), Training Effectiveness ($\beta = 0.253$), Training Frequency ($\beta = 0.175$), On-the-Job-Training ($\beta = 0.335$) have a positive effect on employee performance. Among these all factors, On-the-Job-Training is the most important predicting factor. Also VIF shows there is no multicollinearity problem. $R^2 = 0.414$

shows 41.4% of the effect on employee performance are because of these predictors. Also F value shows the model is significant overall.

Table 4

Multiple regression predicting employee performance (N = 315)

Predictor	B	SE	β	t	p	VIF
Training Design	0.133	0.055	0.122	2.41	.016	1.36
Training Effectiveness	0.290	0.059	0.253	4.94	<.001	1.39
Training Frequency	0.166	0.045	0.175	3.69	<.001	1.19
On-the-Job Training	0.371	0.053	0.335	6.95	<.001	1.23

Model fit: **R^2 = .414; Adj. R^2 = .407; F(4,310) = 54.84, p < .001.**

One-Way ANOVA (Sector-wise Differences)

To test whether the performance of employees differs in four different service sectors (banking, education, health and hospitality), a one-way ANOVA was performed. As it can be seen from Table 5, the mean performance was found to be statistically insignificant, F (3, 311) = 0.96, p =. 410, together with a quite low effect size (η^2 =. 009). These findings suggest that perception of employee performance is relatively uniform among the four service sectors represented in this sample. It would then seem that the link between training and performance could be more generally useful across these multiple service settings than within specific sectors.

Table 5

One-way ANOVA: employee performance by sector (N = 315)

Sector	n	Mean (EP)	SD
Banking	93	3.81	0.60
Education	68	3.88	0.58
Health	90	3.76	0.62
Hospitality	64	3.90	0.52

ANOVA: F (3,311) = 0.96, p = .410; η^2 = .009.

Discussion

The aim of this research was to examine the impact of training on employee performance in service sectors in Nepal. It specifically addressed certain aspects: the development of service training, whether or not these are effective programs, how often employees receive this type of training and on-the-job learning. The results present strong empirical support for the proposed relationships, consistent with prior studies in service contexts and emerging markets.

Training and Employee Performance

On the whole, the findings support the hypothesis that training is significantly related to employees' performance in Nepalese service industry. Descriptive results show that employees have high perceptions of training and regression analysis demonstrates that training variables jointly account for much variance in employee performance. This is consistent with the long held tenets of Human Capital Theory which maintain that training investments in employee productive capacity positively impact performance outcomes (Becker, 1962; Hatch & Dyer, 2004). It is in line with previous research findings, which found that training was an important variable affecting employee performance in service-oriented organizations (Yimam, 2022; Fitriani et al., 2024; Wambui & Nambuswa, 2024).

Training Design and Employee Performance

As such, the results show that training design positively and significantly impact employee performance, albeit relatively less compared to other dimensions of the training. This suggests that good-quality and job-related training programmes contribute to performance improvements by providing employees with focused learning goals and appropriate methods of training. This result supports prior studies that emphasized the need for systematic training system design which enhance learning transfer and job performance (Akther & Rahman, 2022; Esthi, 2022; Hasan & Chowdhury, 2023). In the context of Nepalese service, where training programmes vary in quality and structure, importance of training design indicates a fit between what is being trained for and job demands and what the organization desires to achieve.

Training Effectiveness and Employee Performance

The effectiveness of training is the most influential predictor on employee's performance. Workers who perceived that the training programs are effective showed higher performance padded. This indicates that the increased skills, knowledge and confidence resulting from training are crucial to enhance performance. This is consistent with studies which show that perceived effectiveness of the training leads to better employee outcomes (Akhtar, 2023; Ruswanto et al., 2024; Saks, 2022). Finally, this finding supports the tenets of Herzberg's motivation theory that there are motivators or conditions which foster personal growth and skill development that indirectly determine higher levels of work performance (Hertzberg et al., 1959) as well as Hur (2018).

Training Frequency and Employee Performance

The result shows that training frequency has positive significant effect on employee performance. This would suggest that giving regular and continuous training opportunities can enable employees to both retain and develop their skills. This finding is consistent with prior studies indicating that infrequent training may lead to skill decay but continuous learning and adaptation results in higher workplace performance in a rapidly-changing service environment (James et al., 2022; Lee et al., 2023). In the Nepalese service industry, characterized by increasing use of technologies and progressive service delivery mechanisms, the significance of training frequency underscores the importance of continued capacity development, over emplacing total reliance on one time training session.

On-the-Job Training and Employee Performance

Of the various training dimensions studied, OJT was found to be the most important predictor of employee performance. It means that learning processes of workplace, such as coaching, mentoring and practical training are very effective to improve an individual employee's performance in the service industry. It is consistent with the former studies, which suggested that OJT contributed to the enhancement of task proficiency and reducing job-related errors (Agufana, 2022; Ibua et al., 2023; Chezue & Mbuti, 2023). On-the-job training is particularly important in service industries, such as banking, healthcare and hospitality, where employees use their skills to deliver services instantaneously.

Sectoral Differences in Employee Performance

ANOVA results show that the level of employees work performance are fairly consistent in bank, education, health and hospitality. This suggests that impact of training on employees' performance cuts across service sectors in Nepal. This result provides evidence that the continuum of training-performance relationship is highly generalizable across service sectors (cf. prior studies in a variety of service sectors (Lee et al., 2023; Yew et al., 2024)). The similarity of the relationships across sectors indicates that one model of training is likely more valid in contrasting service organizations, a priori to sector programming.

In summary, the empirical results are consistent with all four of the hypotheses from this study. The training approach, training impact, how often an individual attends trainings and on-the-job-training all have a positive effect on performance. These findings not only corroborate the existing literature but also extend previous work by presenting empirical findings from a multi-sector service sample in Nepal. Through the inclusion of various training dimensions in one model, this research provides a more comprehensive view of how training influences employee performance in developing economy setting.

Conclusion

The study shows the influence of training practices on employee performance in service sectors of Nepal. The focused factors were Training Design (TD), Training Effectiveness (TE), Training Frequency (TF), On-The-Job-Training (OJT). The study showed a significant positive effect of training practices on employee performance showing the importance of investing in employees training practices.

Among all the factors, On-the-Job-Training was seen as the most influential factor affecting employee performance. This finding shows the importance of practical learning and workplace-based training for developing employees skills and allowing

them to apply them directly to their job responsibilities. Similarly, training effectiveness and training frequency were also found to have a significant contribution to employee performance, suggesting that organizations benefit when employees regularly participate in training programs and when such programs are conducted regularly. Although training design showed a relatively smaller effect, its significance indicates that well-structured and job-related training programs remain important for achieving desired learning outcomes.

The results of the study carry some important implications for the management and HR personnel in Nepali service industry. First and foremost, companies need to focus on-the- job training that are either coaching, mentoring or even apprenticeship because these methods contribute overwhelmingly directly in effective employee output. 2nd, there is need to ensure that training programmes are effective (closely linked with job requirements and exercised by coachers, besides ample opportunities for practice is provided). Third, institutions should go beyond one-off training and move toward ongoing training schedules that will give their personnel the flexibility to keep pace with changing job requirements and service standards. In policy terms, service sector organizations and regulator should promote the systematic development of employee training as a strategic approach to enhance service quality and organizational performance. The development of standardized training frameworks and performance-related training evaluation systems could enhance the efficacy of training programmes in all service sectors.

In conclusion the findings suggest that the investment in employee training enhances employees capabilities and their contribution toward an organization. In the context of Nepal's service sector, where service quality and customer satisfaction are highly dependent on employee competence, the results show the need for organizations to prioritize continuous and effective training initiatives as a strategic tool for improving employee performance.

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Learning Through Movies: How Lucky Baskhar Helps Understand Maslow's Hierarchy of Needs

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Abstract

This article examines Maslow's Hierarchy of Needs through the lens of the 2024 Indian film Lucky Baskhar, released on October 31, 2024. Set in 1990s India, the film tells the story Baskhar, a bank cashier who struggles to meet his needs due to constant financial pressure. Helaterturns to fraud to get out of debt and humiliation. Maslow's theory explains motivation through a hierarchy of five needs that appear in an ascending order: Physiological needs, safety, love and Belonging, Esteem, and Self-Actualization goals. Previous studies such as those on Life of Pi and The Danish Girl show how films illustrate survival, belonging, and self-acceptance. This research looks at Baskhar's journey to understand the way people are motivated towards the fulfillment of higher order needs once the lower-level needs are satisfied. Unlike earlier studies, it explores how the Maslow's ideas fit in non-Western cultures like India and Nepal, which share common values like duty to family. By examining Baskhar's actions and dialogues, this study shows how movies can be utilized to make complex ideas comprehensible. It proves Lucky Baskhar helps students learn motivation in a way that fits Indian and Nepalese life.

Keywords: *Maslow's Hierarchy of Needs, Lucky Baskhar, motivation, film-based learning*

Introduction

Films have been utilized as effective tools to explain complex academic ideas in more engaging and relatable manner. Studies such as those by Reyes-Santias et al. (2022) found that the students often perform better academically when film viewing is combined with discussions. Mathews et al. (2012) point out that management educators should consider factors such as students' age and cultural background when selecting

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films for teaching Maslow's Hierarchy of Needs is an important theory that explains the progression of human motivation through five level- physiological needs, safety needs, love and belonging needs, esteem needs and finally self-actualization needs (Maslow, 1943).

Lucky Baskhar was released on October 31, 2024. Baskhar is attracted to financial scams. He sees scams as a way to get rid of debt and humiliation. His journey of successes and setbacks resembles the rise and fall of Jordan Belfort in the movie titled The Wolf of Wall Street. But, Lucky Baskhar is a story from the Indian context. It revolves around a common man's struggles. Therefore, it offers a unique and relevant case to study motivation.

Most of the existing studies that examined Maslow's Hierarchy of Needs with reference to films have used western films. Films such as Life of Pi, The Danish Girl, and The Whale have been analyzed through Maslow's framework. But, they reflect Western cultural values such as individual survival and personal identity. These values do not always match the lived experiences of students in South Asian countries like India and Nepal, where family duty, community belonging, and social reputation play a central role in shaping human motivation. This study addresses this cultural gap seen in the existing literatures.

Gambrel and Cianci (2003) argue that Maslow's hierarchy was developed and tested in western cultures characterized by individualism. So, it may not apply in collectivist societies in the same manner. Despite this warning regarding probable theoretical inconsistency, very few studies have used a South Asian film to test Maslow's model in a collectivist context. This study tries to fill this research gap by referencing to a relevant film.

To address the problem, this study has set three purposes-initially, it investigates the way Baskhar's journey in Lucky Baskhar represent each of the five levels in Maslow's model. Second, this study looks at how Indian collectivist values like family

responsibility and social rank give form to motivational patterns inside the film. Lastly, it investigates the way by which Lucky Baskhar can be used as an instructional tool for motivation theory in South Asian educational institutions, particularly for students of India and Nepal.

Literature Review

Several studies have used Maslow's Hierarchy of Needs to analyze films and link them with the study of human behavior. For example, Truman et al. (2017) examined *Life of Pi*to see how the main character, Pi, moves through different levels of need after a shipwreck. By interpreting the dialogues and narrations, they showed that survival becomes the most dominant need in crisis situations.

Similarly, Suryani (2022) analyzed *Colette* and found that all five levels of Maslow's need are reflected in the main character. The study used dialogues, appearances, and character actions as sources of data. It also showed that films can present motivation theory through a character's lived experiences. In another study, Nila et al. (2022) explored the story of Einar Wegener in *The Danish Girl*. Their analysis showed that the character is able to meet physiological, safety, love and belonging, and esteem needs. However, self-actualization need remains unfulfilled due to social constraints. Likewise, Fajriah and Budi (2025) examined how the main character in *The Whale* struggles to fulfill different levels of need. They found that unsatisfied physiological and self-acceptance strongly influence emotional and behavioral patterns.

Most of the studies analyze movies from the western cultures. These studies suggest that the Maslow's theory may not work uniformly across all cultures around the globe. Gambrel and Cianci (2003) explored the usefulness of Maslow's hierarchy of needs in group-centered cultures, with focus on China. According to them, since Maslow's model was originally developed and tested using individuals from the U.S., it cannot fully explain how motivations happen in collectivist cultures. This finding shows the motivation dynamics are dependent on cultures. Therefore, the findings of Gambrel and Cianci (2003) have highlighted the relevance of this study. Thus, this study connects

Maslow's hierarchy of needs to the Indian film Lucky Baskhar, demonstrating its cultural significance as a learning tool for students in this region. The movie has an Indian setting consisting of themes related to family responsibility and societal pressure. These themes connect to Indian as well as to the Nepalese culture. As Nepal shares cultural similarities with India, especially in valuing family and community, Lucky Baskhar can also show how motivation develops in Nepalese people as well. This cultural link is missing in the other studies, which don't focus on South Asian contexts.

A thematic review of the studies discussed above reveals three themes. The first theme is survival and basic needs which we can find in the studies on Life of Pi (Truman et al., 2017) and The Whale (Fajriah & Budi, 2025). The characters in those movies are driven primarily by physiological and safety needs under extreme conditions. The second theme is identity and social belonging, which we can find in the studies on The Danish Girl (Nila et al., 2022) and Colette (Suryani, 2022). In that movie, the characters struggle for acceptance and recognition within their social environments. The third theme focuses on cultural context and self-actualization. Although it appears across all the studies, it is mostly discussed within Western cultural settings.

This study builds on these three themes as supported by the existing research. However, it has also introduced a fourth theme that was absent from existing literature-collectivist motivation. Studies claim that motivation in South Asian cultures like India and Nepal is created by family obligations and community expectations instead of personal desires. The journey of Baskhar in Lucky Baskhar shows this collectivist pattern because most of the choices of Baskhar are influenced by family duty. When Baskhar joins financial scams or when Baskhar talks with the CBI, the choices are not moved by personal ambition alone. Because the responsibility toward the family drives the actions of Baskhar, Lucky Baskhar becomes a meaningful case to apply Maslow's framework.

This study uses *Lucky Baskhar* to show how movies help make complex concepts comprehensible. This paper brings a collectivist's perspective that was not present in the earlier literature regarding film-based learning.

Methodology

This study follows a qualitative research design. More specifically, it uses textual and narrative analysis to explore how human motivation is represented in *Lucky Baskhar*. A Qualitative analysis is suitable for this study because the study is concerned with interpreting dialogues, character actions and key events to uncover deeper insights about motivation.

The primary source of data for this study is the Indian film titled *Lucky Baskhar*. The English subtitles available on Netflix, a movie streaming website, was used as the textual data for the analysis. Subtitles were used because they provide a written record of dialogues that can be reviewed and coded in a systematic manner.

Purposive sampling technique was followed for data collection. In simple words, the scenes and dialogues that clearly showed a character's motivation were chosen. These motivations were then linked to related level in Maslow's framework. Scenes that did not show any clear motivation were left out from the analysis.

The study uses Maslow's Hierarchy of Needs (1943) as its analytical framework. The framework comprises five levels- physiological needs, safety needs, love and belonging, esteem, and self-actualization. Each selected scene or dialogue was coded against these five levels. The coding process involved three steps. First, motivational contents behind the dialogues and the scenes were identified. Second, the identified scenes were assigned to one of the five need levels based on their relevance. Third, the coded scenes were reviewed again to check for consistency. In order to ensure that the analysis has followed a systematic procedure, multiple revisions of the codes and multiple re-readings were performed.

This analysis also has applied a cultural lens to add an interpretative layer which is based on the work of Gambrel and Cianci (2003). They argue that values from the collectivist culturere shape motivational priorities. So, the selected scenes were also closely watched to see if there are any evidences related to family duty, social obligation and community pressures. These values highly relate to Indian and Nepalese cultures.

A key limitation of this study is that being a subtitle-based analysis, it hasn't incorporated on-verbal cues such as facial expressions, pitch and tone of actors in various contexts. That is to say, the study may not have fully captured the emotional aspects

Results

During the analysis, it was revealed that 18 scenes and dialogues were clearly reflecting motivational behaviors. After identifying the relevant scenes, coding was conducted based on Maslow's five hierarchical needs. Six scenes were assigned to the code' physiological needs and safety needs'. These are the scenes depicting Baskhar's early struggles where financial survival needs dominated mostly. Five scenes that were reflecting Baskhar's desire for social recognition were assigned to the code "love and belonging". Next four scenes that showed his search for respect and higher status were coded under esteem needs. Out of eighteen, final three scenes were coded under self-actualization. These three scenes showed how he eventually returned to personal values. Cultural coding revealed that in collective cultures, family and social obligations can shape motivations across different levels of needs. This finding is consistent with the view of Gambrel and Cianci's (2003). The following sub-sections present the results level by level.

Physiological Needs

Baskhar starts with a struggle to meet basic needs like food and shelter. As a bank cashier earning 6,000 rupees a month with a 36,000-rupee debt, he feels trapped by poverty. He says, "I don’t have money in my pocket to buy a bus ticket to go home. I don’t even have a pocket. What's poverty if not this?" To provide for his family, he joins scams, like an import-export deal with Anthony, to earn quick money. This shows how basic needs drive his early actions.

Safety Needs

After meeting his basic needs, Baskhar pursues financial security. This aligns with the safety needs in Maslow's Hierarchy. He desires to get a promotion to the post of

Assistant Regional Manager. The promotion would stabilize his family's future. But he feels insecure when he's denied the promotion due to favoritism, as hinted in the dialogue-"They are both Bengalis belonging to the same caste. They say he must have taken a bribe". This drives him toward taking bigger risks like manipulating bank funds so as to gain control over his financial condition. This shows why safety needs influence in making highly risky choices in South Asian cultures where jobs are considered major reason to ensure family stability.

Love and Belonging

Many of Baskhar's actions are influenced by 'love and belonging' need. In one scene, his wife Sumathi is hurt by the disrespect which, according to her, was a result of poverty. She said, "They don't even like to feed our kid…..only because we are poor, right? Money brings respect, love, and everything. "Baskhar organizes a lavish party on the occasion of his son, Karthik's birthday. Karthik says, "My friends used to make fun of me…but no one will tease me after today." This shows the importance of fulfilling family respect and belongingness need in south Asian countries like India and Nepal, where community bonds are very strong.

Esteem

Baskhar's desire for self-respect and respect from others become evident when a shopkeeper makes fun of his middle-class status by throwing a remark, "They drive a Maruti 800, wear Bata shoes, and use HMT watches.....can they buy diamonds?" Deeply hurt by the insult, Baskhar later spends a large amount of money and admits, "I wanted to buy his arrogance. "His reaction reflects a strong need for social respect and recognition. But his wife, Sumathi is concerned by the changes in his behavior. She dislikes this change and she tells him, "I want the old Baskhar, I want our old life. "This moment highlights the struggle between gaining social respect and remaining true to one's honest identity. This type of tension is frequently seen in many South Asian societies where social status is of great importance.

Self-Actualization

Baskhar's journey toward his self-actualization is not straightforward. In the beginning, his efforts seem genuine where his goal was to provide a better life to his family. But those efforts gradually transform into an intense pursuit for wealth and success. His father recognizes this change and makes him cautious with a remark-"The intoxication of the game makes you forget the very family." This warning reflects how Baskhar's ambitions have begun to overshadow his previous values. Later, he wants to stop this chase and tells his wife- "I can't bring back our olden days, Sumathi. But I am ready to offer you the Baskhar of old times,". With this statement, he acknowledges the risks and costs associated with his choices and how he wants to go back to his former self. This moment shows Baskhar's renewed appreciation for relationships and family values. Yet, his decision to move to the United States also indicates that his search for personal growth and financial success has not entirely ended. Rather than presenting self-actualization as an ultimate achievement, the film portrays it as an ongoing struggle between material ambitions and the desire to live a meaningful, authentic life.

Cultural Influence

In collectivist cultures such as India and Nepal, family duties are often prioritized over individual desires and ambitions. Strong sense of family responsibility is clearly reflected in Baskhar's choices throughout the film which can be seen in the scenes like-providing funds for his brother's education and sister's wedding. Similarly, his willingness to cooperate with the CBI despite potential risks demonstrate the extent to which family priorities can determine his choices. These examples suggest that Baskhar's motivation cannot be fully captured by individual needs alone and therefore, family obligations should we incorporated as well. This is because, family obligations operate as a powerful force across different stages of his life, shaping decisions that might otherwise appear irrational from a purely personal perspective. This observation supports the argument that Maslow's hierarchy may need some changes to adapt to collectivist cultures, where family and community interests often hold equal or even greater importance than individual needs.

Discussion

This section compares the findings of the study with those reported in earlier studies. Direct comparisons are made where similar themes were available and where such similar themes were not available, findings are discussed by linking them to the most closely related theme.

The findings related to physiological and safety needs are broadly consistent with the findings of Truman et al. (2017) where he presented that the protagonist in *Life of Pi* is primarily motivated by the need to survive after a shipwreck. Similar pattern is seen in Baskhar's early action of joining scams to pay off debt and support his family. It can be said that those scams-related early actions are guided by the same basic survival concerns. However, the nature of survival differs in two stories-Survival in *Life of Pi* is individual and physical whereas *Lucky Baskhar* presents survival as economic and family centered challenge. This difference highlights the influence of collectivist cultural context where family survival is preferred over those of individuals.

The findings on the theme love and belonging are similar to that of *The Danish Girl* by Nila et al. (2022) where they found that the main character seeks to get acceptance and recognition in a social environment. Baskhar's situation is directly comparable to that becausehis family is looked down upon because of their poverty and he strongly desire to earn respect and social acceptance. Despite this similarity, the sources of belonging need are different in these two studies. Einar's belonging need is closely related to personal identity whereas Baskhar's needs are rooted in family honor and reputation. This distinction further highlights the significance of collectivist values, where an individual's sense of belonging is closely based on the status and acceptance of the family as a whole.

The findings related to esteem needs are also consistent with those reported by Suryani (2022) in the analysis of *Colette*. The author found that the main character in *Colette* wants recognition and respect in a society where she was struggling with the gender-based restrictions and limitations placed upon her.

Although not gender-based, Baskhar's pursuit of esteem follows a similar pattern. He sees wealth as a tool of gaining respect and recognition. This is evident in the dialogue by him- "I wanted to buy his arrogance." Although the circumstances are different, characters in both cases rely on external means to satisfy their esteem needs. The comparison suggests that individuals frequently seek esteem through achievements that are valued and recognized by the society they live in.

The findings on self-actualization are more complex. Fajriah and Budi (2025) found that the main character in *The Whale* struggles to achieve self-actualization due to unresolved issue of self-acceptance. Baskhar, however, faces a different kind of barrier. He begins to move towards self-actualization when he decides to return to his old values. However, his move to the United States suggests that this process is not fully complete. In both cases, self-actualization remains unfinished. It is blocked either by self-rejection or by continued material desires.

Across all four need levels, the findings of this study support the arguments of Gambrel and Cianci's (2003) that collectivist cultures can reshape Maslow's hierarchy of needs. In *Lucky Baskhar*, family obligation is seen as a motivating factor at every level. It is evident in actions- from earning money for basic needs to seeking respect for the family name. This pattern is not observed in the Western films discussed in earlier studies, where motivation is largely portrayed as basically individual rather than collective.

From a pedagogical perspective, these findings support Mathews et al. (2012) that both the age and cultural background of students must be considered when selecting films for classroom use. *Lucky Baskhar* is particular suitable for students in India and Nepal because the motivational patterns in the film closely reflect their own cultural experiences. Reyes-Santias et al. (2022) further suggest that post-viewing discussions can further improve learning outcomes. Baskhar's morally complex choices such asfraud, manipulation, and negotiation with authorities provide rich material for this kind of classroom discussion.

Conclusion

*Lucky Baskhar*can be an effective tool for teaching-learning Maslow's Hierarchy of Needs. The film depicts clearly how the character progresses through different levels of needs- from basic and safety needs to love, esteem, and finally towards self-actualization. Dialogues like"I don't have money in my pocket" and "I want the old Baskhar" make the theory easy to understand and more relatable. The Indian setting of the film is also worth noting as it highlights the cultural context showing how motivation is influenced by family and social pressures. This further suggests that Maslow's theory may need some adjustments so that the cultural nuances of countries like India and Nepal are better reflected.

Films are not only a source of entertainment but have educational importance as well, particularly to those students who can relate and connect to their own culture and society. Movies can be utilized as a bridge between theoretical complexity and practical understanding because movies make learning engaging for students who can connect. Thus, this study shows that culturally relevant films have educational values. Future research can extend this approach to explore more regional films through the lens of other theories- like Herzberg's Two-Factor Theory or Victor Vroom's Expectancy Theory of motivation.

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Management Control System and Organizational Performance of Micro-finance Companies in Nepal

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Abstract

This research explores the impact of Management Control Systems (MCS) on the financial performance of Microfinance Institutions (MFIs) in Nepal. MFIs play a critical role in poverty reduction, financial inclusion, and growth promotion in their communities, and as these grow larger, sound management practices are essential to maintain financial performance. MCS - comprising budgeting, performance measurement and internal control offers the framework needed to support institutional practices in line with the strategic objectives. The research has adopted quantitative approach to explore the relationship between MCS and financial performance. A total of 150 financial managers and officers were asked to respond to structured questionnaires with a five-point Likert scale and ten MFIs were selected as a sample. Primary data was collected through Google Forms and secondary data was through academic literature, Nepal Rastra Bank publications and annual reports. The data was analyzed using descriptive statistics (mean and standard deviation), and inferential statistics (regression, correlation). The findings show that planning, monitoring and reporting are elements of MCS that positively affect the financial performance of the bank. Budgeting boosts productivity and profitability, while internal control systems effectively manage credit risk and improve profitability and loan recovery rates. This, in turn, augments the financial performance of the institution.

Keywords: *Management control system, Budgeting, Internal control system, financial performance.*

Introduction

In this context of broadening of the financial sector in Nepal, access to finance through microfinance institutions (herein referred to as MFIs) has become one of the key sources of finance in a world where poverty reduction strategies are increasingly decentralized. The recent expansion of these institutions in size and scope has also sparked debate

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about the sustainability of these institutions and their social and political roles. Thus, in this context, the role of Management Control Systems (hereafter MCS) to good governance is highlighted. They support co-ordination for an informed common operational reality across locations; control (within budget and on performance); co-creation and coherence (in relation to the mechanisms for habit formation and being tactical in relation to the strategic plan). Therefore, one may consider MCS as a compass to lead MFIs to financial autonomy and therefore maintain portfolio quality and its sustainability. MCS also enables the development of information and decision-making. They are the tools that allow managers to proactively respond to financial tides and currents and provide visibility of revenues to help them deftly navigate their course. Effective internal control underpins these processes and practices that protect assets, provide reasonable assurance that the books and records are accurate in all material respects and ensure regulatory compliance. Internal controls are also crucial for fraud prevention, accountability and restoring confidence. These also function as tools to detect risks that may adversely impact performance and stability in the short term (COSO, 2013; Basel Committee on Banking Supervision, 2012).

Another element of MCS is budgeting. Budgeting is a plan that forecasts revenue and expenses by developing a plan for how the organization will allocate resources to achieve its objectives. It enables MFIs to plan, priorities, resource and focus their efforts where they can have the greatest impact on the institution. It is also a form of financial control that enables these institutions to avoid risks, mitigate uncertainties and expand their business. These MCS components of control, monitoring, and budget planning together create an integrated design that enables both operational and strategic resilience of MFIs in Nepal. It proves to be an exercise through which MFIs can resize, reset priorities, and mitigate risks presented by clients while dealing with resource constraints. It also acts as a yardstick that leads to variance analysis for timely adjustments to management. However, according to Horngren et al. (2014), Budgeting is a bit sophisticated for most MFIs in Nepal due to technical limitations and lack of properly trained human resources.

Financial performance has, thus, been perceived as an endogenous construct in an attempt to measure support offered by MCS in earning institutional outcomes. The core firm-centered view of financial performance may be derived through the perceptions of the managers. Otherwise, a more objective set of data like ROA, ROE, net profits, and so forth may tell the same. A key measure of institutional sustainability is profitability, which is the ability to generate efficient cash flows into surpluses. This indicator is especially relevant to micro-finance institutions (MFIs) serving the low-income population since their profitability is critical to financial sustainability and market outreach. One of the key drivers of profitability is loan quality; in many instances, increasing non-performing loans (NPLs) are a major problem in the microfinance industry. This default destroys both their financial sustainability and loan repayment culture. This necessitates a professional approach to loan repayment and effective default risk mitigation strategies to contain portfolio deterioration. In this regard, effective Management Control Systems (MCS) and working internal controls have become essential tools to protect the sustainability of microfinance institutions. Institutions that successfully integrate these practices are more likely to achieve a higher financial sustainability rating, enabling them to secure stable funding and cover their operational and financing costs without excessive reliance on external grants or donations.

This will allow one, therefore, higher and rising cash flows to have a cushion just in case the market assaults.This realization will, thus, be driven by MCS, but in a zesty manner towards cost-effectiveness, expenditure control, and attached strategies that do not go astray from relevant activities. The contrast with the above may always come from the fact that those MFIs going through structured budgeting and auditing operations process are found to be financially sustainable in all cases studies (Olayemi & Akinleye, 2019). Most often, performance of MFIs working in Nepal rests on the capability of their MCS. Those organizations, which engage in formal controls, real-time reporting, and resources in budgetary digitalization, demonstrate high levels of transparency and efficiency. This is, probably, because in some organizations, tracking

in real time may have been very instrumental in bringing cost control and accounting to a new light of improvements. Those organizations that combine the audit exercise with risk management in their programs always reduce the rate of fraud. However, the major issues concerning the majority of MFIs being ineffective are size and scale of matters, crises in resources, and not establishing a standard MCS framework.

Formalized control mechanisms have been found in the research to correlate with performance. Good design of MCS tools in an organization makes it resource-constrained and still be able to meet its objectives. The concept of MCS can be applied to promote accountability in either direction of financial or social imperatives pulling in different directions to form a basis of the path for feedback on performance in an area like microfinance.

The MCS is hence, the support of an effective continuous improvement process during which accountability and performance feedback are placed. Attempting to apply MCS at the most effective point is when it is perfectly aligned with the strategy of the organization; hence, it should be evident in the budgets one brings forth, such that budgets have to match the priorities of the organization while ROIs must reflect the financial and social bottom lines. Ultimately, there is increasing interest in Nepal to combine MCS models with the social output of various organizations to increase transparency and accountability, hence strengthening sustainability.

It was all about institutional culture and leadership with proper employee engagement. MCS failures do not only come from simple gadgets that are not properly trained, coordinated, and supervised. Effective use of Blue Economy resources and their sustainability require appropriate mechanisms of multi-stakeholder cooperation in alignment with the regional ecosystem and existing governance bodies. Weaknesses to MCS are an early warning surveillance system in Nepal, need for human resource capacity, weak monitoring and technology capacities, and low levels of community ownership. The training, participatory management and more robust internal audit carried out sustainably to meet this challenge. Consequently, the spread of MCS in the

microfinance sector is now expanding and has continued to have the backing of the central bank of Nepal, other external partners, and training service providers. Indeed, both internal control systems, budgeting, and performance measures are oriented toward the design of the organization. Site-level integration in all these will definitely bring out superior performances, enhanced discipline in repayments, and survival of organizations in the long run.

It is important that relevant frameworks are designed for Nepalese MFIs within the contextual meaning, either to be responsive or inclusive on the side of financial inclusion or making creditable institutions having the poor who have been excluded. The few problems are around adoption for standard practices, auditing, and social indicators, which are below average. But it is a sad fact that no relevant study is available on the combined impact of MCS components on profitability, portfolio quality, and viability in case of Nepalese MFIs. Therefore, this research is aimed at inquiring into the ways MCS facilitates economic activities, in understanding how internal control structures and operational budgeting coupled with performance measurement affect the long-term organizational existence, and determining principal challenges that have withstood proper deployment with suggestions on remedies.

Microfinance sector is currently facing severe sustainability challenges, including rising non-performing loans (NPLs), over-indebtedness among clients, and profitability pressures due to strict interest rate caps despite the expansion of microfinance institutions (MFIs) in Nepal and their decisive role in financial inclusion. Inadequate budgeting processes, weak internal control mechanisms, and the prioritization of profit-oriented, unhealthy competition over social objectives are still visible in the sector.

Many MFIs in Nepal continue to struggle with unsound loan portfolio and oversight of on-ground business operations. As a result, it has become ever more pressing to understand the impact of control on loan quality and profitability, and the connection between different aspects of management control and the financial sustainability of the entities in the long run. Failure to address such deficiencies not only risks the long-term

financial sustainability of MFIs, but also their commitment to economically excluded groups in the long run. The study answers the following research questions. (a) What is the role of management control in influencing the perceived financial performance of microfinance companies in Nepal? (b) How do internal control and budgeting practices affect profitability and loan portfolio quality in microfinance institutions of Nepal? (c) and (d) How do different aspects of management control contribute to financial sustainability of microfinance firms in Nepal?

Literature Review

A literature review provides an organized and coherent summary of the results of previous studies on a specific topic. It outlines the current knowledge base on the subject, highlighting what is already known and what remains unknown, while showing how the present study contributes to and enhances the ongoing debate. In this context, the review explores the influence of Management Control Systems (MCS) on enhancing financial performances of Microfinance Institutions (MFIs). Controls, budgeting and performance management are identified as the main drivers of profitability, portfolio quality and sustainability for the financial microfinance sector. Drawing upon theoretical insights and empirical findings, the review mounts a strong argument that effective control systems can improve organizational efficiency and institutional performance, especially in developing countries like Nepal.

1. Management Control Theory

In The past the concept of management control theory was developed by Robert N. Anthony in about 1965 and is believed to be critical for enhancing the performance of an organization. The technique is based on formal processes that aid in the achievement of organizational goals. Accounting, control and budgeting are critical management elements. This is true of the Nepalese environment, particularly at MFIs where there is an expectation of a strong link between rigorous profitability monitoring, prudent management of scarce resources and financial discipline. That is, to the extent that they are effective, MCS enhances accountability, transparency and profitability and portfolio quality. This study was based on Anthony & Govindarajan (2007).

2. Theory of Resource-Based View (RBV)

In 1991, Jay Barney endorsed and proposed the resource-based view where valuable, rare, inimitable and non-substitutable resources underpin the potential for a sustained competitive advantage. Resources from a budgeting system, internal audits and physical monitoring among others from the MCS are significant inputs to its operations.

Conceptual Review

A conceptual review outlines the key concepts and variables that will shape a study - the structure of the research framework. This research examines the impact of management control systems, such as budgeting and internal controls, on microfinance institutions' financial performance in Nepal. Financial performance is defined as perceived results, measurement techniques, profitability, loan portfolio quality and institutional sustainability. The sections briefly expose the key concepts of the research.

1. Management Control Systems (MCS)

Management Control Systems (MCS) are the formal rules and regulations developed by an organization to control its operations and ensure resource allocation is in line with its mission. They usually include accountability systems such as budgeting, monitoring and reporting, which assist management in decision making. In the context of microfinance, MCS enhances financial discipline, increases efficiency and enhances institutional accountability. Robert N. Anthony emphasized the role of MCS in directing employees' actions towards organizational objectives. In the context of Nepalese microfinance, these systems have become increasingly crucial in financial risk management, promoting payment discipline and ensuring the financial sustainability of institutions - especially in resource scarce environment (Anthony & Govindarajan, 2007; Otley, 1999).

2. Internal Control Systems

Internal control systems are comprehensive systems that aim to ensure the integrity of financial reporting, safeguard the assets of the institution, and ensure compliance with

law and regulations. The primary elements include audit, authorization, duty segregation and real-time supervision. In microfinance, effective controls assist in preventing fraud and minimizing credit risk and assist with cultivating customer confidence. They also improve management's oversight of employees' actions and processes, and ultimately, financial performance. For MFIs in Nepal, these processes are particularly important to establish transparency and accountability in rural or remote areas (COSO, 2013; Basel Committee on Banking Supervision, 2012).

3. Budgeting

Budgeting is the process of creating financial forecasts for how much money will be earned and spent to allocate resources. It provides a fundamental tool for planning, costing and evaluation. In MFIs, budgeting is essential for synchronizing activities, forecasting future needs, and establishing accountability. This is supported by regular variance analysis which identifies the difference between what is actually performed versus what was planned and appropriate actions are taken. In MFIs in Nepal, budgeting is critical in ensuring efficient use of scarce resources and alignment of financial practices with the goals of the organization (Horngren, Datar, & Rajan, 2014; Hope & Fraser, 2003).

4. Financial Performance

Financial performance indicates how well an institution achieves its financial objectives, measured through indicators such as profitability, return on assets (ROA), sustainability and efficiency ratios. In microfinance, it also relates to the ability to deliver services in a sustainable manner. Efficiency ratios include return on equity (ROE) and operational self-sufficiency. In the Nepalese MF sector, good financial performance is essential to compete in a resource-constrained environment. Effective management control systems are important for improving performance through better strategic planning, monitoring and accountability (Ledgerwood, 1999; Campion & White, 1999).

5. Portfolio Quality

Portfolio quality measures the quality of a microfinance institution's loan portfolio. It measures Portfolio at Risk (PAR), repayment rates and borrower default rates. Good quality signifies good lending policies and practices, borrower screening and follow-up. A problematic portfolio results in profitability and vulnerability. Effective control systems mitigate credit risks by ensuring adherence to loan policies, monitoring loan repayments and timely follow-up with borrowers. For MFIs in Nepal, where formal credit history of clients does not exist, good portfolio management practices are essential to sustain their operations (CGAP, 2010; Rosenberg, 2009).

Empirical Review

Author(s) & Year	Title of Study	Methodology	Key Findings	Variables Studied
Olayemi & Akinleye (2019)	Management Control System and Financial Performance of Banks	Quantitative – Regression & Survey	MCS improves profitability, reduces inefficiency, enhances decision-making	MCS, Internal Control, Financial Performance
Adhikari & Karki (2023, Nepal)	MCS and Operational Efficiency in Nepali MFIs	Quantitative	Strong budgeting and internal controls reduce defaults and boost profitability	MCS, Budgeting, Internal Control, Profitability
Bassem (2018)	Governance and Performance in MENA MFIs	Panel Data – Regression	Budgeting and auditing improve profitability and reduce financial risks	Budgeting, Internal Control, Profitability
Yismaw& Tefera (2021)	Budgeting Practices and Financial Performance in Ethiopian MFIs	Survey and Regression	Formal budgeting improves expense control and profitability	Budgeting, Profitability
Shrestha &Adhikari (2020, Nepal)	Budgeting and Financial Sustainability in MFIs	Descriptive and Inferential Statistics	Structured budgeting improves cost control and resource allocation	Budgeting, Financial Viability

KC & Poudel (2025, Nepal)	MCS and Financial Performance in Nepali MFIs	Survey-based Regression	Strong MCS improves perceived financial performance and portfolio management	MCS, Budgeting, Financial Viability
Adekunle (2016)	Impact of MCS on Nigerian MFIs Cross-sectional Survey		Effective MCS reduces fraud, supports profitability	MCS, Portfolio Quality, Profitability
Basnet (2022, Nepal)	Internal Control and Loan Performance in Rural MFIs	Correlation and Regression	Weak internal control raises defaults; audits improve repayment	Internal Control, Portfolio Quality
Wondwossen& Samuel (2017)	Performance Measurement and MFI Sustainability	Mixed Methods	Performance reviews improve ROA and efficiency	Performance Measurement, Financial Viability
Alsharari et al. (2020)	Internal Control in Public Sector Performance	Survey	Strong internal controls enhance transparency and performance	Internal Control, Financial Performance
Asmamaw & Abate (2018)	Budgeting and Performance in Ethiopian MFIs	Quantitative	Activity-based budgeting improves planning and cost management	Budgeting, Financial Planning
Timsina & Paudel (2019, Nepal)	Performance Measurement in Nepali MFIs	Survey and Regression	Performance tools improve profitability and retention	Performance Measurement, Profitability
Kebede (2015)	Internal Control in Ethiopian MFIs	Quantitative	Control weaknesses cause financial losses; fraud detection improves viability	Internal Control, Financial Viability
Sharma & Bhandari (2021, Nepal)	MCS and Institutional Efficiency in MFIs	Audits and Interviews	Control systems reduce overhead and improve portfolio performance	MCS, Internal Control, Portfolio Quality

Kassaye & Abera (2020)	Internal Audits and MFI Performance	Quantitative	Frequent audits reduce credit risk and enhance repayments	Internal Control, Risk, Portfolio Quality
Dhungana & Rijal (2024, Nepal)	Perceived Performance and Budgeting in Small MFIs	Quantitative	Budget reviews aligning strategic control and decision-making	Budgeting, Perceived Performance
Mohammed & Ismael (2019)	Portfolio Quality and MCS in Sudanese MFIs	Field-based	Real-time loan tracking reduces delinquencies	MCS, Portfolio Quality
Regmi & Karki (2023, Nepal)	Budgeting and Performance in Cooperative MFIs	Case Study	Strategic budgeting improves efficiency and growth	Budgeting, Financial Performance
Girma & Tadesse (2022)	Control Systems and Portfolio Risk	Quantitative	Risk indicators improve repayment and satisfaction	Internal Control, Portfolio Quality
Thapa & Gurung (2025, Nepal)	MCS and Financial Viability in Nepali MFIs	Survey and Regression	Budgeting and audits improve resilience and reduce defaults	MCS, Budgeting, Financial Viability

Research Gap

While the world has shown an increasing interest in the impact of management control systems, internal controls and budgeting in financial performance, this has been largely untapped in Nepalese microfinance institutions (MFIs). Overall, this literature seems to be focused on commercial banks and international development financial institutions, but this ignores the different challenges and constraints faced by Nepalese MFIs. While a few studies attend to particular components of MCS, say, like auditing or budgeting, none really gives an aggregated analysis of how all such elements combine in the MCS to affect financial indicators, inter alia, profitability, loan portfolio strength, and institutional reliability (Olayemi & Akinleye, 2019; Yismaw& Tefera, 2021).

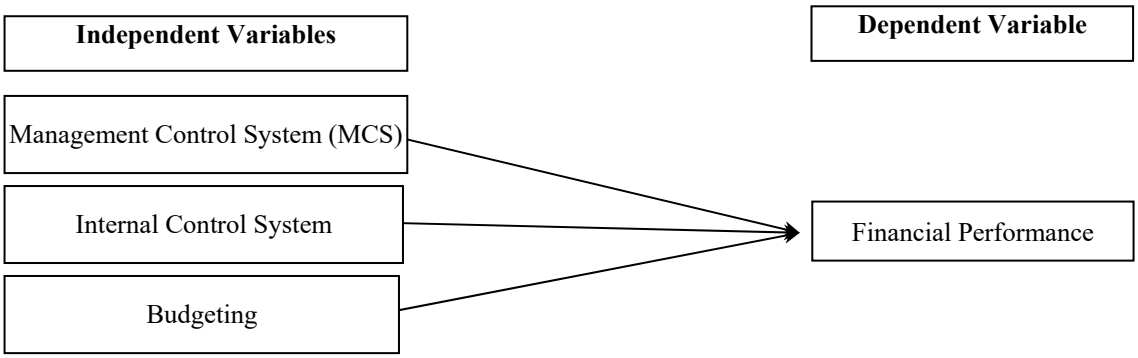
In all, most of the empirical work on Nepalese MFIs is thin in construct, and much reliance is based on descriptive approaches rather than advanced statistical methods to establish cause and Effect relationships. Another gap is in missing the perceived financial outcomes and non-financial dimensions of the evaluation of institutional effectiveness. This links back to what was raised earlier about perceived financial results and non-financial dimensions of institutional effectiveness.

Since most of these operations are based in rural and semi-formal setups in Nepal, the variance in the financial literacy levels and observance of regulatory bodies among clients is quite large. Accordingly, it is important to study how budgeting system and the internal control systems shape performance (Basnet, 2022; Dhungana & Rijal, 2024).

This study fills the gap in the above research by inferring an integrated and empirical examination of the link between MCS and financial performance of MFIs in Nepal. It combines both objective and subjective performance measures, done through descriptive and inferring statistics simultaneously. Thus, the research sought to provide some implications for the managers, regulators, and policy makers to achieve more efficiency, governance and sustainability by adopting effective control systems.

Figure 1

Conceptual Framework



Independent and Dependent Variables

Variable Type	Variable Name	Explanation
Independent Variable	Management Control System (MCS)	Management Control System (MCS) is a set of formal processes and practices to coordinate employees' efforts with the financial and strategic goals of institutions. This includes aspects such as planning, monitoring and review. For microfinance institutions (MFIs), MCS serves as a coordination tool to enhance decision-making, allocation and efficiency. MCS mitigates risks, improves accountability and internal discipline. In the case of Nepalese MFIs, these systems help them ensure financial control and drive better performance (Anthony & Govindarajan, 2007; Otley, 1999).
Independent Variable	Internal Control System	Internal controls are policies and procedures put in place to safeguard assets, comply with laws and regulations and reduce errors in financial transactions. These are audits, risk management, authorizations and monitoring. Internal controls are crucial for microfinance institutions as they reduce the risk of frauds, errors and misstatements. In a country like Nepal where MFIs operate in remote and decentralized regions, internal control measures ensure accountability and trust and facilitate financial sustainability. These processes have a transparency effect and "serve as a foundation for the credibility of the institution" (COSO, 2013; Basel Committee, 2012).
Independent Variable	Budgeting	Budgeting refers to financial planning for resource allocation according to the objectives and priorities of the organization. It is an important control mechanism in MFIs as it projects revenues and expenditure to inform decision making.
Dependent Variable	Financial Performance	Budgeting is an important financial control mechanism and crucial for planning and sustainability. Any good system sets goals, encourages scrutiny and discipline in financial dealings. An example of such a system is formal budgeting systems, which are used to achieve targets, spending control and move towards long-term goals in Nepalese MFIs (Horngren et al., 2014; Hope & Fraser, 2003).

Methodology

This study adopts a quantitative research design and uses both descriptive and causal-comparative research designs to investigate the impact of management control systems on the financial performance of microfinance institutions in Nepal. The population includes all registered MFIs in Nepal, from which a sample of ten MFIs were selected, taking into account the age and geographical spread of the institutions. The research gathered information from 150 managers and officers in charge of finance through a questionnaire based on a five-point Likert scale. Primary data were collected via Google Forms, and secondary data via annual reports, Nepal Rastra Bank publications and academic papers. The model comprises three independent variables management control systems, internal control mechanisms, and budgeting and one dependent variable financial performance, measured by perceived performance, practices of measurement, profitability, quality of the portfolio of loans and long-term sustainability (Anthony & Govindarajan, 2007). Descriptive statistics (mean, standard deviation, frequency distribution) and inferential techniques (correlation, multiple regression) were used to summaries the data and assess the relationship between the variables, respectively. The data were analyzed using statistical software SPSS, and a 95 percent confidence level was used to test the hypotheses (Field, 2013).

Table 1

Descriptive Analysis of Management Control System (MCS)

Statement	Mean	S. D
1. Our institution has clearly defined control procedures for achieving strategic goals.	3.15	1.38
2. Managers regularly review performance against set targets.	2.76	1.40
3. There is a formal system to track departmental performance.	3.02	1.45
4. Feedback and corrective actions are part of our control practices.	3.15	1.49
5. Control systems are aligned with organizational policies and objectives.	2.95	1.46

The results in Table 1 show that the management control system (MCS) of microfinance institutions in Nepal is at an intermediate level. The highest agreement among the respondents was regarding the presence of well-defined operational procedures and formal feedback mechanisms, with mean scores of 3.15. Conversely, the processes related to performance reviews (Q2) appeared to be less developed, with the lowest mean score of 2.76. The relatively consistent standard deviations around 1.4 observed across variables reflect the variability across MFIs. Overall, these findings show that while certain control elements are present, their potential effectiveness may be compromised by variable implementation among institutions - a conclusion that adds to the study's argument about enhancing MCS and its subsequent impact on organization and financial performance.

Table 2

Descriptive Analysis of Internal Control System (ICS)

Statement	Mean	S.D
1. Regular internal audits are performed in our institution	2.92	1.42
2. There is a segregation of duties for risk and fraud prevention.	3.02	1.42
3. Financial statements are reviewed and verified by various parties.	2.95	1.46
4. There are defined approval levels for financial transactions.	2.89	1.42
5. Risks are managed and assessed.	3.08	1.44

The evidence in Table 2 suggests that internal control systems are only moderately adopted in Nepal's microfinance sector. Interestingly, among the five indicators, the highest mean score (3.08) was observed in the component of internal control practices relating to proactive risk identification and management, suggesting it is the most common internal control practice. In contrast, the lowest mean score of 2.89 was obtained for approval authority of financial transactions, which reflects somewhat weaker control in authorizing financial transactions. The other indicators (frequent internal audit (Mean = 2.92), segregation of duties (Mean = 3.02), and multi-party

review of financial reports (Mean = 2.95)) were all found to lie in a narrow middle zone - meaning that the overall level of internal control implementation is almost moderate. Relatively high standard deviations (around 1.4) across all items suggest considerable variability between institutions in the adoption of these practices. Overall, these results imply that whilst the basic components of internal control practices are in place in Nepal's microfinance sector, their sporadic nature of adoption may put a limit on their effectiveness - thus justifying the rationale of the current study, which is to focus on strengthening the internal control systems of these institutions as a way to improve financial performance.

Table 3

Descriptive Analysis of Budgeting

Statement	**Mean**	**S.D**
1: Annual budgets are prepared in a structured and timely manner.	2.89	1.41
2: Budget plans are aligned with strategic and operational goals.	3.17	1.40
3: Budget performance is reviewed regularly by management.	2.99	1.44
4: Variance analysis is conducted to assess actual vs. budgeted performance.	2.95	1.45
5: Department heads are involved in the budgeting process.	3.25	1.40

Table 3 suggests that budgeting practices in microfinance institutions in Nepal are fairly well-developed. The highest mean score (3.25) for Q5 indicates a strong practice of involving individual departments in the budgeting process, implying that heads of those departments are active participants in the decision-making process. In contrast, the lowest mean score of 2.89 for Q1 points to less formal budget preparation, suggesting there is still potential for improvement. Standard deviations around 1.4 for all items suggest a relatively high degree of variability in the adoption of budgeting practices across the institutions. Overall, these findings highlight a need to create more structured and disciplined budgeting practices to lay the groundwork for improved financial performance - a major focus of this study.

Table 4

Descriptive Analysis of Performance Measurement

Statement	Mean	S. D
1. Key financial performance indicators are clearly defined and used.	3.25	1.38
2. Performance results are shared across departments.	2.91	1.41
3. Financial performance is evaluated against set benchmarks.	3.05	1.47
4. Our institution uses both financial and non-financial metrics for evaluation.	3.01	1.38
5. Management uses performance data for decision-making.	3.01	1.48

Table 4 shows that performance management practices are moderately practiced in microfinance institutions in Nepal. Q1 has the highest mean score (3.25), suggesting that indicators of financial performance are quite clear and are in use in these institutions. On the other hand, Q2 has the lowest mean with 2.91, implying that there is a significant gap in effective performance data-sharing between departments which must be improved. The standard deviations of around 1.4 for the indicators indicate there is moderate variability in the extent of performance measurement practices across institutions. These results highlight the need to strengthen practices of performance measurement as a key approach to improving microfinance institutions' performance.

Results

The research found a strong positive association between management control systems and financial performance of microfinance institutions in Nepal.MFI having formal MCS (planning, monitoring and reporting) showed better perceived financial performance (Anthony & Govindarajan, 2007). Internal control systems improved profitability and portfolio performance by minimizing loan defaults and improving discipline (COSO, 2013; Basel Committee, 2012). Budgeting also positively influenced profitability, as budgeting helps to control costs (Horngren et al., 2014).

Table 5

Correlation Analysis

Variables	MCS	ICS	Budgeting	PM
MCS	1.00			
ICS	0.61**	1.00		
Budgeting	0.58**	0.57**	1.00	
PM	0.65**	0.59**	0.62**	1.00

The variables are all moderately linked (Table 5). The highest correlation (0.65) is between MCS and PM, so better control systems lead to better performance monitoring. ICS also enhances budgeting and evaluation. This justifies the paper's emphasis on control systems' effect on financial performance.

Table 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.573	0.328	0.289	0.372

The model explains 32.8% of the change in financial performance (Table 7). The R (0.573) value suggests a positive correlation between the variables, and the model is a good fit.

Table 10

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.205	4	0.801	8.491	0.000
Residual	20.358	146	0.139		
Total	23.563	150			

As shown in Table 10, the overall regression model has a significant effect with F-value of 8.491 and significance (p-value) of 0.000. It implies that the overall effect of management control system, internal control system, budgeting and performance measurement has an effect on financial performance.

Table 10

Coefficients Analysis

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	3.29	0.50		6.56	0.000
MCS	-0.17	0.08	-0.24	-2.05	0.042
ICS	0.06	0.07	0.10	0.88	0.378
Budgeting	0.00	0.09	0.00	0.00	0.998
PM	0.01	0.09	0.02	0.16	0.875

In table 10, it can be seen that only the management control system (MCS) is significantly and negatively impacting financial performance (Beta = -0.24, p = 0.042). The other variables - internal control system, budgeting and performance measurement - do not significantly affect financial performance, with their p-values greater than 0.05.

Discussion

This research provided valuable information on the Management Control Systems (MCS) of Nepalese microfinance institutions (MFIs). It found institutional management is underpinned by three key factors: internal controls, budget and performance measurement. In general, most MFIs were found to have fairly developed control systems, particularly for budgeting which has adopted formal practices. Greater variability was evident in the practice of performance measurement. Respondents showed the highest agreement to all the statements on the clear standard operating procedures and feedback mechanisms and were relatively less satisfied with the systematic use of performance reviews.

Overall, the effectiveness of control systems was satisfactory, with internal controls being the highest rated assessed in this study. Active risk management was positively rated, but shortcomings were detected in the approval process (soft or weak controls in this area). However, budgeting processes were more advanced. Department heads were

actively involved in this process and showed ownership of, and commitment to, the budgeting process. Nonetheless, the preparation of the budget tended to be more formalized, with minimal opportunities for consultation and involvement between units.

In terms of performance management, financial performance measures were the most commonly emphasized and well-defined. But we found that the sharing and diffusion of performance information within units was insufficient which prevented greater knowledge-learning and coordinated decision-making.

The statistical findings also measured relationships between the independent variables, with the highest direction between management control systems (MCS) and performance evaluation (PE). This may indicate more stringent control systems are associated with better monitoring and evaluation of performance outcomes. Using regression analysis, we also confirmed the presence of a strong link between financial performance and management control systems, although the short-term impact of internal controls, budgeting and performance measurement individually was less significant. While the model explained 32.8% of the variation in financial performance, the findings suggest a strong integrated control system is important for improving institutional efficiency.

Taken together, the results speak to the role of MCS in influencing financial performance among the MFIs in Nepal. Improved control systems not only enhance profitability but also protect portfolio quality - a critical factor that defines the survival chances of institutions. The findings also point to the need to build institutional capacity in terms of knowledge in internal auditing, budgeting, and performance measurement and ensure their alignment with institutional strategy. Enhancing these skills can support a microfinance sector in Nepal which is more efficient, robust and sustainable in the long run.

Conclusion

This study examined the various components of Management Control Systems (MCS) i.e internal controls, budgeting and performance measurement - and their relative impact

on the financial bottom-line of microfinance institutions (MFIs) in Nepal. The statistical descriptive analysis revealed that although basic control processes are in place within most of the sample institutions, the level of adoption is not high, and there is considerable institutional variability in the level of adoption and effectiveness of implementation.

Budgeting was found to be the most adopted among the three components of MCS investigated, with the highest mean score of 3.74 (SD = 0.62). This is reflected in active involvement of department heads in process of resource allocation and management and indicates that budgeting has become relatively institutionalized in the decision-making structures of MFIs. Internal control systems were the second most adopted component, with a mean score of 3.62 (SD = 0.68). In this category, 52 percent of respondents strongly agreed that the transaction approval procedures were rigorously followed, while relatively higher proportion (68 percent) acknowledged that the proactive risk management measures were efficiently implemented.

By contrast, the dimension with the lowest mean score was performance measurement, indicating that this element is the weakest of those evaluated. Notably, 46 percent of respondents strongly agreed that performance results were regularly shared and disseminated throughout the different divisions of their respective institutions, suggesting a significant lack of functional integration and information sharing.

These results collectively suggest that while Nepalese MFIs have set in place basic management control systems, these systems are being implemented unevenly and, in some instances, not rigorously. These findings highlight a pressing need for greater coherence, transparency and strategy alignment in the application of MCS components - the answer to improving institutional, managerial and financial performance (Anthony & Govindarajan, 2007).From the results of correlation analysis, all variables in the study were found to be generally positively related to one another, but the strength depended on the association. The correlation between MCS WM and perf meas WM was very high at $r = 0.65$, $p < 0.01$, showing that institutions that had well-developed meaning

systems would also hold an easily systematic way of monitoring. There was a moderate positive relationship with internal control systems, both in budgeting, $r = 0.58$, $p < 0.01$, and performance appraisal, $r = 0.55$, $p < 0.01$. Basically, systems would be generally interdependent in organizational structures. On its part, financial performance moderately related positively to all the independent variables; hence, it can be affirmed that each factor has its contribution to outcomes, though not consistently. These findings re-emphasized the argument that, among the MFIs, financial sustainability is secured in the proper operation of control systems taken as a whole, and not isolated practices but combined in strength (COSO, 2013; Basel Committee, 2012).

In this case, since the variables are statistically low, a regression analysis would equally go a long way to help bring out the cause-and-effect relationship that exists regarding MCS and financial performance. The model explained 32.8% of the variance in financial performance ($R^2 = 0.328$, Adjusted $R^2 = 0.312$, $F = 12.45$, $p < 0.001$); that is a moderate level of explanation. No association was found between the beta values for internal control, budgeting, and measuring performance. All are positive but not significant, showing that each of his elements would input financial discipline, though not able to confirm performance improvement unless they are integrated into some bigger system. It only further suggests that it is in contextual adaptation, not the rigid enforcement of formal structure (Field, 2013; Olayemi & Akinleye, 2019).

Practical and Policy Implications for the Microfinance Sector of Nepal

The findings will have practical and policy implications for the microfinance sector in Nepal. It will give policy implication to regulatory bodies such as Nepal Rastra Bank to mainstream standardized MCS at all levels and to capacitate more personnel on matters of auditing, budgeting, and performance monitoring at both institutional and national levels. The other implication for the practitioners is that the control systems should not be very rigid, but flexible depending on the size of the institution, market conditions, and the availability of resources. Risk management, participatory budgeting and information about performance for departmental reporting are the ways to achieve better

financial performance. The findings show that MCS is vital to forecast the financial performance, which is profit, portfolio quality and sustainability of the company, though it's complicated. So, the key to sustainable growth in the microfinance industry of Nepal is to enhance effective resilience with improved connections among controls at the bottom and flexibility (Shrestha & Adhikari, 2020; Thapa & Gurung, 2025).

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Questionnaire

Section A: Demographic Information

1. What is your job title in the microfinance institution?

- ☐ BranchManager
- ☐ Finance Officer
- ☐ Internal Auditor
- ☐ Administrative Staff
- ☐ Other (please specify): _____

2. How long have you been in the microfinance industry?

- ☐ Less than 2 years
- ☐ 2−5 years
- ☐ 6−10 years
- ☐ More than 10 years

3. What is your highest level of education?

- ☐ High School
- ☐ Bachelor′s Degree
- ☐ Master′s Degree or above
- ☐ Professional Certification (e.g., CA, ACCA)
- ☐ Other (please specify): _____

4. In which province is your institution located?

- ☐ Province 1
- ☐ Madhesh
- ☐ Bagmati
- ☐ Gandaki
- ☐ Lumbini
- ☐ Karnali
- ☐ Sudurpaschim

5. What is the type of microfinance institution you work in?

- ☐ Private Microfinance Company
- ☐ Cooperative-based MFI
- ☐ Government-affiliated MFI
- ☐ NGO/INGO-supported MFI
- ☐ Other (Please specify): .....

Section B: Variables-Based Questions

Please tick the option that best represents your agreement with each statement.
(1 = Strongly Disagree , 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

Variable	Statements	1	2	3	4	5
1. Management Control System (MCS)	**1:** Our institution has clearly defined control procedures for achieving strategic goals.					
	2: Managers regularly review performance against set targets.					
	3: There is a formal system to track departmental performance.					
	4: Feedback and corrective actions are part of our control practices.					
	5: Control systems are aligned with organizational policies and objectives.					
2.InternalControl System	**1:** Internal audits are conducted regularly in our institution.					
	2: Segregation of duties exists to minimize risk and fraud.					
	3: Financial reports are reviewed and verified by multiple parties.					
	4: There are defined approval levels for financial transactions.					
	5: Risks are identified and managed proactively.					
3. Budgeting	**1:** Annual budgets are prepared in a structured and timely manner.					
	2: Budget plans are aligned with strategic and operational goals.					

	3: Budget performance is reviewed regularly by management.					
	4: Variance analysis is conducted to assess actual vs. budgeted performance.					
	5: Department heads are involved in the budgeting process.					
4. Perceived Financial Performance	**1:** Our institution is financially stable based on management's assessment.					
	2: Staff believe that the organization is operating profitably.					
	3: The current financial position is considered satisfactory by top management.					
	4: Financial targets are usually met as planned.					
	5: Management has a positive outlook on future financial trends.					
5. Performance Measurement	**1:** Key financial performance indicators are clearly defined and used.					
	2: Performance results are shared across departments.					
	3: Financial performance is evaluated against set benchmarks.					
	4: Our institution uses both financial and non-financial metrics for evaluation.					
	5: Management uses performance data for decision-making.					

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Quality of Work Culture and Employees' Satisfaction

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Abstract

This research article examines the complicated relationship between work culture and employee satisfaction within the context of the Nepalese banking sector, with a specific focus on Sudurpaschim province, Kanchanpur Mahendranagar. The findings disclose main aspects of work culture, employee satisfaction, and factors influencing both. The study contributes valuable insights to the ongoing discourse on the banking industry's challenges and prospects in Nepal. The research has found the factors contributing to the quality of work culture (QWC) in Nepalese banks and proposes strategies for improving work culture to encourage employee satisfaction, commitment, and loyalty. The study appraises work culture variables, their effect on employee satisfaction, and the correlation between them. Research inquiries look into work culture variables, their effects on employee satisfaction, and potential correlations. Hypotheses evaluate the significance of the association between work culture and employee satisfaction, including the impact of demographic variables. The significance of is in its contribution to considerate the dynamics of work culture and employee satisfaction in the evolving Nepalese banking industry. The conclusions, based on a comprehensive survey of 29 bank branches in Mahendranagar, offer insights into management practices, employee perception, and areas for improvement. The study concludes with practical recommendations and implications for policymakers, organizational leaders, and future research directions.

Keywords: *quality of work culture, work culture, employees' satisfaction, Nepalese Banking sector*

Introduction

Work culture has emerged as a focal point in the study of organizational behavior. The prevalent type of workplace culture within an industry significantly influences employee conduct. Productivity, employee satisfaction, absenteeism, motivation, turnover rates, and overall company performance are intensely affected by the

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workplace culture. The influence of work culture on output, revenue, and overall organizational effectiveness has garnered increased attention from top management. Work culture is also the entire effect that leadership strategy, employee conduct, workplace amenities, and organizational norms have on a worker or internal stakeholder. It has measured as having a positive or negative workplace culture.

The idea that work culture relates to the meanings attached to work-related activities within the context of society norms and values was further supported by Sinha (1990). These attitudes, rules, and principles are often contextualized inside an organization. The human resources, goals, and job-related demands and beliefs of employees complement the constraints on an organizational resources, goals, and human capital. The organizational culture only manifests itself at work, where it frequently promotes customer experience, teamwork, and continuous process improvement. It is also explained in terms of the philosophies and ideals of the organization. It reinforces the values of honesty in words and actions among the staff.

Schein (1999) divided the organizational culture into three levels. The first level, which is the most visible level, consists of taught values, beliefs, principles, and assumptions that are essential to the organizational performance. The distinction between operating values and stated values are seen in the second level, or espoused, values of a company. These values dictate how the personnel should behave. The third level includes specific results and actions that demonstrate preferences for organizational ideals

As per Hidayat (2017) a work culture is founded on the assumption that the attitudes, ideas, beliefs, and actions. They understandable as a profession in the workplace are derivable from the norms, customs, and movement within a group (Machwati & Wibowo, 2015). Workplace culture is a method of thinking that encourages self-assurance based on employee ideas that would allow them to function at their best during their employment. Arianto (2013) stated that the level of job satisfaction among employees is an indicator of a company healthy workplace culture and has used to determine an organization's performance (Wibowo & Machwati, 2015). Workplace

culture represents the fundamental framework of shared ideologies, attitudes, and beliefs that guide how organizations perceive and respond to opportunities and

challenges. Mardiana and Kurniawan (2019) stated that development of a strong work culture is a crucial internal objective since the philosophy of success is centered on the formulation of principles that provide the workplace with a broad orientation. An organization conduct norm for every employee from the top to the bottom. Workplace culture is influenced by a corporation culture. It is a collection of ideas and ideals that the organization supports for both the internal and external social systems.

Employee satisfaction is reflected in the achievement and sense of accomplishment at work. Employee happiness is often perceived to have a direct correlation with both individual satisfaction and productivity in the workplace. It refers to the view of finding fulfillment in one's job, enjoying the work performed, executing it proficiently, and receiving appropriate recognition or rewards for these efforts. It also conveys happiness and excitement for one's job. Employee satisfaction is the key determinant of recognition, earnings, promotions, and the achievement of other goals that produce a sense of fulfillment.

The most valuable asset is a committed, contented, and happy employee of an organization. An industrial staff is important in both production and profitability. Effective HRM and keeping higher levels of job satisfaction in industries impact the economy generally as well as the growth and success of the company. Employee satisfaction affects both the organization's health and its labour relations. It affects a variety of workplace behaviours, such as absenteeism, accidents, and employee turnover. Numerous studies have focused on these aspects of job behaviour.

Kaliski (2011) employee success and sense of accomplishment at work are indicators of employee satisfaction. There is a commonly held belief that employee happiness is directly linked to both personal well-being and productivity. It encompasses having a job that one finds enjoyable, executing it effectively, and receiving compensation for it. Moreover, it implies experiencing joy and enthusiasm for one's work. Employee satisfaction serves as a crucial element that generates acknowledgment, financial gains, career advancements, and other outcomes that contribute to a sense of fulfillment. Silvestro (2002) studied that measuring employee happiness at work and finding out

what makes them happy are essential to an organization's success and boost profitability for competitive advantage.

The study has determined the degree of employee satisfaction, as well as to examine how work culture affects that level of satisfaction and the relationship between work culture and employee satisfaction. The particular objective of this research includes, to analyze the effectiveness of the work culture on employee satisfaction in the private banks of Mahendranagar. To explore the relationship between work culture and employee satisfaction in the private banks of Mahendranagar.

Literature Review

Several researchers have conducted some research on this subject. Here are a few of the reviewed theses that can help us better comprehend their aims, the statistical methods they employed, and the main outcomes of their research.

Acharya (2017) performed a study on workplace culture and business performance in Nepalese commercial banks culture contributes to an organization's improvement in terms of profitability and shareholder value. The study was based on primary data, and 31 commercial banks received 125 questionnaires overall. Several assistants, officers, managers, and stockholders participated in the survey. The study concluded that banking culture relates to correct power delegation, training, orientation, coordination, organizational learning, norms, values, and agreements that serve to increase organizational performance in terms of profitability and shareholder value.

Shrestha (2015) examined a study on workplace culture and business performance in Nepalese commercial banks. It showed the engagement, consistency, adaptability, and mission are the most crucial elements in preserving a positive bank culture. The findings also indicated that an effective culture has a greater effect on employees' performance levels. The study concluded that an effective culture encourages personnel and improves coordination and control.

In the 1980s, the concept of work culture became increasingly popular (Peters & Waterman, 1982). They looked at successful businesses to see what they had in

common and discovered that each successful company could create a strong and uniting culture with a shared vision. When the terms corporate culture, work culture, and organizational culture became popular, Ouchi (1981) described most frequently utilized as the standard definition. Specifically, how things are done here. In addition to offering a condensed definition of culture, Ouchi investigated Japan's expanding economic success and claimed that the country's large corporations' highly effective work cultures were largely responsible for Japan's economic hegemony. Culture is made up of the daily behaviours that one picks up out of habit. It is a set of thoughts, emotions, deeds, and works produced by people in social interactions that are connected to them by events in the communal lives of those people (Koentjaraningrat,2002). The uniqueness of the many ethnic groups and the geographical features of a place combine to create this situation. Since human life usually occurs in groups, diverse ethnic groups are created that share common beliefs and values and utilize those as the foundation for establishing their own set of norms. Work culture is a philosophy built on the idea that life's values may be seen as qualities, habits, and motivators that has fostered within a group and are represented in attitudes into conduct, aspirations, ideas, and views that appear as work.

Newstrom and Davis (1989) highlight that a positive work culture is a fundamental aspect of a successful work unit or organization. It provides a sense of identity, stability, and safety, motivates employees, promotes positive relationships, and supports the development of human resources. These elements contribute to success and effectiveness of the organization. Hunger (2013) highlights the importance of cultural alignment within business units and across the organization. When there is strong cultural intensity and integration, it can lead to consistency in behaviour and a more cohesive organizational culture, which has beneficial for the organization's overall effectiveness and identity.

Work culture encompasses attitudes, beliefs, and actions in the workplace that stem from the values, routines, and dynamics within a group (Hidayat, 2017). It adopts a

mindset that promotes self-assurance based on employees' shared beliefs, empowering them to perform at their best (Machwati & Wibowo, 2015). The level of employee job satisfaction serves as a significant indicator of a company's positive work culture, reflecting the organization's overall success (Arianto, 2013).

This workplace culture represents the core set of shared assumptions, attitudes, and notions shaping an organization's thinking and approach toward challenges and opportunities (Machwati & Wibowo, 2015). Work culture is deeply ingrained and persistent within an organization, making it challenging to alter (Robbins & Judge, 2013). Each organization possesses a distinct work culture, contributing to the complexity of modifying or changing it.

According to Dewhirst (1971) subordinate personnel always adhere to the policies, practices, and workplace norms that their managers and leaders accept and put into practice. Harrison and Stroke (1992) stated Culture within an organization is akin to personality within an individual. It distinguishes one organization from another, characterized by its distinct set of beliefs, values, work styles, and interpersonal dynamics.

Schein's (1992), model emphasizes that to understand and influence an organization's culture, one must go beyond the surface-level artifacts and behaviours and delve into the deeper levels of espoused values and basic assumptions. Changing an organization's culture often requires addressing these deeper levels, which may be more resistant to change than the more visible aspects of culture.

Haines (2000) suggests that every person holds their beliefs, which form individual values, and when combined, these values contribute to shaping the culture of an organization. This unique work culture is highlighted by Mohe (2008) as a crucial factor within each company. According to Agrawal and Tyagi (2010), it is essential for managers and executives to comprehend organizational culture as it influences how their companies adapt to changes in the business environment. They also point out that

despite various definitions, there are recognizable recurring elements that are vital in understanding work culture.

There is a recurring theme that work culture is a universal phenomenon. This component is based on the notion that workplace culture is a learned product of interactions within a bounded group. Another recurring theme is that the majority of experts suggest that work culture includes two or more levels, including more profound, intangible levels. The concrete layers are connected to social and physical environments, written and spoken language, and behavioral patterns. The most profound, intangible levels include the group's ideals, objectives, worries, or fundamental presumptions.

Pryce (2004) provided information on the organizational culture profile in hotels. It identified 28 elements of organizational culture and proposed that the OC of hotels as a whole may be characterized as one emphasizing value, teamwork, rituals, client orientation, training, role ambiguity, and the importance of the job above all else.

Several managerial implications were proposed by Yoon (2006), based on his empirical findings. It said that in addition to having an impact on organizational factors like work effort and job satisfaction, employee perceptions of workplace culture also have an impact on how consumers rate the quality of their services. The consensus is that in order to adoptive a service-oriented atmosphere and supportive managerial environment, it is imperative to deliberately devise and implement diverseorganizational policies. These policies may encompass aspects like encouraging employee involvement, defining specific service codes, introducing rewards or recognition for exemplary service performance, and prioritizing continuous employee learning initiatives.

Jafari and Rezaei (2007) identified 9 traits and 42 constituents. Five fundamental components (i.e., "philosophy and goals, theoretical foundations, conceptual framework (scientific culture, innovation/entrepreneurship culture, quality-oriented culture,

knowledge-oriented culture, programming culture, answering culture, collaboration/contribution culture, life-long learning culture, and networking culture), executive phases and assessment, engineering") were included in the model.

Gillespie et al. (1996) suggested that the corporate culture is highly and favorably associated with both employee and customer satisfaction. To increase employee and customer happiness, an organization's culture may need to be examined and modified.

An employee's favorable feelings about their work and their workplace are referredto as job satisfaction. When an individual's expectations are met, they are satisfied,and they behave in a way that the organization expects them to. (Pitaloka & Sofia, 2014). Peer support, working conditions, supervisor quality, job accomplishment, and level of responsibility are some of the more important determinants of job happiness. (Yasin et al., 2020).

These elements are significant facets of workplace culture; hence it is plausible to claim that workplace culture influences employee job satisfaction. Additionally, how grievances are handled, which is a component of workplace culture, has an impact on employee commitment and satisfaction (Fiorita et al., 2007). A positive work environment improves management and employee communication. The culture encourages each employee to create and share ideas, views, and opinions to enhance present performance levels. Additionally, work culture gives each employee a senseof belonging.

Organizational commitment and job satisfaction are strongly correlated (Prasetio et al., 2017). Employee engagement and job involvement improve with job satisfaction (Ulibrk et al., 2018). (Khalaf et al., 2019) i.e., effective work habits. Performance level, absenteeism, and intent to leave the company are all directly impacted by job satisfaction. Employee satisfaction reflects a favorable attitude toward management, the style of leadership, and organizational policy.

Bakoti (2016) examined the positive workplace behaviours such as a willingness to accept responsibility, taking the initiative to solve organizational problems,

cooperation, and teamwork, has an impact on both individual and organizational performance. Thus, workplace culture affects employee job satisfaction, which in turn drives productive work behaviour.

The link between non-monetary methods and commitment is mediated by job satisfaction (Mahmood et al., 2019). A negative association with job turnover intention, it is the determinant of commitment (Tarigan & Ariani, 2015). Employee engagement at work rises as a result of employee satisfaction. Positive commitment is a result of job satisfaction, although higher levels of satisfaction may not always translate into larger levels of commitment (Gautam, 2017). Workplace culture influence job satisfaction and corporate citizenship behaviour (Ilies et al., 2009).

Employee satisfaction and a sense of achievement within their roles serve as pivotal markers of their contentment at work. These elements are commonly perceived to be directly linked to both personal welfare and productivity. Employee happiness encompasses several aspects: enjoying the job itself, executing it proficiently, and receiving compensation for it. It also embodies a sense of delight and enthusiasm for the work being performed. Employee satisfaction is a crucial factor contributing to recognition, increased revenue, career advancements, and other positive outcomes that conclude in a profound sense of fulfillment (Kaliski & Burton, 2011).

Satisfaction is an important human outcome of organizational activity (Schneider,1985). Therefore, to increase employee happiness, firms should work to meet their expectations. The emotional state of the workers may also have an impact on their contentment. As a result, the managers are compelled to establish and maintain the ideal working conditions in their firms. On the other hand, one of the fundamentals of organizational citizenship behaviour is employee satisfaction.

Tyler et al. (1995), the relationship between the manager and the employees is the main factor in employee satisfaction. Reduced performance, higher stress levels, and increased absenteeism are all effects of a poor employee-boss relationship. Thus,

placing greater emphasis on improving relationships between employees and their supervisors will result in increased employee satisfaction. s to commit to working for that company for the entirety of their careers.

Customer-focused behaviour in service-based sectors is predicated on HR challenges, including employee happiness Hoffman et al. (1992). Employees are dissatisfied with their jobs won't provide quality services (Zeithalm et al., 1990). It is known that employee happiness precedes conduct that is focused on the needs of theconsumer. One measure for determining the health of an organization is employee satisfaction (sometimes referred to as job satisfaction). Effective service delivery is highly dependent on the human resource (Brignall et al., 1994). It contented workers

will impact the level of service they deliver. Employee satisfaction is seen as a key success factor for businesses.

Various definitions of job satisfaction emphasize the significance of how workers perceive their jobs, bridging the gap between their expectations and what they actually receive. Some researchers focus on overall job contentment or even the quality of life experienced by employees. Statt (2004) describes job satisfaction as an employee's level of contentment with the rewards and aspects of their profession, particularly in terms of intrinsic motivation.

Armstrong (2006) described job satisfaction as the sentiment and behavior individuals hold toward their jobs. It suggests that a positive and favorable attitude toward work signifies satisfaction, while a negative and unpleasant attitude indicatesdissatisfaction.

George et al. (2008) elaborates that employee satisfaction comprises a collection of thoughts and opinions individuals have about their current jobs. These attitudes may encompass various aspects of their occupations, including the nature of their work, relationships with colleagues, superiors, or subordinates, as well as their compensation.

If employees are not treated appropriately, customers will inevitably notice, which is always highly expensive for the company. When employees are happy, they are more loyal and effective (Hunter et al., 1997) and these happy employees have an impact on customer satisfaction and organizational productivity.

Potterfield (1999) Dissatisfied workers will take more sick days (putting more work on their coworkers), be less enthusiastic about the goods and services offered by their employer, and even express their unhappiness in public. When a company shows concern for its workers, it will undoubtedly receive support in return. Employee happiness is better when an organization invests in the welfare of its workers.

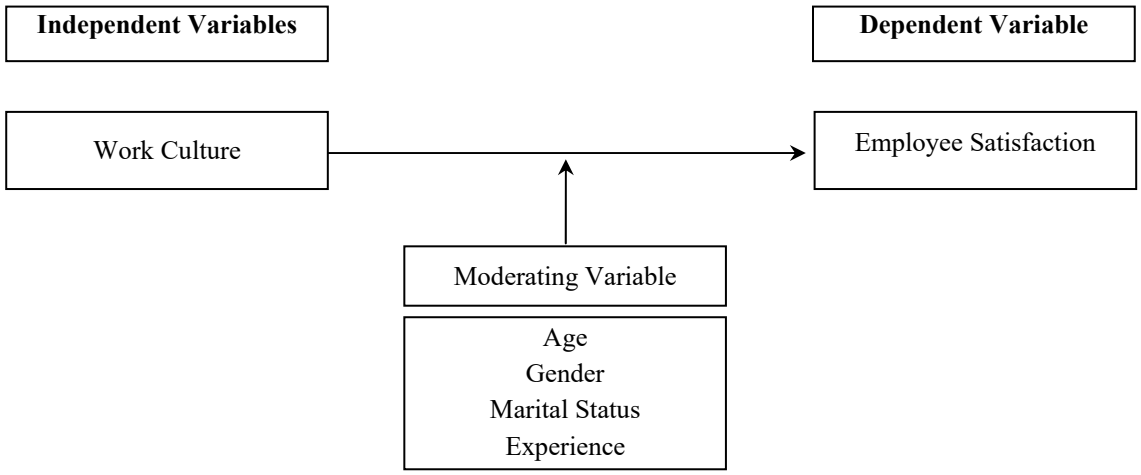
Taylor (2000) examined organization's investment in its employees' well-being has a clear correlation with job satisfaction. It is asserted that unhappy workers are more likely to perform poorly (Colbert & Heller, 2001) and display a lack of commitment (Chen et al., 2000). For academics to comprehend job attitudes Locke (1976), comprehend job dimensions, which are intricately intertwined. He included "work, compensation, promotions, recognition, benefits, working conditions, supervision, coworkers,company, and management" as the typical elements of employee happiness.

Conceptual Framework

The structural research framework known as a conceptual framework is where pertinent research variables are analyzed. It directs the researcher as they move the research project along. The conceptual framework evaluates the study and organizes it in a remedial way. The conceptual framework serves as the researcher's blueprint and is where the plans for directing the investigation are written. It serves as the foundation for structuring presentations of ideas. It is the planning done beforehand before conducting any research. A conceptual framework for study has been put out that takes into account the interrelationships between the aspects of employee satisfaction and workplace culture satisfaction. Workplace culture is crucial to the efficient operation of banks and, ultimately, to the satisfaction of employees. In a similar vein, a high QWC increases employee satisfaction. Figure 2.1 effectively illustrates the connection between employee satisfaction and quality of life (QWC) as well as the direct and indirect effects of work culture on employee satisfaction.

Figure 1

Conceptual framework



Methodology

This study uses a descriptive and causal comparative research design with a survey method to achieve the study's goals. This approach was chosen because it can measure the causal relationship between independent and dependent variables. This study, to gather primary data, a questionnaire was distributed to randomly choose 600 employees, however, only 500 employees answered from employees, with 312 deemed usable for the study. The sample is 29 private banks from Mahendranagar that were chosen by random sampling from private bank branches in Sudurpaschim. The information was gathered from bank workers of these companies via the questionnaire approach. The survey was conducted based on a random sampling method. The questionnaire consists of close-ended questions measured on a five-point Likert scale. Questionnaires for bank employees were based on the research questions and prepared for data collection. All questionnaire information was coded and inputted into Microsoft Excel software. A manual verification process was conducted to ensure the accuracy of the entered data. Subsequently, the latest version of SPSS was utilized for analysis. Various statistical tools were employed to conduct analyses aligned with objectives. The data analysis and primary conclusions of the study are presented. The respondents' data was examined

using SPSS using a number of statistical methods, including frequencies, mean percentages, correlations Anova and regression. To guarantee clearness, the results were shown in tables with clarifications. To authenticate that the research met its goals, data analysis was done.

Results

Demographic Profile of Respondents

The questionnaire gathered information regarding the characteristics of the respondents, encompassing variables like gender, age, marital status, and professional experience. Additionally, it included a few variables related to the bank itself. Gender and marital status each had two categories, while age and experience each had three. The characteristics are shown in Table 1

Table 1

Age of the respondents

Age Group	Frequency	Percent (%)	Cumulative Percent (%)
20-30 years	216	69.2	69.2
31-40 years	85	27.2	96.5
40 years above	11	3.5	100.0

The table 1 shows that under 30 (Age 1), those between 31 and 40 (Age 2), and those above 40 (Age 3). Bank personnel comprise 69.2 per cent of all employees in the first group, 27.2 per cent in the second group and 3.5 per cent in the third group. based on Figure 4.2, the strength of the younger generation (those under 31 years old) in banks is just 69.2 percent. In the past 15 years; banks have a major source of employment in the banking sector due to their rapid expansion. That has a result of the increased hiring that has occurred in Mahendranagar, Kanchanpur's private sector banks over the last ten years.

Table 2

Marital Status

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Unmarried	174	55.8	55.8	55.8
Married	138	44.2	44.2	100.0
Total	312	100.0	100.0	

Table 2 presents that out of the 312 respondents, 55.8% of banks have employees who are single, and 44.2 percent of banks have employees who are married. There are more single employees than married ones. Due to Married employees are bonded by their society's cultural norms.

Table 3

Gender of respondent

Gender	No	%
Male	223	71.5
Female	89	28.5
Total	312	100.0

Table 3 shows that of the 312 respondents in Table 4.71.5% were men and 28.5% were women. This information demonstrates that the study's banks employ more men than women.

Table 4

Experience of respondents

Years of experience	No	Percent
Less than 10 years	267	85.6
10 years and above	45	14.4
Total	312	100.0

As presented in table 4, among 312 respondents 85.6% of employees have work experience of less than 10 years, and 14.4% have work experience of 10 years and

above respectively. The table indicates that when experience in the bank's declines, there are more workers. That has because the banks in Mahendranagar, Kanchanpur, Nepal do not have experienced staff and have a maximum age limit of only 15 years. On the other hand, banks have hired more people over the past ten years and their personnel are generally more junior.

Table 5

Correlations Analysis

	Work culture	**Employee satisfaction**
Work culture	1	
Employee satisfaction	.021	1

The correlation coefficient (r) value between Work culture and employee satisfaction is 0.021 which shows very weak positive correlation between both the variables. The p value is >0 .01 which means the relationship is not statistically significant. It means that the extremely small correlation coefficient indicates that variations in work culture are not associated with changes in employee satisfaction in any substantial way.

Table 6

Goodness of Fit of the Model

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0.021	0.000	-0.003	0.18838

As indicated in table 6, the R value of 0.021 indicates a very weak positive relationship between work culture and employee satisfaction. The R -square value is 0.000, which means that work culture explains virtually 0% of the variance in employee satisfaction The adjusted R-square value (-0.003) further confirms that the models does not improve the prediction of employee satisfaction. Therefore, the independent variable (work culture) does not meaningfully contribute to explaining changes in employee satisfaction.

Table 7

Regression Results

Model		B	Std. Error	t	Sig
1	(Constant)	3.773	.145	26.074	.000
	Work culture	.015	.041	.374	.709

The table 7 shows the regression coefficients results. As indicated that the unstandardized coefficient(B) beta value is 0.015, which means that the change in the independent variable i.e. Work culture by one unit will bring about the change in the dependent variable i.e. employee satisfaction by 0.015 units. However, the significance value is 0.709, which is greater than 0.05, indicating that this effect is not statistically significant. Furthermore, the standardized beta value (0.021) is very weak positive relationship between WC and ES Or in other words, the relationship is positive: it is extremely small and statistically insignificant.

Discussion

The present study aimed to observe the relation between work culture and employee satisfaction in Nepalese banking sectors. The investigation highlights both current performance work culture and their impact on employee satisfaction. The demographic data showed that the findings indicate a clear gender imbalance in the banking sector of Mahendranagar, with male employees (71.5%) significantly outnumbering female employees (28.5%).

This advocates male supremacy in employment within the studied banks. A higher number of employees are unmarried (55.8%) compared to married (44.2%), Which may reflect the relatively young workforces in the sector. Based on the age ratio 69.29% of employees are under 30, followed by 27.2% who are between 31 and 40, and only 3.5% who are over 40. This shows that young professionals are well- represented in the banking sectors. In a comparable manner, 85.6% of Workers have fewer than ten years of experience, indicating that the workforce is primarily composed of juniors. This design is related to the banking sector in Mahendranagar Kanchanpur, Nepal, which recently expanded and hired more employees.

The Pearson correlation coefficient (r) between the two variables was 0.021 indicating a very weak positive correlation. The R-value is 0.021, which is very close to 0. This means that in the dataset, there is almost no direct connection between work culture and employee satisfaction. The direction of the relationship is positive, but the strength is negligible. This implies that variations in work culture are not significantly correlated to variations in employee satisfaction. Moreover, the p-value reported is larger than 0.01, which means the relationship is not statistically significant between work culture and employee satisfaction. A regression analysis was performed to study the effect of work culture on employee satisfaction. The R value of 0.021 shows a very weak positive relationship between work culture and employee satisfaction. This means that the relationship is not significant.

The ANOVE results for the regression tool examining the relationship between work culture and employee satisfaction. The analysis shows that the regression has an f- value of 0.140 with a significance level (p-value) of o.709. the p -value is considerably greater than value of 0.05, the overall regression is not statistically significant. This indicates that work culture does not significantly discuss the variation in employee satisfaction.

The results of the regression coefficient analysis show that work culture has an unstandardized coefficient (B) of 0.015. This suggests that if work culture increases by one unit, employee satisfaction will increase by 0.015 units. This means that the relationship is positive. But the magnitude of the impact is extremely small. Further highly, the significance value (p=0.709) is far above the generally accepted threshold of 0.05. it indicates that there is no significant relationship between work culture and employee satisfaction. Likewise, the standardized beta coefficient (β=0.021) designates a very weak positive suggestion between the two variables. The t-value (t=0.374) further confirms the absence of a significant predicative impact. Collectively, these results suggest that work culture does not have a statistically meaningful influence on employee satisfaction in this study.

Conclusion

The present study set out to evaluate the relationship between work culture and employee satisfaction in the Nepalese banking sector, mainly in Mahendranagar, Kanchanpur. Based on data analysis, it can be concluded that there is no significant relationship between work culture and employee satisfaction. The demographic profile suggests that the banking employee is mostly male and young somewhat less experienced, indicating a sector driven by early career professionals. This may represent current expansion and recruitment trends in the banking the workplace. The considerable gender inequality Indicates needs for more Inclusive hiring practices.

In spite of the significance that work culture is frequently given in organizational behaviour, the statistical results show no a significant relationship between work culture and employee satisfaction. The correlation coefficient (r=0.021) suggests a negligible relationship between the two variables. Furthermore, the regression analysis indicates that the work culture clarifies none of the variation in employee satisfaction. The non-significant p- values across correlation, regression, and ANOVA tests confirm the conclusion that work culture has no statistically significant influence on employee satisfaction in this study.

Moreover, the regression analysis showed weak explanatory power, with a R-square value of 0.000 and a negative adjusted R-square, demonstrating that the inclusion of work culture as a predictor did not improve the approach. The minimum coefficient values and insignificant t-test results further reinforce the conclusion that improvement in work culture does not lead to a major increase in employee satisfaction among the respondents.

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Service Quality of Local Government and Citizens' Satisfaction

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Abstract

This study explores the relationship between service quality and citizen satisfaction in the local governments of Kanchanpur District, Nepal, to understand how different dimensions of service quality influence public perceptions of local government services. The study incorporated a descriptive research design and collected data from 450 citizens selected through purposive and cluster sampling techniques from various municipalities and rural municipalities of Kanchanpur District. Primary data were gathered using structured questionnaires distributed physically among the respondents. The study indicates that reliability and assurance have a positive and significant relationship with citizen satisfaction, suggesting that citizens value dependable services and the confidence provided by local government officials. Though, responsiveness and empathy were found to have negative and statistically insignificant relationship with citizen satisfaction. The study emphasizes only on the local governments of Kanchnapur District, and further research could extend this analysis to other sectors such as banking, hospital, manufacturing and other non-governmental organizations to better understand the broader impact of service quality on customer or citizen satisfaction.

Keywords: *Kanchanpur, District, Local Government, Satisfaction, Service quality, SERVQUAL*

Introduction

Alawneh et al. (2013) state that user satisfaction is an essential factor that influences the continued use of e-Government services and plays a significant role in determining the success or failure of e-Government projects. Brokaj (2014) explains that local governments and policy makers should take this into account when developing suitable policies tools, and strategies to promote sustainable tourism development. The

Saud, D. B. (2026). Service quality of Local Government and citizens' satisfaction. *The Management Review, 2*(1), 231–256. https://doi.org/10.3126/tmr.v2i1.96924

federation consists of the legislative, executive and judicial branches. The province is the region and structure of the federal units established in accordance with the constitution. District assemblies, municipalities and local rural municipalities, each with its own executive body, make up local level governance. These local government entities are authorized by the Nepalese constitution to perform legislative, executive and judicial duties. The local government, like the federal and provincial government, is empowered by the people to make laws that are necessary. Local governments handle the expanding demands of urban and rural areas and ensure that their citizens have access to the necessities while the federal government pursues the objectives of economic development. The benefit of decentralization is the local governments may offer their inhabitants prompt, high quality services. Local government entities known as munities and rural munities are established to manage and oversee a certain area that meets certain minimum requirements for infrastructure and population. Walker and Andrews (2015) reveal that local governments play a prominent role in delivering services to the public. Nepal is a federal democratic republican nation which is individual into three levels of government namely the federation, the province (State) and the local level Governments. The governments of municipalities and rural municipalities are directly chosen by the people living in such areas in order to support the development of their respective regions. Ali and Raza (2017) express the study applied a modified SERVQUAL model by incorporating an additional dimension of compliance within the context of the service industry. Bhuvana and vasantha (2020) explained new strategies for improving service delivery. The research study analyzed the service quality of common service centers providing e-government services in order to assess the level of satisfaction among rural residents. The nature of municipal government is independent. Municipal organizations carry out a variety of important tasks. Local governments have the authority to rule themselves and make decisions on behalf of their residents. In order to prioritize prompting social and economic development, conserving and prompting the environment, ensuring public safety and security, maintaining cleanliness and sanitation, keeping the environment clean, meeting

basic community needs and taking part in national and provincial development programs, a municipality must organize and manage its administration, budgeting, policies, procedures and planning processes. Alkraiji and Ameen (2022) investigate the influence of multidimensional constructs on citizens' loyalty toward e-government services. Specially, it analyzes how service quality, trust, and satisfactions' loyalty to these services. Biswas et.al., (2024) explains that, as a part of the administrative reforms in Bangladesh, many urban local governments have established public service centers such as pourasava Digital Centre (PDC). In these centres, Information and communication technology (ICT) is widely utilized to deliver e-services in a more convenient, efficient and transparent manner.

Literature Review

Service Quality Dimensions

Service providers frequently remain uncertain about the extent of tangibilization required and the appropriate combination of other service quality dimensions namely reliability, assurance, empathy, responsiveness along with the influence of price.

Chowdhary and Prakash (2007) explains that Service providers frequently remain uncertain about the text of tangibilization required and the appropriate combination of other service quality dimensions namely reliability, assurance, empathy, responsiveness along with the influence of price. Local government service encompasses the broad array of functions and responsibilities undertaken by municipal or regional authorities to meet the needs and enhance the quality of life for residents within their jurisdiction. This service framework incorporated a wide range of activities crucial to community well-being and development. Crucial functions tend to improve public safety efforts, such as maintaining police and fire departments to protect citizens and respond to emergencies. Local governments also manage infrastructure projects, including, the construction and upkeep of roads, bridges and public transit systems, ensuring that the physical and logistical needs of the community are met. Furthermore, they handle utilities like water supply, sewage treatment, and waste management, which

fundamental to public health and daily living. Yarimoglu (2014) expresses that in recent decades, marketing literature has increasingly emphasized methods for assessing service quality and its various dimensions. Local governments frequently offer parks, libraries, recreational centers, and cultural initiatives that improve the quality of life and promote social cohesion. In order to control expansion and guarantee orderly development, managing zoning rules, land use, and building regulations is part of the important duties of urban planning and development. The population's varied needs are met by health and social services, which include social support programs and public health initiatives. Local governments manage public schools in many locations as well, which has an effect on students' educational possibilities and outcomes. According to Teeroovengadum (2022), even though it has been observed that the association between service quality and customer satisfaction has already been acknowledged, it can also be observed that there is proof that gender plays an important role in this association. This implies that gender can be considered to be a moderator of this association. All things considered, the goal of local government services is to raise the standard of living for citizens by reflecting the particular requirements and goals of the community and fostering a safe, orderly, and vibrant environment. Service quality dimensions are key criteria used to evaluate the effectiveness and value of services from a customers' perspective. These dimensions help organizations understand how well they meet customer expectation.

Empathy

The capacity to comprehend and experience another person's feelings is known as empathy. It involves not just recognizing what someone else is going through but also connecting with their emotions on a deeper level. Empathy can help build stronger relationships, foster compassion, and improve communication. Empathy is about giving clients personalized, thoughtful attention. The capacity to show compassion and provide each customer with individual attention is known as empathy. The research conducted by Ingrid et al. (2023) is dedicated to expanding knowledge about empathy in the field

of medicine, as well as stimulating new research efforts aimed at enhancing medical practice. More precisely, Ingrid et al. emphasize the significance of empathy displayed by healthcare practitioners as an essential factor that builds up relationship between caregivers and patients, facilitating better communication and providing positive experience during the treatment process. Furthermore, the researchers consider the possible factors affecting empathy in healthcare employees, including training, organizational context, and individual traits of nurses. Moreover, the paper describes the research methodologies applied to explore empathy and its measurement techniques, evaluating their efficacy and accuracy.

Responsiveness

Responsiveness refers to how quickly and effetely an organization or individual respondents to needs or changes. It incorporated being and adaptable, ensuring that reactions are timely and appropriate. In personal relationships, it means understanding and addressing the emotions or needs of others with acre. In customer service, it highlights how quickly and efficiently concerns or inquiries are handled. In technology, It denotes how well a system reacts to user inputs, providing a seamless and efficient experience. Overall, responsiveness highlights the importance of attentiveness and agility in various contexts. Peter et. al, (2015) the subjective aspect of responsiveness processes the degree to which individuals perceive that their representatives are genuinely attentive to their needs and desires is the subject of this essay.

Guy and Tara (2022) the growing body of research on the interconnections amongst these three categories of actors offers a wealth of theoretical and empirical material for expanding our knowledge of accountability and responsiveness in low- and middle-income nations as well as elsewhere.

Reliability

Reliability refers to the consistency and dependability of something or someone over time. It means that a person, system, or product performs its intended function accurately and consistently without frequent failure. In relationships, reliability involves

being dependable and keeping promises or commitments. In technology or equipment, reliability signifies that the device operates as expected and is resistant to breakdowns or errors. The concepts of validity and reliability are interpreted within the context of qualitative research, and several techniques are presented to strengthen the rigor of the investigation. Marcos et al., (2021) recently, there has been a growing focus on the difficulty of determining the reliability of internet data. Pill (2022) describes the concepts of validity and reliability is interpreted within the context of qualitative research, and several techniques are presented to strength the rigor of the investigation.

Assurance

Assurance is the confidence or certainty provided to others about the reliability or quality of something. It often involves a guarantee or promise that certain standards will be met or that specific outcomes will be achieved. In personal interactions, assurance can mean offering support and reassurance to alleviate concerns or doubts. In business, assurance might come in the form of warranties or quality guarantees that ensure products or services meet specified criteria. In a broader sense, assurance helps to build trust and credibility by providing a sense of security and dependability. Venter and Van ECK (2021) describes that the assurance of non- financial information (NFI) presented in extended external reports (EERs) has become a global practice with significant implications for businesses, investors, other stakeholders, and society at large.

Citizen’s Satisfaction

Citizen satisfaction reflects the degree to which individuals are content with the services, policies, and overall governance provided by their government or public institutions. It comprises factors such as the quality of public services, responsiveness to citizen needs, and transparency in operations. High levels of citizen satisfaction typically indicate effective governance and successful implementation of policies. It can also influence public trust and engagement with government initiatives. Measuring citizen satisfactions helps identify areas for improvement and ensures that public service align with the needs and expectations of the community. Soojin et al. (2024) the results,

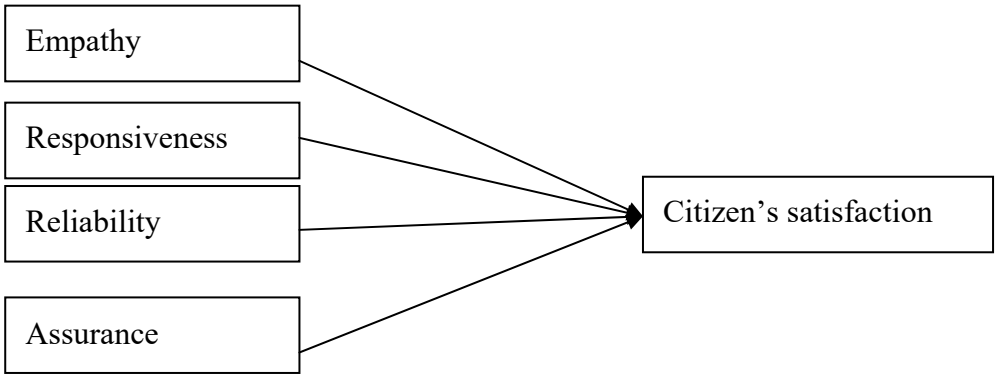
which came from a literature search of 12 prestigious public administration publications, show that citizen happiness has drawn a lot of scholarly interest as a performance metric for tracking and evaluating public service delivery, especially locally. Wu et al. (2026) explains that limited research has examined how various forms of community satisfaction influence citizens' participation in coproduction, as well as the role of perceived community attachment in shaping this relationship.

Conceptual Framework

The conceptual framework for this research paper was formulated using an analysis of pertinent literature and the discussion stated above. This framework aims at evaluating the issue of service quality and its effect on the citizens' satisfaction level with the services offered by the local government. This framework will enable us to establish the connection between the variable of service quality and that of citizens' satisfaction with services.

Figure 1

Conceptual Framework



Techniques of Measurement of Service Quality

Assessing service quality is essential it provides important insights into customer satisfaction and helps organizations identity areas improvement. It also assists organizations in strengthening customer loyalty and achieving a competitive advantage. By analyzing customer experiences, service providers can recognize their strengths and

weaknesses, align their services with customer expectations, and ultimately enhance overall organizational performance. Various approaches, models and techniques for measuring service quality have been discussed in different sources such as academic journals, books and online platforms.

a) Servqual model

b) Servperf model

c) Mystery shopping

d) Customer surveys

e) Service metrics

Servqual Model

Shi and Shang (2020) reveals that the SERVQUAL model consists of five key dimensions and 22 measurement items, including tangibility, reliability, responsiveness, assurance and empathy. ERVQUAL stands for “Service Quality” under this technique of service Quality Measurement the research tries to understand the five dimensions(aspects) of quality service. The five dimensions of quality that are studied under this model of measurement of service quality are: Reliability, Responsiveness, Assurance, Empathy and Tangibles. These dimensions determine the quality of service. After determining the dimension of service the evaluation then conducts a survey by using two sets of questionnaire containing 22 pairs of questions and having a Likert-style scale of one to seven. One questionnaire is meant for measuring perception of the consumer on the quality of service he/she received and the questionnaire is used for determine his/her expectations. Respondents are asked to describe the perceived quality of service on several dimensions on a rating scale f 1 to 7, 1 being strongly disagree and 7 being strongly agree against the 21 items. Similarly for another set of questionnaires the same respondent has to respondents has to respond on his expectation against the given items.

Similarly for another set of questionnaire the same respondent has to respond his expectation against the given items. Quality of service is determined on the basis of gap between consumer's perceived quality and consumer's expectation (Watkins, 2002). Parasuraman, Zeithami and Berry SERQUAL model aims to measure service quality by assessing the gap between customer's nexpaectation and customer's perception. It uses a Gap analysis approach to determine the difference customer's expectation and customer's perception on quality. It reveals the gap between what customers want and that they get and suggest areas for improvement. SERQUAL model assumes that service quality is a function of the discrepancy (gap) between what customers expect and what they receive and that higher gaps indicate lower quality and vice versa (Parasuraman et al, 1988). Thus this method aims to capture and measure the service quality experienced customers.

SERVPERF Stands for "Service Performance".

Cronin and Taylor (1992) proposed SERVERF model to measure the quality of health care service through patients' perceptions. The SERVPERF questionnaire measure quality on a 7 point scale 1 being very dissatisfied and 7 being very satisfied. It includes 22 items (questions)in 5 dimensions of quality. The five dimensions are; Reliability, Responsiveness, assurance, Empathy and Tangibles. This tool merely considers the customer's perceptions regarding quality. It does not consider customers expectation of service quality. This model assumes that service quality is a direct reflection of service performance and that higher perceptions indicate higher quality. SERVPERF can help business evaluate the effectiveness of their service delivery and enhance customer satisfaction. SERVQUAL considers both expectation and perception of customer on service quality but SERVPERF only considers perception of quality. SERVPERF provider a straight forward assessment of service quality. It is preferable when a researcher wants to measure the overall satisfaction and loyalty of the customers. The SERVPERF model of Cronin and Taylor is a more accurate measurement for service quality in comparison with SERVQUAL (Cronin & Taylor, 1994; Seth et al., 2005)

The following hypotheses were developed;

H1: Service quality significantly influences citizen satisfaction.

H1a: Reliability positively affects citizen satisfaction.

H1b: Assurance positively affects s citizen satisfaction.

H1c: Responsiveness significantly affects citizen satisfaction.

H1d: Empathy significantly affects citizen satisfaction.

Mystery Shopping

Businesses employ people to go undercover as mystery shoppers in an effort to learn more about the caliber of customer care. This technique is known as mystery shopping. Thus technique is a valuable tool for evaluating service quality of shoppers which involves the following procedures. (Koch, n. d.; Stucker, 2017)

a) Planning: The first step is to determine what exact areas of service quality must be observed through mystery shopping, such as employee conduct, cleanliness, and general service quality.

b) Implementation: In this step, trained mystery shoppers are recruited and dispatched to the organization where they observe and assess service quality as a regular customer utilizing a checklist provided in advance.

c) Observation: As a mystery shopper, they pay attention to such aspects as how clean the place is, how employees treat their customers, and how good the overall service is.

d) Documentation: After they leave the establishment, they prepare a written report describing everything they have noticed there.

e) Reporting: The final stage of the process involves preparing a thorough report on the positive sides and areas for improvement in the service based on the findings of mystery shopping.

Customer Surveys

In this method a well-defined questionnaire with précised questions focused on measuring service quality and customer satisfaction is developed and this questionnaire form is distributed through multiple channels to reach a diverse range of customers. The respondents who are the service receivers are requested to fill the form and then submit back to the sender. Open ended questions are also incorporated. After collecting the data survey are analyzed to identify patterns, strengths and area for enhancement. Then improvement and changes are made in the delivery of customer service system. Customer survey helps to get feedback from customers and learn about their satisfaction levels, expectations and preferences. (Question Pro. com)

Service Metrics

When using service metrics to evaluate a service's performance, characteristics including assurance, dependability and responsiveness are assessed. These metrics consist of measuring customer wait time, first contact resolution and compliance with service level agreements. By measuring service metrics business can identify areas for improvements, by measuring service metrics business can identify areas can identify areas for improve overall service quality.

Methodology

In this research quantitative research method was used. It describes research objectives through empirical assessments. As Yin (2013) indicates, quantitative research is ideal for the purpose of producing numerical data among large numbers of people, mainly through the use of well-defined instruments like questionnaires for primary data gathering. Since this research will look into the relationship between the independent variables, reliability, assurance, responsiveness, and empathy, and the dependent variable citizens' satisfaction, the use of the quantitative research strategy will be more appropriate.

In this regard, according to Creswell (2013), the quantitative research strategy is commonly used in studies of correlational nature where relationships among variables are identified. Similarly, Leigh (2019) asserts that the quantitative research strategy is marked by the systematic planning, designing, and execution of approaches in the process of data collection and analysis. Hence, given that there is an availability of a population of citizens in local government areas, it makes more sense to adopt the quantitative research strategy.

In this study, the target population comprises citizens belonging to government organizations in the district of Kanchanpur, as the aim is to evaluate the degree of satisfaction that exists in regards to public service delivery. The total population of the district is 513,757 people. In terms of data collection, purposive and cluster sampling methods were used, and a sample size of 450 people was identified as appropriate for the current study. The collected data were then analyzed using SPSS version 25.0.

Table 1

Reliability results

No.	Variables	Cronbach Alpha	No. of items
1	Reliability	0.80	8
2	Assurance	0.71	8
3	Responsiveness	0.84	6
4	Empathy	0.87	5
5	Citizen’s satisfaction	0.80	10

The Cronbach alpha value for Reliability, Assurance, Responsiveness, Empathy and Citizen’s satisfaction was measured using SPSS-22 version software. The alpha values are higher than 0.70 it means the internal consistency of the data is found to be good.

Following are the details of samples taken from each municipality and executive in local governments which are selected for the study

Table 2

Sample Size and Sample Distribution

S. No	Name of the Local Governments	Sample Size
1	BedKot Municipality	45
2	Belauri Municipality	45
3	Beldadi Rural Municipality	40
4	Bheemdatt Municipality	100
5	DodharaChadani Municipality	45
6	Krishanapur Municipality	45
7	Laljhadi Rural Municipality	40
8	Punarwash Municipality	45
9	Suklaphanta Municipality	45
	Total	450

Demographic profiles

Demographic profiles of the respondents are tabulated as under in Table 3.

Table 3

Demographic Profiles of the Respondents

Particulars	Frequency	Percentage
Gender		
Male	291	65%
Female	159	35%
Ethnicity		
Urban Area	300	66%
Village Area	150	34%
Physical Challenge		
Normal	430	95%
Specially abled	20	05%
Education		
Intermediate	219	46%
Bachelor	155	33%
Master	66	14%
others	10	03%
Marital Status		
Married	300	67%
Unmarried	150	33%

Table 3 highlights the demographics of the survey participants. The table gives the breakdown of the respondents according to gender, place of residence, physical condition, educational qualification, and marital status. With regard to the gender breakdown, a large number of the respondents are males who constitute 65 percent (291) of the total number of participants, while females form 35 percent (159). With regard to their place of residence, 66 percent (300) of the total respondents come from urban areas, while only 34 percent (150) of the respondents come from villages. In terms of physical conditions, 95 percent (430) of the respondents are physically normal, while the rest 5 percent (20) of them are specially abled. In relation to their education qualification, 46 percent (219) of the respondents have intermediate level of education, 33 percent (155) have bachelor's degrees, 14 percent (66) have masters' degrees, while the rest 3 percent (10) have other qualifications. Concerning marital status, 67 percent (300) of the respondents are married, while 33 percent (150) are singles.

Results and Discussion

Table 4

Correlation between Dependent and Independent variables

Variable		Summated scale of Service Quality
Reliability	Pearson Correlation	.377**
	Sig. (2-tailed)	.000
Assurance	Pearson Correlation	.151
		.000
Responsiveness	Sig. (2-tailed)	-.183
		.000
Empathy	Pearson Correlation	-0.40
		0.392

.**. *Correlation is significant at the 0.01 level (2-tailed).*

In Table 4, the results from the correlation analysis conducted between Service Quality (the dependent variable) and four independent variables: Reliability, Assurance, Responsiveness, and Empathy are presented. From these findings, there are differences in the levels and correlations existing amongst the aforementioned variables.

Reliability has a moderate and positive correlation with Service Quality ($r = 0.377$, $p < 0.05$) and, therefore, when the value for the former increases, then so does that of Service Quality in a noticeable manner. On the other hand, Assurance has a positive but weak correlation with Service Quality ($r = 0.151$, $p < 0.05$), and hence indicates an insignificant increase in the value for the latter.

Responsiveness, on the other hand, has a weak negative correlation with Service Quality ($r = -0.183$, $p < 0.05$), and hence indicates that when the value for the former increases, it slightly reduces that of Service Quality. Additionally, Empathy has a negative correlation with Service Quality ($r = -0.40$); however, since this is not statistically significant ($p = 0.392$), the two variables can be said to be insignificantly correlated.

Table-5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.483	0.234	0.220	6.58692

Table 5 provides a summary of the regression analysis performed to test the relationship between the independent variables (assurance, reliability, responsiveness, and empathy) and the dependent variable, citizen satisfaction. The correlation coefficient (R) is 0.483, which means there exists a moderate positive relationship between the four independent variables together and citizen satisfaction. It implies that improvements in the service quality dimensions are positively associated with increased citizen satisfaction. The coefficient of determination (R Square) is 0.234. Hence, 23.4% of the changes in citizen satisfaction can be attributed to the independent variables included in the study. This means that other than the four independent variables, 76.6% of changes in citizen satisfaction are influenced by other factors not captured in this research.

Adjusted R square, which is a modified version of r square that adjusts for the number of predictors, is 0.220. The standard error of the estimate, which shows how far the observed values deviate from the regression line, is 6.58692.

Table-6

Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.604	4.992		3.927	.000
	Summated scale of Reliability	0.628	.061	.464	10.379	.000
	Summated scale of Assurance	.380	.072	.233	5.302	.000
	Summated scale of Responsiveness	-.860	.180	-.200	-4.785	.000
	Summated scale of Empathy	.171	.096	.082	1.77	.077

Table 6 reveals the impact of various dimensions of local government service on citizen satisfaction through the regression analysis. The intercept, at 19.604(p=0.000), shows the baseline level of citizen satisfaction. Among the service dimensions, reliability has the most significant positive effect on satisfaction (B=0.628, Beta=0.464, p=0.000), indicating that reliability in services strongly enhances satisfaction. Assurance also positively influences satisfaction (B=0.380, Beta=0.233, p = 0.000), suggesting that when citizens feel assured by local services, satisfaction rises. Responsiveness has a negative impact on satisfaction (B = -0.860, Beta = -0.200, p = 0.000), implying that poor responsiveness decrease satisfaction. Empathy shows a slight positive relationship with satisfaction (B = 0.171, Beta = 0.082), but this effect is not statistically significant (p = 0.077). The model explains 24.3 percent of the variance in citizen satisfaction (R^2 = 0.243), and the overall model is statistically significant (F = 35.797, p = 0.000), endorsing that these factors collectively impact satisfaction.

Conclusion

This study explored the relationship between service quality dimensions reliability, responsiveness and empathy and citizen's satisfaction in the local government of kanchanpur District, Nepal. Using primary data collected from 450 respondents and analyzed through correlation and regression techniques, the findings provide important insights into how service quality influence public perceptions. The results demonstrate the reliability and assurance are the most significant determinants of citizen satisfaction. Reliability shows the strongest positive effect ($\beta = 0.464$, $p < 0.001$), followed by assurance the reliability and assurance are the most significant determinants of citizen satisfaction. This implies that citizens place high value on consistent, dependable service and the confidence instilled by knowledgeable and trustworthy local government officials. In contrast, responsiveness exhibits a significant negative relationship with citizen satisfaction ($\beta = -0.200$, $p < 0.001$), implying that delays or inefficiencies in responding to citizen needs reduce overall satisfaction. Though empathy reveals a positive coefficient ($\beta = 0.082$), its effect is statistically insignificant ($p = 0.077$), demonstrating that personalized attention alone does not strongly influence satisfaction in this context. The model describes 23.4% of the variation in satisfaction (**$R^2 = 0.234$**), suggesting that service quality dimensions are important, other factors such as transparency, accessibility, governance practices and socio- economic conditions also play a substantial role. Altogether, the findings confirm that improving service reliability and assurance should be a priority for local governments in kanchanpur to enhance citizen satisfaction. Simultaneously, efforts should be address gas in responsiveness and strength citizen- oriented service delivery mechanisms. This study is limited to local governments within KanchanpurDistrict, therefore, future research is recommended to comprise other regions and sectors (Such as banking, healthcare, and private services) to provide a more comprehensive understanding of service quality and satisfaction dynamics.

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Questionnaire

Measurement of the Dimensions/Aspects of Service Quality and Citizen Satisfaction on the 5 point Likert scale. Please put tick marks on the appropriate alternative answers as it is designed as:

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree

		Measurement Scale				
S.No.	**Statement (Items) (Factor Variable)**	**SDA 1**	**DA 2**	**N 3**	**A 4**	**SA 5**
	Quality Service Factors **A. Reliability Aspect/Factors**					
1.	The administrative and others staff of the local governmenst of kanchanpurare trustworthy and reliable and do what they promise.					
2.	All the staff of local governments of kanchanpurperforms their duties of delivering services accurately.					
3.	I feel well and confident while interacting with the officials of local government.					
4.	All the staff of local government of kanchanpurhas the necessary knowledge and skills for the completion of administrative act relating to the functions of the department.					
5.	The administrative and others staff give direct response to the needs and requirement of citizen.					
6.	Municipality and rural municipalitystaff is always cooperative and helpful. They also share knowledge and information among service receivers.					
7	The staff performs their work meticulously and with diligent effort. They are honest too.					
8	I feel confident that my problems will be solved by the staff of local government.					

	B. Assurance Aspects/Factors					
1	When encountering a problem the local government shows understanding and interest in solving it. They also seek feedback from citizens.					
2	Local government provides services in the time promised and show faith, trust, and confidence.					
3	The officials of the ward offices and head office maintains records of transaction with accurate information relating to various services. Transparency of records is also maintained.					
4	Local government has gained goodwill and fame regarding the delivery of quality services.					
5	Local government officials always perform outstanding service delivery They are always present in their desk.					
6	Local government has received credential certificates and awards on quality performance matters					
7	Employees of local government are well trained and knowledgeable.					
8	Employee pays attention to the problems of service receivers.					
	C) Responsiveness Aspect/Factor					
1	The staff of the local government informs people directly, clearly and accurately in regards to the procedures and the time of completion of any administrative work.					
2	The staff of the local government is always ready to serve promptly.					
3	Continuous workload of of the administrative and office staff does not prevent employees to respond quickly to requirements of the citizens.					
4	Usually the response from the administrative and other staff of the local government of Kanchanpuris immediate.					

5	The staff of the local government pays attention to the citizen problems quickly. They understands what service receivers want.					
	D. Empathy Aspect/Factor					
1	The administrative department and others employees acknowledge and fully understand the needs, feelings of citizens.					
2	Employees give special attention to each individual citizen. They treat customers respectfully and quickly respond to inquiries					
3	Employees provide personalized service concerning the specific needs of every citizen.					
4	Local government offers public service hours that suit citizen needs.					
5	The top priority of administrative department and others employees are securing the interest of citizen.					
6	The employees have the ability to understand the feeling of citizens who ask for help in the time of distress and suffering caused due to natural calamities					
7	The employee feels empathy towards the poor people who come for help. They show care and attention.					
	Citizen Satisfaction					
1	The service provided to me was just what I needed.					
2	Generally I was pleased with transactions at local government. The services are reliable.					
3	There are enough human resource for service delivery.					
4	I never feel boring or frustrated when I visit the office of municipality.					
5	The services delivered to me and the physical development and cleanliness of municipality office area has always given me pleasure and happiness.					
6	Employees are always available for delivering					

	services to the citizens..They don't take bribe and discourage favoritism and nepotism.					
7	I am content with the services delivered by the staff of municipality					
8	The officials always welcome visitors					
9	Local government disseminates service related information to its citizens effectively.					
10	Local government effectively manages grievance handling system. Complaints are redressed by the municipality promptly.					

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Social Media and Investment Decision of Gen Z in Nepali Capital Market

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Abstract

This study aims to examine the impact of social media on stock market investment decisions of Gen Z investors in Sudurpaschim Province, Nepal, specifically on informational and behavioral aspects. The research sought to determine the influence of usefulness, trust, and usage of social media on Gen Z investors, including the moderating effect of herding and overconfidence. The research used a quantitative research approach, where a structured questionnaire was used as a research instrument. The research participants were 220 Gen Z investors, aged 18-28 years. The findings were analyzed using SPSS software version 27 for multiple regression analysis, and Hayes PROCESS Macro version 4 for 5,000 bootstrap samples. The findings suggest that the model accounted for 50.2% of the variance of investment decisions (Adjusted $R^2 = 0.502$). The findings suggest that perceived usefulness is a significant factor for investment decisions ($\beta = 0.342$, $p < 0.001$), as is trust ($\beta = 0.187$, $p = 0.003$) and online community engagement ($\beta = 0.168$, $p = 0.004$). Frequency of use is, however, not significant for investment decisions ($\beta = 0.066$, $p = 0.162$). Herding and overconfidence partially mediate these relationships. The findings suggest that social media plays a role in investment decisions, and rational evaluation and behavioral biases of young investors cannot be ignored.

Keywords: *Social media, Behavioral finance, Generation Z, Investment decision, Herding behavior, Overconfidence bias*

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Introduction

In the modern digital age, the growth of online communication channels has dramatically altered the manner in which individuals seek, comprehend, and apply financial data. Conventional financial theories, especially the Efficient Market Hypothesis (EMH), suggest that the price of assets includes every accessible piece of data. Moreover, the EMH states that investors are rational (Fama, 1970). In light of the above argument, no individual investor is thought to be able to consistently achieve superior results than the broader market. However, the above assumption has been challenged over time. In the real world, investors are not entirely rational. In fact, the decisions of investors are often motivated by psychological, social, and emotional variables. The above argument has given birth to behavioral finance. Behavioral finance is a school of thought that draws from the fields of psychology and sociology (Bukovina, 2016; Thaler, 1999).

Out of the various modes of financial information available in the market today, social media has been a highly disruptive force. Facebook, YouTube, TikTok, Viber, etc., are social media channels that facilitate real-time communication through user-generated media and peer-to-peer communication (Kaplan & Haenlein, 2010). Although the emergence of social media has been beneficial from the point of view of the convenience of accessing financial information, it has also brought about various issues like financial information, speculative mania, and herding. Generation Z is defined as the age group of 18-28 years. Generation Z is highly technology-savvy. Social media is not only being used for communication purposes but is also being used for learning and validating financial information and advice. Therefore, the investment decisions of Generation Z are being driven by various factors like technology exposure, peer-to-peer communication, and behavioral factors (Appel et al., 2020; Dwivedi et al., 2021).

However, empirical research findings on the impact of social media on investment decision-making have shown mixed results. Some researchers have shown that social media facilitates information access and participation in the market, but it does not

directly influence investment decisions due to issues of trust and credibility (Ismail et al., 2018). On the contrary, some researchers have shown that the usefulness and trustworthiness of social media content do influence investment decisions, but the use of social media is not a strong predictor of investment decisions (Bhandari & Pokharel, 2022; Dwivedi et al., 2021). More recent research findings have shown that social media plays a significant role in influencing the sentiment and behavioral responses of investors in the market (Kraaijeveld & De Smedt, 2020; Nisar et al., 2021). Research findings from emerging markets have shown that social media usage can increase investment behavioral biases such as herding, overconfidence, and high trading turnover, especially among young investors (Junaidi & Nurhidayah, 2023; Vasquez, 2023). These findings suggest that social media is not only a facilitator of information access but is also a behavioral influencer of rational and irrational investment decisions.

In terms of the application of social media for investment purposes, it has been noted by Pandit and Vaidya (2022) that, whereas overall content on the internet is viewed as being carefully considered by potential investors, financial discussions on social media such as Facebook and Viber, as part of special interest groups, have been found to be viewed as credible sources of information. As noted by Wu et al. (2024) social interaction and influence have been found to play a significant role in stock market participation, highlighting the dual influence of social media. The influence of social media on investment decisions has also been noted by Joshi and Rawat (2025) as being directly related to social media, where capital market literacy is found to be a partial mediator. Furthermore, as noted by Haque et al. (2022) online communities, content, and image have been found to have a significant influence on investment decisions. The influence of social media, therefore, is seen as being affected by various factors, including trust, usefulness, and quality of engagement.

However, most of the research conducted in Nepal has been based in urban areas such as the city of Kathmandu and the tourist hub of Pokhara, where the levels of financial literacy are high and the development of financial services is well established. In

contrast, provinces such as Sudurpaschim are under researched, although there has been a significant shift towards utilizing digital platforms for information gathering in terms of financial information due to a lack of access to financial advisory services. In addition, most of the research conducted in the past has been based on individual factors of social media without a significant focus on the role of behavioral biases in investment decisions.

In the present study, social media is defined by four distinct dimensions: perceived usefulness, trust in social media content, frequency of usage, and community involvement. Therefore, the main objective of the present study is to examine the impact of the aforementioned variables on investment decisions of the stock market among Generation Z investors of Sudurpaschim Province. In addition to the above objective, the present study is also intended to examine the mediating effect of behavioral biases like herding and overconfidence.

Literature Review

However, it is assumed in traditional financial theories that investors behave in a rational way in making their investment decisions. The Efficient Market Hypothesis (EMH) theory, as suggested by Fama (1970) assumes that financial markets are information-efficient, i.e., the market reflects all available information in its asset pricing. It is therefore assumed that in this market, investors make rational decisions, and it is not possible for abnormal returns to be achieved. Similarly, in the Capital Asset Pricing Model (CAPM) theory, it is assumed that the relationship between expected return and systematic risk is important for making rational investment decisions (Sharpe, 1964).

However, these traditional assumptions have been challenged by the theory of behavioral finance, which states that investors are not rational all the time and may be swayed by various psychological and emotional factors (Thaler, 1999; Barberis & Thaler, 2003). Behavioral finance takes into account various cognitive biases and heuristics and social effects while making financial decisions. Among the various

important biases are herding behavior, overconfidence, loss aversion, and framing effects, which have been found to affect investors (Kahneman & Tversky, 1979).

Apart from behavioral finance, the Technology Acceptance Model (TAM) and Theory of Planned Behavior (TPB) are significant theoretical bases for understanding the impact of social media on investment decisions. According to TAM, the perception of usefulness has a significant impact on an individual's intention to use technology (Davis, 1989). TPB emphasizes the importance of attitude, subjective norms, and perception of control as significant factors for understanding an individual's intention to perform behavior (Ajzen, 1991). In the context of social media, the perception of usefulness, trust, and social influence (community engagement) can be considered significant factors for understanding investment decisions. These theories collectively provide a strong base for understanding the impact of social media on investment decisions from the rational and behavioral perspectives.

Social media has become an important factor in the process of financial decision-making by offering access to information in real time, facilitating interaction, and influencing perceptions of investors. Social media in this study is defined by four important dimensions: perceived usefulness, trust in content, usage frequency, and online community engagement.

The perceived usefulness of social media can be defined as the extent to which investors perceive that the information provided by social media is valuable and relevant to their investment decisions. Previous studies have shown that perceived usefulness has a significant impact on decision-making behavior in virtual settings (Davis, 1989; Dwivedi et al., 2021). In the context of finance, investors can use social media platforms if they perceive that the information provided by such platforms can be useful to them.

Another significant factor that impacts investment decisions is trust in social media content. Trust acts as a facilitator that eliminates uncertainty in decision-making processes. It increases the probability that people act on the available information

(Håkansson & Witmer, 2015). In a financial environment where information asymmetry exists, trust in online content plays a vital role in determining investment decisions (Nisar et al., 2021).

Frequency of Social Media Usage measures how much investors are exposed to information on social media sites. Although it is likely that more frequent exposure to information will result in more awareness, existing research does not imply that this will necessarily translate into better decision-making; instead, it is likely that quality is more important than quantity of information (Bhandari & Pokharel, 2022).

Online Community Engagement measures how much investors engage in, participate in, and get involved in online communities on social media sites. It is likely that high participation in online communities will significantly impact investors' sentiments and confidence (Pentina & Zhang, 2017). Social interaction in online communities is likely to result in social learning and social behavior.

Besides these factors, behavioral factors such as herding and overconfidence also assume critical importance in investment decisions. Herding behavior, for example, has been defined as a behavior where people follow others despite not using their own information or analysis (Banerjee, 1992). Overconfidence, on the other hand, has been defined as how much an individual overestimates their abilities, which leads to excessive trading and risk-taking behavior (Barber & Odean, 2001). Such behavior assumes critical importance in social media platforms where excessive influence and information overwhelm may lead to irrational behavior.

A series of empirical research works have recently focused on the impact of social media on investment decision-making. For instance, Ismail et al. (2018) showed that social media facilitates access to financial information and boosts participation in investment, though its impact on investment decision-making is limited owing to issues of credibility. Moreover, Bhandari and Pokharel (2022) revealed that usefulness and trust have a substantial impact on investment decisions among Nepalese investors, whereas frequency of use does not significantly impact investment decisions.

Recent research works have further revealed the impact of social media on investment decisions and sentiments. Kraaijeveld and De Smedt (2020) revealed that social media sentiments have a substantial impact on stock market performance, whereas Nisar et al. (2021) revealed that digital media impact investment behaviors through information and social interaction. These research works revealed that social media is not only used for information search but also for shaping market sentiments.

The importance of online communities has also been extensively researched. Haque et al. (2022) discovered that investment decisions are affected by online community behavior, online community content quality, and corporate image. In the same vein, Pentina and Zhang (2017) noted the significance of social interaction in online communities, arguing that it boosts the confidence of online community users and consequently shapes their decision-making behavior.

Moreover, behavioral biases have been discovered to mediate the relationship between social media usage and investment decisions. Junaidi and Nurhidayah (2023) discovered that social media usage results in increased trading behavior. In the same vein, Vasquez (2023) noted that online communities boost the herding behavior of retail investors due to overconfidence, especially among younger retail investors.

In the case of Nepal, various studies have pointed to the rising significance of social media in investment decisions. In a study by Pandit & Vaidya (2022), social media groups have been identified as an essential tool of investment decisions by investors. In the same study, the general skepticism of the public toward online media has been noted. Wu et al. (2024) have pointed to the significance of social media interaction in investment decisions. Joshi & Rawat (2025) have demonstrated the direct effect of social media communities on investment decisions by investors. In the study by Joshi & Rawat (2025), capital market literacy has been noted to mediate the relationship between social media communities and investment decisions. Although various studies have been conducted to establish the significance of social media communities in investment decisions by investors, the integrated effect of informational variables and

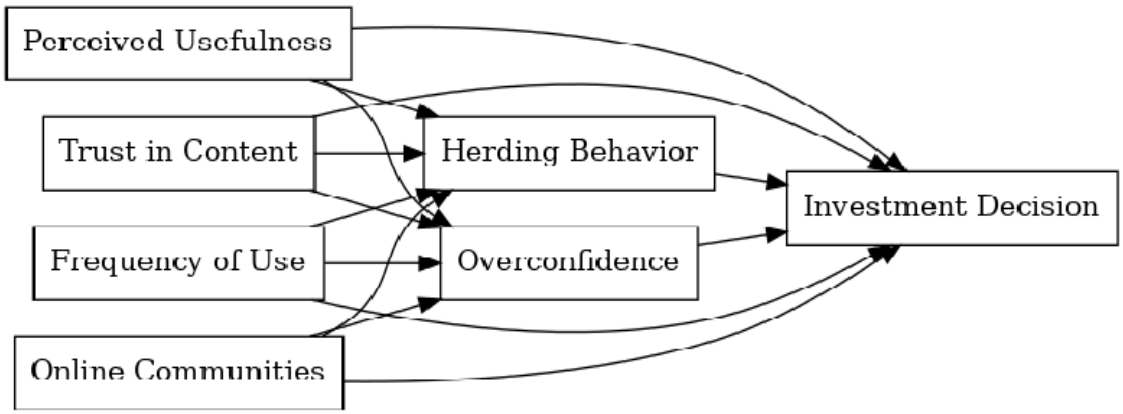
behavioral biases has not been adequately explored. Moreover, the studies have been conducted mainly in the city. The significance of social media communities in investment decisions by Generation Z investors has not been explored in the under-researched area of Sudurpaschim Province.

Conceptual Framework

On the basis of the theoretical and empirical evidence provided in the above discussion, a conceptual framework is proposed in this study in which the variables of perceived usefulness, trust in social media content, usage frequency, and online community engagement are proposed to influence investment decisions for Generation Z investors. Furthermore, it is proposed that behavioral biases in the form of herding and overconfidence would mediate these relationships.

Figure 1

Conceptual Framework



Source: *Developed by the author based on Davis (1989), Ajzen (1991), Kahneman and Tversky (1979), Barber and Odean (2001), and Haque et al. (2022).*

The link between perceived usefulness and investment decisions was confirmed by TAM theory, which indicates that people are more prone to use information they perceive as useful (Davis, 1989; Dwivedi et al., 2021). Trust in information presented by social media can boost the information's credibility, thus increasing the probability

of its application in investment decisions (Håkansson & Witmer, 2015; Nisar et al., 2021). Although the use of information from social media can be measured by frequency, its influence on investment decisions can be related to information quality rather than its amount (Bhandari & Pokharel, 2022). Online community involvement can positively influence investor behavior by promoting social interaction and learning, thus affecting investment decisions via peer effects (Haque et al., 2022; Pentina & Zhang, 2017).

Moreover, the behavioral finance theory indicates that exposure to information and interaction with people in the stock exchange can lead to behavioral biases such as herding and overconfidence (Kahneman & Tversky, 1979; Barber & Odean, 2001). Empirical studies confirm the mediating role of these biases in the relationship between social media and investment decisions (Junaidi & Nurhidayah, 2023; Vasquez, 2023).

Accordingly, the study proposes the following hypotheses:

H1: Perceived usefulness of social media has a significant positive effect on investment decisions.

H2: Trust in social media content has a significant positive effect on investment decisions.

H3: Frequency of social media use has a significant effect on investment decisions.

H4: Online community engagement has a significant positive effect on investment decisions.

H5a: Herding behavior mediates the relationship between perceived usefulness and investment decisions.

H5b: Overconfidence bias mediates the relationship between trust in social media content and investment decisions.

This framework is based on behavioral finance theory and is supported by existing research studies, which collectively show that social media affects investment decisions directly and indirectly through behavioral biases.

Methodology

This study employed a quantitative research approach under a descriptive-explanatory survey research design to assess the impact of social media on investment decisions of the stock market among Generation Z investors in the Sudurpaschim Province of Nepal. The descriptive section of the study is employed to analyze the demographic characteristics of the participants. Meanwhile, the explanatory section of the study is employed to assess the relationships between the independent variables, namely perceived usefulness (PU), trust in the content (TR), frequency of use (FR), and online community (OC), and the dependent variable, namely investment decision (ID). Furthermore, the mediating variables of the study are herding behavior (HB) and overconfidence (OCF).

This research approach is consistent with the previous studies of behavioral finance and technology acceptance. Most studies of behavioral finance and technology acceptance employed the quantitative research approach under the survey research design. In fact, the quantitative approach is the dominant approach to studying the psychological determinants of investment decisions (Haque et al., 2022; Junaidi & Nurhidayah, 2023). Moreover, the study is underpinned by the Theory of Planned Behavior (Ajzen, 1991) that explains the psychological determinants of human behavior.

The target population of the proposed study includes Generation Z investors ranging from 18 to 28 years of age and living in Sudurpaschim Province. They should be either currently involved in the Nepal Stock Exchange or plan to do so in the near future. Generation Z is considered the target group for the proposed study since they are considered a digital-savvy group and tend to be active in social media. Furthermore, research has shown that younger generations of investors tend to be more prone to behavioral biases such as herding and overconfidence and are considered a target group for the proposed study (Pentina & Zhang, 2017; Junaidi & Nurhidayah, 2023).

Since a comprehensive sampling frame for Generation Z investors in the region is not available, Cochran's formula for an infinite population is considered for determining the

required sample size for the proposed study. A minimum of 200 samples is obtained for a 95% confidence interval and a 5% margin of error. A minimum of 200 samples is considered sufficient for regression and mediation analysis, as recommended by Hair et al. (2019), since a minimum of 10 to 20 samples are considered sufficient for each predictor variable in regression and mediation analysis.

A combination of purposive and convenience sampling methods was adopted. Purposive sampling was conducted to reach respondents who fulfill the sampling criteria of being Gen Z investors or potential investors. Convenience sampling was conducted to obtain the required data in the absence of a sampling frame. These sampling methods are commonly adopted in behavioral finance and social media research, where the target audience is selected based on their specific characteristics (Ismail et al., 2018; Wu et al., 2024).

The data collection methods were both online and offline. Online methods of data collection were conducted through social media platforms such as Facebook, Messenger, and Viber, where young investors are active. Offline methods of data collection were conducted through educational institutions, brokerage firms, and investment training centers in Mahendranagar and its adjacent districts. A total of 220 valid responses were collected.

The data collection process involved using a structured questionnaire. The structured questionnaire was developed based on relevant literature from various research studies on social media, behavioral finance, and technology adoption. The structured questionnaire was designed to include three dimensions: demographic, social media usage patterns, and measuring research constructs.

The measuring of research constructs is adapted from previous studies to make it reliable and valid. The measuring of perceived usefulness is adapted from Davis (1989) to measure the extent to which social media is perceived as useful for providing information. The measuring of trust in social media is based on previous studies that highlighted the importance of the information provided on the internet (Håkansson &

Witmer, 2015). The measuring of frequency of use is based on the extent of usage of social media, and online community engagement is based on participating in discussions on the internet (Pentina & Zhang, 2017).

To measure behavioral biases, constructs were used. Herding behavior was measured based on the tendency to follow investment decisions of others. Overconfidence was measured based on the tendency of investors to overestimate their knowledge and decision-making ability (Barber & Odean, 2001; Kahneman & Tversky, 1979). Investment decision was measured in terms of buying, holding, and selling behaviors. All the items were measured on a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

To check the clarity, relevance, and comprehensiveness of the questionnaire, a pilot study was conducted among 20 respondents. On the basis of the findings, some changes were incorporated in the questionnaire to make it better. To check the reliability of the items, Cronbach's alpha was computed. If $\alpha \geq 0.70$, it is considered a measure of adequate reliability (Nunnally & Bernstein, 1994; Hair et al., 2019). Findings revealed that all the constructs had adequate reliability.

Construct validity was verified through correlation and factor analysis to ascertain that the items in the measurements sufficiently represent their respective constructs and do not have significant cross-loading effects.

Data analysis was conducted using the Statistical Package for Social Sciences (SPSS) version 27. Descriptive and inferential data analysis methods were employed. Descriptive analysis was conducted to analyze demographic information and social media usage patterns. Inferential analysis was conducted to verify the proposed relationships in the research model.

Multiple regression analysis was conducted to determine the direct effects of independent variables (PU, TR, FR, OC) on investment decision (ID). Multiple regression is a suitable data analysis approach for testing the direct effects of a set of independent variables on a single dependent variable (Hair et al., 2019).

To determine the mediating effects of herding behavior and overconfidence, a mediation analysis was conducted. Hayes' PROCESS Macro (Model 4) with 5,000 bootstrap samples was implemented for data analysis (Hayes, 2013).

Statistical significance was set at a 5% threshold ($p < 0.05$).

Regression Model Specification

The regression model used in this study is specified as follows:

$$ID = \beta_0 + \beta_1 PU + \beta_2 TR + \beta_3 FR + \beta_4 OC + \beta_5 HB + \beta_6 OCF + \varepsilon \quad \ldots (1)$$

Where:

ID = Investment Decision
PU = Perceived Usefulness
TR = Trust in Social Media Content
FR = Frequency of Social Media Use
OC = Online Community Engagement
HB = Herding Behavior
OCF = Overconfidence
ε = Error term

This model also helps in examining both the direct effects of social media-related factors and indirect effects through behavioral biases, which would provide a holistic understanding of investment decision-making among Generation Z investors.

Results

Table 1 presents the demographic characteristics of the participants. The sample group includes 220 Generation Z investors. More male investors (62.70%) than female investors (37.30%) are included. The majority of the participants are from the age group of 21-24 years (43.60%), followed by 25-28 years (36.40%), and 18-20 years (20.00%). In terms of educational qualifications, the majority of the participants have a bachelor's degree (39.10%), followed by intermediate (30.00%), SEE/ + 2 (22.70%), and master's

(8.20%). In terms of investment experience, the majority of the participants have less than one year of experience (41.80%), i.e., the majority of the participants are new to investment. It is also found that 38.20% of the participants have 1-3 years of experience, while 20.00% have more than three years of experience.

Table 1

Respondents' Characteristics

Description	Category	Frequency	Percentage
Gender	Male	138	62.70%
	Female	82	37.30%
Age	18–20	44	20.00%
	21–24	96	43.60%
	25–28	80	36.40%
Education	SEE/+2	50	22.70%
	Intermediate	66	30.00%
	Bachelor	86	39.10%
	Master	18	8.20%
Investment Experience	< 1 year	92	41.80%
	1–3 years	84	38.20%
	> 3 years	44	20.00%

Overall, the sample consists of young and less-experienced investors, which is similar to the characteristics of Generation Z participants in new financial markets.

Table 2

Model Summary of Independent Variables (PU, TR, FR, OC) and Dependent Variable (Investment Decision)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.724a	.524	.502	.351	1.981

a. Predictors: (Constant), PU, TR, FR, OC

b. Dependent Variable: Investment Decision

Table 2 presents a description of the summary statistics of the regression model for the analysis of the impact of social media factors on investment decisions. The model has an R^2 of 0.524 and an adjusted R^2 of 0.502, indicating that 50.2% of the variance of investment decisions can be explained by the independent variables of perceived usefulness, trust, frequency of use, and online community engagement.

The Durbin-Watson statistic of the model was 1.981, which falls within the range of 1.5 and 2.5. This indicates that there was no autocorrelation problem, and the model assumes independence of errors (Field, 2013).

Table 3

Regression Results

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Constant	0.951	0.120		7.925	.000
PU	0.321	0.060	0.342	5.333	.000
TR	0.214	0.071	0.187	3.014	.003
FR	0.071	0.051	0.066	1.401	.162
OC	0.183	0.061	0.168	3.000	.004

The regression equation is:

$$ID = 0.951 + 0.321PU + 0.214TR + 0.071FR + 0.183\ OC \quad ...(2)$$

Table 3 presents the regression coefficients for the effect of the social media-related variables on investment decisions. Based on the results obtained, it is evident that the usefulness of social media has a significant positive effect on investment decisions ($\beta = 0.342$, $p < 0.001$). This implies that investment decisions are likely to be made when the investor considers social media to be useful.

Further, the results obtained show that trust in social media content has a significant positive effect on investment decisions ($\beta = 0.187$, $p = 0.003$). This implies that social media content plays a vital role in investment decisions.

On the other hand, online community engagement has a significant effect on investment decisions (β = 0.168, p = 0.004). This implies that online communities are vital for investment decisions.

However, the results obtained show that frequency of social media use has a non-significant effect on investment decisions (β = 0.066, p = 0.162). This implies that investment decisions are not likely to be made based on the frequency of use of social media.

Based on the regression results, the estimated model is:

$$ID = 0.951 + 0.321PU + 0.214TR + 0.071FR + 0.183\ OC \quad ...(2)$$

This equation shows that usefulness, trust, and online communities positively affect investment decisions, whereas frequency of use has a relatively minor impact that is statistically insignificant.

Table 4

Mediation Analysis Summary

Relationship	Total Effect	Direct Effect	Indirect Effect	95% CI (Lower, Upper)	Conclusion
PU → HB → ID	0.321***	0.209**	0.112	[0.061, 0.172]	Partial Mediation
TR → OCF → ID	0.214**	0.123*	0.091	[0.042, 0.150]	Partial Mediation

*Note: ***p < 0.001; **p < 0.01; *p < 0.05*

Table 4 displays the mediation analysis results using Hayes' PROCESS Macro. The results reveal that herding behavior partially mediates the relationship between usefulness and investment decision with an indirect effect of 0.112 and a 95% confidence interval of [0.061, 0.172]. As the confidence interval does not include zero, it can be concluded that the mediation effect is statistically significant.

Likewise, overconfidence bias partially mediates the relationship between trust and investment decision with an indirect effect of 0.091 and a confidence interval of [0.042, 0.150], which implies a significant mediation effect.

The occurrence of partial mediation implies that social media plays a direct as well as an indirect role in investment decisions through behavioral biases.

Table 5

Summary of Hypothesis Testing Results

Hypothesis	Relationship Tested	Standardized β	Sig. (p)	Decision
H1	Perceived Usefulness → Investment Decision	0.342	0.000	Accepted
H2	Trust in Social Media Content → Investment Decision	0.187	0.003	Accepted
H3	Frequency of Social Media Use → Investment Decision	0.066	0.162	Rejected
H4	Online Community Engagement → Investment Decision	0.168	0.004	Accepted
H5a	Herding Behavior mediates Perceived Usefulness → Investment Decision		0.015	Partially Mediated
H5b	Overconfidence mediates Trust → Investment Decision		0.022	Partially Mediated

Table 5 presents the results of the hypothesis testing. The results suggest that perceived usefulness ($\beta = 0.342$, $p < 0.001$), trust in social media content ($\beta = 0.187$, $p = 0.003$), and online community engagement ($\beta = 0.168$, $p = 0.004$) have significant positive relationships with investment decisions. Therefore, hypotheses 1, 2, and 4 are supported.

On the contrary, the frequency of social media usage ($\beta = 0.066$, $p = 0.162$) is not significant. Therefore, hypothesis 3 is rejected.

Moreover, the mediation results confirm hypotheses 5a and 5b. It suggests that herding behavior and overconfidence bias are partial mediators of the relationships between social media factors and investment decisions.

Discussion

This study aims to explore the impact of social media on stock market investment decisions, including direct and indirect impacts, such as behavioral biases, for Generation Z investors in Sudurpaschim Province, Nepal. The findings of this study will help to create a deeper understanding of the combined impacts of informational and psychological factors on investment decisions.

The findings of this study showed that perceived usefulness is the most significant factor for investment decisions. This implies that Generation Z investors rely on social media for investment decisions when they believe that social media is useful for decision-making. This finding is supported by the Technology Acceptance Model, as proposed by Davis (1989), where perceived usefulness is considered one of the most significant factors for behavioral intention. This finding is also supported by empirical studies that have found that perceived usefulness is one of the most significant factors for financial decision-making, as reported by Bhandari and Pokharel (2022) and Dwivedi et al. (2021). For emerging economies such as Nepal, where people cannot afford formal financial advisory services, social media plays a significant role as an alternative source for decision support.

Another aspect of social media content that has been found to have a significant positive influence on investment decisions is trust in social media content. This implies that investment decisions are more likely to be made when they are based on content that can be considered credible and reliable. This study thus provides support to the Theory of Planned Behavior (Ajzen, 1991), which emphasizes the importance of beliefs in determining behavior. This study also provides support to past studies that have shown that trust can reduce uncertainty and increase reliance on digital sources of information (Håkansson & Witmer, 2015; Nisar et al., 2021). In Nepal, where verification might not be possible, trust in peer-generated content can thus be a significant factor in determining investment behavior.

However, frequency of social media usage has no significant impact on investment decisions. This implies that it is not necessarily true that the more an individual engages in social media usage, the better investment decisions they are likely to make. This further supports the argument that it is not the amount of exposure to certain information that matters but rather the relevance of that information. This has been supported by earlier studies that have shown that frequency of usage in decision-making outcomes cannot be predicted (Bhandari & Pokharel, 2022).

Online community engagement, on the other hand, is found to have a significant impact on investment decisions. This shows that interaction, involvement, and influence from peers have a significant impact on investor decisions. This is similar to other studies that have shown the importance of online communities in influencing financial decisions, such as financial behavior, by using social interaction and sharing of knowledge, as shown by Haque et al. (2022) and Pentina& Zhang (2017). For a region such as Sudurpaschim Province, where access to financial advice is limited, online communities could be considered as a replacement for such advice.

Further, the mediation analysis reveals that behavioral biases do influence investment decisions. Herding behavior partially mediates the relationship between usefulness and investment decisions. This reveals that investors who find social media useful are also prone to following the actions of others. This is in line with the behavioral finance theory, which reveals that individuals tend to follow social behaviors in their decision-making when faced with conditions of uncertainty (Kahneman & Tversky, 1979). Overconfidence partially mediates the relationship between trust and investment decisions. This reveals that investors who trust social media content tend to be overconfident in their abilities. This is in line with research that reveals overconfidence in investment decisions leads to conditions of excessive trading and risk-taking (Barber & Odean, 2001).

Overall, it can be concluded that investment decisions made by Generation Z investors are indeed influenced by both rational and behavioral factors. Although usefulness and

trust are rational measures of information, herding and overconfidence are more related to behavioral biases that affect decision-making in a negative way. This study thus supports the perspective of behavioral finance that investor behavior is influenced by a combination of cognitive, emotional, and social factors (Thaler, 1999; Bukovina, 2016).

In conclusion, it can be stated that this study has shown that social media plays a dual role in investment decision-making: it provides useful investment-related information to Generation Z investors, but it also leads to various behavioral biases in investment decision-making. This is more relevant in newly evolving financial markets where Generation Z investors rely on social media for making investment-related decisions.

Conclusion

This study aims to examine the influence of social media on stock market investment decisions among Generation Z stock investors in Sudurpaschim Province, Nepal. By incorporating behavioral finance theory and information dynamics in the digital environment, the study aims to examine the influence of social media factors such as perceived usefulness, trust, frequency of use, and online community engagement on stock investment decisions, both directly and indirectly through behavioral factors such as herding and overconfidence.

The results of the study showed that social media significantly influences investment decisions; however, the influence of social media factors varies across different dimensions. Specifically, perceived usefulness was found to be the most influencing factor in investment decisions among Generation Z stock investors in Nepal, suggesting that Generation Z stock investors in Nepal use social media in investment decisions when they find it useful in terms of providing relevant information. Trust and community engagement were also found to significantly influence investment decisions among Generation Z stock investors in Nepal; however, frequency of use was not found to be a significant predictor of investment decisions, suggesting that the influence of social media on investment decisions depends on the quality of engagement rather than the quantity of usage.

It is also noteworthy that the mediating effect of behavioral biases is clearly demonstrated by the study. In the first case, the herding behavior of the investors mediates the relationship between perceived usefulness and investment decisions. Similarly, the overconfidence of the investors mediates the relationship between trust and investment decisions. Therefore, the study clearly indicates the psychological effect of social media on the investment decisions of the investors. It is noteworthy that social media is not only an information provider for the investors but also plays an active role in the psychological behavior of the investors.

From the practical point of view, the study indicates the importance of being cautious while using social media. It is noteworthy that the investors must be cautious while using social media. Moreover, the study is beneficial for the Securities Board of Nepal (SEBON) because the findings of the study suggest the importance of digital financial literacy programs. Similarly, the study is beneficial for the financial institutions because the social media community may be an effective tool for the learning of the investors.

However, it has a few limitations as well. For example, it relies on self-reported data that might have response bias. It also only considers a single province. Another limitation of the study is that it does not consider any behavior over a period of time. Future studies can consider these limitations in a better way by using longitudinal designs.

Overall, it can be concluded that this study showed that social media not only acts as a source of information but also as a source that affects behavior in investment decisions of young investors in emerging markets.

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The Effect of Leadership Styles on Organizational Performance in Public Sector Organizations in Nepal

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Abstract

Leadership plays a significant role in enhancing organizational performance in private and public sector organizations. This research aims to investigate the impact of transformational, transactional, autocratic, and democratic leadership on organizational performance of Nepalese public sector organizations. This research is based on quantitative research, and the research design is cross-sectional. The research collected data from 350 employees of public sector organizations, including universities, hospitals, and local governments of Nepal, using a structured questionnaire. The research used descriptive statistics, reliability, correlation, and regression analyses to analyze the collected data. The findings of the research indicate that transformational and democratic leadership have a high positive impact on organizational performance. Transformational leadership is more significant, whereas transactional leadership is significant but to a lower extent. The findings of the research indicate that autocratic leadership is negatively correlated with organizational performance. This research contributes to the body of knowledge on leadership and public administration by adding empirical findings on the ailing Nepalese public sector and by using one umbrella to analyze various leadership styles. The findings of the research will be helpful for policymakers and executives of public sector organizations to promote democratic and transformational leadership for enhancing organizational performance.

Keywords: *Autocratic leadership, Democratic leadership, Leadership styles, Organizational performance, Public sector organizations, Transformational leadership*

Introduction

The significance of leadership as a factor of effectiveness in organizations has been widely accepted, and it has been established that it is through leadership that attitudes and behavior of employees are influenced and, therefore, performance results are

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affected. Leadership has been established as a requirement for the conduct of employee behavior towards organization goals, maintaining employee motivation, and ensuring performance sustainability over time (Yukl, 2013; Avolio et al., 2009) in an era of complex and dynamic organizational environments. The significance of leadership is highly relevant in organizations that operate in complex and dynamic institutional environments characterized by scarcity of resources, heavy regulatory restrictions, and requirements of accountability and transparency. Leadership is critical for administrative effectiveness and service delivery results, which are inherent in such environments in public sector organizations globally (Filip, 2015; Ohemeng et al., 2018).

The main responsibility of the public sector is to render services to the people in an efficient, equitable, and transparent manner. However, public sector organizations are often confronted with a number of challenges in terms of organizational performance due to bureaucratic red tape, political pressures, and limited autonomy of managers (Hințea 2015; Amoako-Asiedu & Obuobisa-Darko 2017). In a way, leadership style is a major factor in terms of organizational management that can affect a leader in motivating employees, decision-making, etc., under administrational limitation (Bass & Avolio, 1994; Judge & Piccolo, 2004). Every public sector organization always tries to enhance its effectiveness in terms of developing employees' commitment, cooperation, etc., which are greatly influenced by leadership style.

In Nepal, public sector institutions like hospitals, local government offices, and universities are an integral part of the country's development for providing health care, education, and governance. In fact, these institutions, despite their significant contribution to the nation, are often plagued by problems related to service efficiency and accountability, employee motivation and performance, etc. These problems are often linked with bureaucratic structures, lack of managerial freedom, traditional leadership styles based on control instead of employee participation (Filip, 2015; Hințea, 2015). However, the public demand for service efficiency and transparency has

increased, and thus the leadership has taken an important step for improving employee commitment and service delivery and overall performance for public sector institutions in Nepal (Ohemeng et al., 2018; Amoako-Asiedu & Obuobisa-Darko, 2017).

Leadership style is defined as a set of behaviors and techniques used by leaders in guiding, influencing, and driving their employees towards fulfilling organizational needs (Yukl, 2013). The two most researched leadership styles in this regard are transformational and transactional leadership styles, which collectively constitute the Full Range Leadership Model (Bass, 1985; Bass & Avolio, 1994). Generally, transformational leadership is based on motivating the subordinates through vision, intellectual inspiration diversification, and individualized attention, whereas transactional leadership is based on tracking performance, characterization of roles, and reward-based motives (Bass & Riggio, 2006; Judge & Piccolo, 2004). Besides the aforementioned leadership styles, these age-old leadership styles of autocratic and democratic leadership also have a major impact on organizational environments. It is a linear direction based on specific leadership decisions and determinism of leadership control over managers; on the other hand, it is based on inclusive participation and consultation through democratic leadership (Dolatabadi & Safa, 2010; Akanji et al., 2018). These leadership styles have a major impact on staff engagement and loyalty in an organization (Wang et al., 2011; Dumdum et al., 2002).

As much emphasis is given on leadership as one of the essential to promote performance, but there is limited empirical research on leadership styles and performance within the context of the public sector of Nepal. The majority of research is conducted on private organizations, and studies on leadership styles have been conducted individually but not simultaneously using a single lens. This is one of the major gaps. The geographical gap is another, as very few studies have examined the relationship between leadership and organizational performance within the context of Nepal (Donkor, 2021; Thanh & Quang, 2022). The domain gap is another significant gap, as most studies on leadership have been conducted within private organizations,

and very little research is applicable to the public sector, where performance is not measured similarly (Filip, 2015; Ohemeng et al., 2018). The gap that there is limited research on simultaneously assessing leadership styles using a unified regression framework is another gap, as leadership styles have not been simultaneously assessed by most studies (Judge & Piccolo, 2004).

In order to bridge these gaps, the present study aims at examining the impact of transformational, transactional, autocratic, and democratic leadership on organizational performance in public sector organizations of Nepal. In this regard, by using empirical data collected from employees of public universities, public hospitals, and local government offices in Nigeria, the present study attempts to provide specific insights on leadership behaviors that influence organizational performance in a contextual manner. The present study would contribute to the existing literature on leadership and public administration by exploring various leadership styles at all times side-by-side and by examining various aspects of leadership behaviors in public sector organizations of Nepal.

Apart from these, specific objectives of the present study are: To examine the relationship between leadership styles and organizational performance in public sector organizations of Nepal, To analyze the impact of transformational, transactional, autocratic, and democratic leadership on organizational performance, and To provide empirical evidence on leadership and public sector management in Nepal.

Literature Review

Leadership theories have provided significant insights into the relationship that exists between leadership behaviors and organizational outcomes. The most influential leadership theories include the Full Range Leadership Theory, which posits that leadership behaviors can be categorized into transformational leadership and transactional leadership (Bass, 1985; Bass & Avolio, 1994). Transformational leadership is concerned with motivating followers by articulating an attractive vision, providing intellectual stimulation, and individualized consideration. Conversely,

transactional leadership is concerned with role clarification, monitoring performance, and using a contingent reward system (Bass & Riggio, 2006; Judge & Piccolo, 2004). This leadership theory is largely used within organizational research as it demonstrates a significant link that exists between leadership behaviors and employee outcome measures, such as motivation and performance (Avolio et al., 2009). In addition, leadership is very important within public sector organizations as employees have to work closely with bureaucratic structures, and these have a significant influence on the functioning of organizations (Filip, 2015; Ohemeng et al., 2018).

Nothing might be more discussed today than transformational leadership, especially in relation to its high correlation to organizational effectiveness. Transformational leaders inspire employees to pursue a common vision, encouraging innovation and self-development (Bass & Avolio, 1994; Bass & Riggio, 2006). Such leadership behavior results in greater employee engagement, job satisfaction, and organizational effectiveness (Wang et al., 2011; Dumdum et al., 2002). Transformational leadership has been found to increase both employees' performance and organizational commitment in public sector organizations (Donkor, 2021). This argument is further supported by recent studies that found that transformational leadership positively impacts organizational effectiveness through greater employee motivation (Sentoso et al., 2023).

On the other hand, transactional leadership categorically ensures organizational stability through the establishment of a structured management system and organizational performance targets (Bass, 1985). This form of leadership ensures that the workforce is always compliant with the goals set by the organization. Previous research indicates that transactional leadership is beneficial in enhancing organizational performance. This is especially in a formal organizational context where it is essential for the workforce to be compliant with the organizational rules and regulations (Judge & Piccolo, 2004). In the public sector, transactional leadership ensures administrative order and compliance with regulations (Wallace & Trinka, 2009). On the negative side, high levels of transactional

leadership are always detrimental to creativity and intrinsic motivation (Yukl, 2013). Research is ongoing and indicates that transactional leadership is beneficial in enhancing employee engagement and performance, especially in a context where the workforce's roles and reward systems are well defined (Quadri et al., 2024).

Autocratic leadership style is defined as a centralized decision-making approach in which management has a high level of control over employees, with minimal input from them (Dolatabadi & Safa, 2010). Leaders who use this approach are likely to take decisions independently and expect immediate compliance from their subordinates. This approach to leadership can result in greater efficiency in situations that require quick decision-making or on-the-spot decisions. However, studies have shown that it can have a negative impact on motivation to work and organizational commitment (Guluta & Rusu, 2016; Atkin-Plunk & Armstrong, 2013). The absence of employee input can result in a decline in job satisfaction and lower organizational effectiveness. Recent studies have shown that the use of authoritarian leadership in public organizations can undermine effectiveness because it can limit employees' input and innovation (Ikeanyibe & Ukah, 2024).

Democratic or participative leadership focuses on shared decision-making, communication, and the involvement of employees in the processes of the organization (Akanji et al., 2018)*. Such leaders, who use this style of leadership by adopting this method of leadership, encourage collaboration and consultation, which in turn increases the commitment of employees and actually working together as a team. Democratic leadership, as research indicates, increases motivation and satisfaction of employees, which in turn increases performance (Donkor 2021). In reference to organizations in the public sector, this style of leadership is significant as it influences the extent of transparency and accountability in terms of involvements (Amoako-Asiedu & Obuobisa-Darko, 2017). And newly allowed studies characterized positive influence of participatory leader on forming good performance in the organization and reforms in the government sector (Ananda et al., 2024).

Thus, leadership styles are one of the very important factors that influence organizational performance in organizations such as those in the public sector, functioning in a bureaucratic environment (Filip, 2015; Hințea, 2015). In general, transformational and democratic leadership styles are positively related to high levels of employee engagement and organizational performance, while transactional leadership provides very significant performance management functions (Ohemeng et al., 2018). On the other hand, the autocratic leadership style diminishes the involvement and creativity of employees, which may lead to suboptimal performance (Guluta & Rusu, 2016). There is significant research in the area of leadership styles and performance in organizations, but there is a lack of such studies in the context of developing nations, including Nepal (Bhattarai et al., 2020). In addition, the vast majority of the research conducted in the area of leadership styles and performance in organizations has been conducted in the context of private sector organizations or in the context of individual leadership styles rather than in combination.

Despite numerous scholarly articles on leadership and organizational performance, evidence-based data on leadership in Nepal's public sector is found to be lacking. There is a lack of research on multiple leadership styles simultaneously through a similar lens in public sector institutions such as universities, hospitals, and government offices.

On the basis of the above theoretical and empirical evidence, this study develops a framework that explores the relationship between transformational, transactional, autocratic, and democratic leadership styles and organizational performance in Nepal's public sector.

Conceptual Framework and Hypotheses

Theoretical Background and Development of Hypotheses

At the organizational level, leadership style has a huge impact on employee motivation and performance. Leadership style helps in creating an employee perception of a favorable work environment and stimulates responding to modern organizational goals

and effectiveness. In public sector organizations, for instance, organizational performance is often challenged by bureaucratic and administrative barriers (Yukl, 2013; Judge & Piccolo, 2004). Leadership style in this context could be an important factor for subordinates to motivate themselves and deliver quality services. It is therefore reasonable to conclude that leadership style is likely to drive organizational performance through influencing employee behaviors and performance (is the performance of behaviour).

This study intends to explore the impact of four leadership styles, namely transformational leadership, transactional leadership, autocratic leadership, and democratic leadership on organizational performance in public sector organizations in Nepal. From this perspective, leadership styles in public sector organizations in Nepal will be considered as independent variables, and organizational performance will be considered as a dependent variable. According to this perspective, leadership style has a direct impact on employee motivation and performance, which in turn affects organizational performance (Yukl, 2013).

The theory demonstrates how transformational leadership inspires employees by means of a prestigious vision, mental ardor, and personal recognition (Bass & Avolio, 1994). This, in turn, makes employees go beyond normal expectations and strive to attain organizational goals. Research findings up to now have shown that transformational leadership boosts employee commitment and organizational performance (Dumdum et al., 2002; Wang et al., 2011). This form of leadership is instrumental for organizations within the public domain, as it makes room for innovation, as is done within private organizations, within the boundaries and limitations of bureaucracy (Hinţea, 2015; Ohemeng et al., 2018).

H1a: Transformational leadership is positively correlated with organizational performance.

The transactional leadership is based on ensuring organizational stability by monitoring organizational performance and reward systems (Bass, 1985). This form of leadership is

based on establishing organizational expectations and compliance with organizational processes. Research findings have shown that transactional leadership boosts organizational performance by promoting administrative discipline (Judge & Piccolo, 2004; Wallace & Trinka, 2009).

H1b: Transactional leadership has a positive impact on organization performance.

Autocratic leadership is characterized by situational control with little employee involvement. (Dolatabadi & Safa, 2010) Although the process is successful in some cases, it is often characterized by negative consequences for the organization's employees. Studies have shown that the use of the autocratic leadership style results in negative consequences for organization performance. (Guluta & Rusu, 2016; Atkin-Plunk & Armstrong, 2013)

H1c: Autocratic leadership negatively impacts organization performance.

Democratic leadership is characterized by the involvement of the employees in the decision-making process by the leader. (Akanji et al., 2018) The use of the democratic approach is beneficial to the organization since it promotes organization performance. Past studies have shown that participatory leadership results in increased motivation among the organization's employees. (Donkor, 2021) In the public sector organization, the leadership approach is crucial since it promotes teamwork. (Amoako-Asiedu & Obuobisa-Darko, 2017)

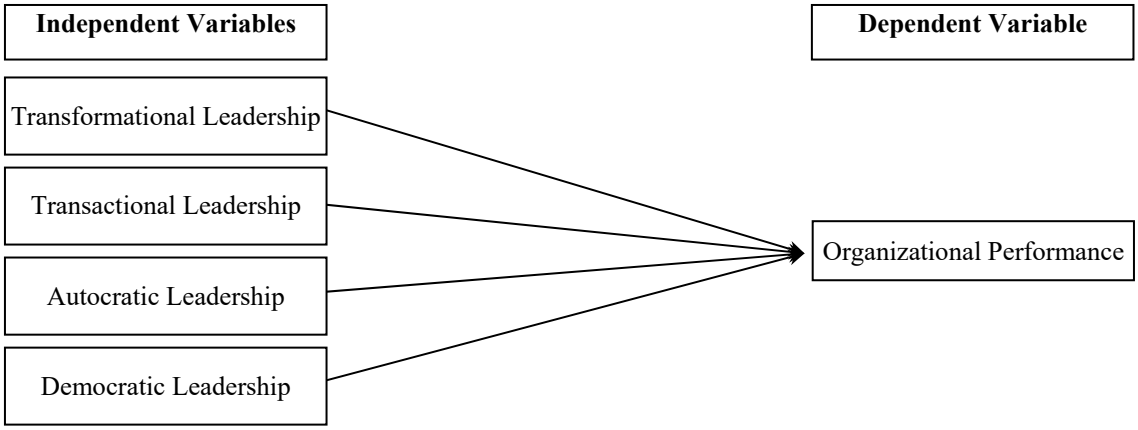
H1d: Positive relationship between Democratic leadership and organizational performance.

This research follows the positivistic philosophy of research which it believes can be quantified with objective measurements through the use of quantitative data. Positivism is appropriate for research aimed at finding evidence for causal relationships and testing hypotheses through empirical evidence (Gall et al., 1996). In line with this philosophy, the research adopts a deductive approach wherein various hypotheses were developed based on existing leadership theories and then tested against empirical evidence. In the

part of the organization, analyze and criticize the assumptions based on the relationship between different leadership styles and performance through statistics analysis.

Figure 1

Conceptual Framework



Source: Bass and Avolio (1994); Akanji et al. (2018); Hair et al. (2019).

The study which aimed to explore the association of leadership styles with organizational performance of public sector organizations in Nepal used a quantitative cross-sectional research design. Cross-sectional studies allow researchers to gather data from responders at a time for them to analyze relationships between variables at a fast pace. Structural equation modeling is one of those strong statistical tools used for studying relationships in the workplace and leadership due to its ability to test theoretical relationships with large samples (Sekaran & Bougie, 2016).

The participants for this study consisted of employees from various public sector organizations in Nepal. These organizations included local government offices, public universities, and public hospitals. These organizations were chosen for this study since they are the major public sector organizations responsible for providing education, health care, and administrative governance. These organizations have employees at all levels of organizational hierarchy, ranging from staff members to supervisors and managers. These levels of organizational hierarchy have been considered for this study in order to provide a holistic overview of the research area. Since there is a lack of a

comprehensive sampling frame for this research and considering the dispersed nature of public sector employees, a non-probability convenience sampling approach was considered for this study. This approach is considered suitable for organizational research studies when access to the target population is limited and the purpose of the research study is theoretical in nature (Etikan et al., 2016). The total number of survey participants for this research study was 350. A large number of participants is considered sufficient for a multiple regression analysis (Hair et al., 2019).

The data collection process involved direct collection of data from employees in the selected public sector organizations through a structured questionnaire. The structured questionnaire had two sections. In the first section of the structured questionnaire, demographic data were collected. The demographic data included questions on employees' gender, age, levels of education attained, type of organization in which they were working, and job position in the organization.

Transformational leadership, transactional leadership, autocratic leadership, and democratic leadership were considered independent variables in the study. Organizational performance was considered a dependent variable in the study. In addition, we considered measuring all leadership styles using six items based on well-known scales measuring leadership style that fit well into the Full Range Leadership Theory (Bass & Avolio, 1994; Bass & Riggio, 2006). Items measuring autocratic and democratic leadership were considered based on previous studies on autocratic leadership style (Dolatabadi & Safa, 2010; Akanji et al., 2018). The study considered measuring organizational performance using eight items related to employees' perceptions of organizational efficiency in public sector organizations.

Each item is measured using a five-point Likert scale ranging from 1, which means strongly disagree, to 5, which means strongly agree. This is one of the most used methods of measurement for leadership and organizational studies, as it is helpful for researchers to explore employees’ perceptions using these statements, which can later be converted into quantified data for further statistical processes (Sekaran & Bougie, 2016).

Cronbach's alpha test is used for assessing the reliability of measurement scales. This test checks for internal consistency within the measurement items. If Cronbach's alpha is found to be 0.70 and above, it is considered acceptable for research purposes (Nunnally & Bernstein, 1994). The reliability test showed that the constructs used for our research have achieved the proposed cut-off, and internal consistency is acceptable. Measurement items have been adapted from existing theoretical frameworks and studies to ensure content validity (Bass & Avolio, 1994; Akanji et al., 2018). Additionally, using multiple items to measure a single variable helped to establish construct validity (Hair et al., 2019).

Methodology

Data collection was done using a self-administered questionnaire and distributed to employees in public universities, public hospitals, and local government offices in Nepal. The participants were informed about the purpose of the research and that participation in the research was voluntary. To ensure that there was no response bias and that the participants answered the questions honestly, the anonymity and confidentiality of the participants were ensured. Informed consent was obtained from the participants, and this is considered ethical in social research (Creswell, 2014).

The data was coded and analyzed using the SPSS software for statistical analysis. Descriptive statistics were computed for demographic information, and the distribution of the variables in the study was analyzed. In addition, reliability analysis was conducted to analyze the internal consistency of the data. Furthermore, the correlation between leadership styles and organizational performance was analyzed. Lastly, a regression analysis was conducted to analyze the prediction effects of transformational, transactional, autocractic, and democratic styles of leadership on organizational performance (Field, 2018).

Various statistical assumptions were checked before the regression of the data. These included normality, linearity, multicollinearity, and homoscedasticity. These are the basic tests for the regression data (Hair et al., 2019). These are the statistical assumptions that have to be made about the data. Checking for these is very well out

from the results because it is evident that the regression model is applicable for the analysis of all the relationships between the variables.

The research regression equation of the study is presented as follows:

$$OP = \beta_0 + \beta_1(TL) + \beta_2(TSL) + \beta_3(AL) + \beta_4(DL) + \varepsilon \quad \ldots (1)$$

Where:

OP = Organizational Performance

TL = Transformational Leadership

TSL = Transactional Leadership

AL = Autocratic Leadership

DL = Democratic Leadership

β_0 = Constant term

β_1–β_4 = Regression coefficients

ε = Error term

Results

This section presents and discusses the findings of this study. The findings are presented under sample characteristics, descriptive statistics, reliability, correlation analysis, and regression analysis. However, all the findings presented in this article are based on the responses received in the survey conducted among 350 employees working in public universities, public hospitals, and local government offices in Nepal.

Demographic Characteristics

The demographic characteristics of the respondents are presented in Table 1. The sample size consisted of 350 employees working in public universities (34.0%), public hospitals (33.1%), and local government offices (32.9%). It can be inferred that all three groups of public sector employees were well represented in the sample. Among the respondents, males were 210 (60.0%) and females were 140 (40.0%). The age groups were mostly in the range of 31-40 years (40.0%), followed by 21-30 years (35.1%), 41-50 years (18.0%), and ≥51 years old (6.9%). In terms of educational achievements,

32.0% of the participants had a bachelor's degree, 50.0% had a master's level of educational qualification, and 18.0% had attained a level of educational qualification in MPhil/PhD. In terms of job roles, moderate representation was found in terms of staff (55.1%), supervisors (30.0%), and managers (14.9%).

Table 1

Demographic Profile of Respondents (N = 350)

Variable	Category	Frequency	Percentage (%)
Gender	Male	210	60.0
	Female	140	40.0
Age Group	21–30 years	123	35.1
	31–40 years	140	40.0
	41–50 years	63	18.0
	51+ years	24	6.9
Education	Bachelor	112	32.0
	Master	175	50.0
	MPhil/PhD	63	18.0
Organization Type	Public University	119	34.0
	Public Hospital	116	33.1
	Local Government	**115**	**32.9**
Position Level	**Staff**	**193**	**55.1**
	Supervisor	**105**	**30.0**
	Manager	**52**	**14.9**

Descriptive Statistics

Descriptive statistics are presented in Table 2. The mean score of transformational leadership was the highest among all, with M = 4.19 and SD = 0.26. This indicates that there was high agreement among the respondents. A similar pattern was observed in the mean score of democratic leadership, with M = 4.08 and SD = 0.27. In contrast, the mean score of transactional leadership was moderate, with M = 3.81 and SD = 0.26. On the other hand, the mean score of autocratic leadership was the lowest, with M = 2.28

and SD = 0.29. This indicates low perception of autocratic leadership among the sailor managers. In addition, the mean score of organizational performance was high, with a mean of 3.99 and SD = 0.23. With regard to the views of transformational and democratic leadership styles, as a whole, they were the most favorable in the organization.

Table 2

Descriptive Statistics of Study Variables

Variable	Mean	Standard Deviation
Transformational Leadership	4.19	0.26
Transactional Leadership	3.81	0.26
Autocratic Leadership	2.28	0.29
Democratic Leadership	4.08	0.27
Organizational Performance	3.99	0.23

Reliability Results

Table 3 shows the reliability values. It is evident from the Cronbach's alpha values that the results have strong reliability because the values are above 0.80 for transformational leadership (α = 0.88), transactional leadership (α = 0.84), autocratic leadership (α = 0.81), democratic leadership ability (α = 0.87), and organizational performance (α = All values are above 0.70. Therefore, the scales adopted by the researcher have reliability.

Table 3

Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
Transformational Leadership	6	0.88
Transactional Leadership	6	0.84
Autocratic Leadership	6	0.81
Democratic Leadership	6	0.87
Organizational Performance	8	0.90

Correlation Analysis

Results of Pearson correlation are shown in Table 4. Note that transformational leadership was significantly and positively associated with organizational performance ($r = .56$, $p < .01$), indicating that the higher the transformational leadership, the higher the excellence in organizational performance. Likewise, transactional leadership was significantly associated with organizational performance ($r = .41$, $p < .01$). On the other hand, autocratic leadership was significantly and inversely associated with organizational performance ($r = -0.29$, $p < .01$), indicating that such a style of leadership is not beneficial for organizational performance. Democratic leadership was significantly and positively associated with organizational performance more than the other styles of leadership ($r = .59$, $p < .01$), reinforcing its positive impact on organizational performance. The association between the various styles of leadership revealed that transformational and democratic styles are positively associated, while autocratic is inversely associated with the rest.

Table 4

Correlation Matrix

Variable	TL	TSL	AL	DL	OP
Transformational Leadership (TL)	1				
Transactional Leadership (TSL)	.42**	1			
Autocratic Leadership (AL)	−.31**	−.28**	1		
Democratic Leadership (DL)	.48**	.39**	−.34**	1	
Organizational Performance (OP)	.56**	.41**	−.29**	.59**	1

Note: $p < .01$

Regression Analysis

The multiple regression results are reported in Table 5. The model explained 48 % of the variance in organizational performance ($R^2 = .48$) and was statistically significant ($F = 78.62$, $p <$ Wikis F G Google SNAOVp. 000). Leader style Transformational leadership emerged as a significant positive predictor ($\beta = .32$, $t = 6.45$, $p = .000$), as

well as between transactional leadership (β =. 18, t = 3.92, p =. 000) and democratic leadership (β =. 35, t = 7.18, p =. 000). However, autocratic leadership was found to be a strong negative predictor (β = −. 15, t = −3.21, p =. 001). Of particular interest was the ramifications of democratic leadership on organizational performance, which represented one of the most important predictors driving organizational performance after transformational leadership.

Table 5

Multiple Regression Results (Dependent Variable: Organizational Performance)

Predictor	β	t	Sig.
Transformational Leadership	.32	6.45	.000
Transactional Leadership	.18	3.92	.000
Autocratic Leadership	−.15	−3.21	.001
Democratic Leadership	.35	7.18	.000
R^2	.48		
F-value	78.62		.000

Discussion

The aim of the research is to examine the effect of Transformational, Transactional, Autocratic, and Democratic Leadership on Organizational Performance in Public Sector Organizations of Nepal. Results: From the research results, it can be concluded that leadership styles are significant predictors of organizational performance. Transformational Leadership and Democratic Leadership were found to be the strongest among the positive predictors of performance. Transactional leadership type was also found to be positively related to performance, although to a lower extent than the other two types. On the other hand, autocratic leadership was found to have a significant negative influence on performance. From the research results, it can be concluded that the democratic and inspirational leadership style would be effective in improving performance in the Nepalese Public Sector, while the autocratic leadership type would not be effective.

The high and significant positive effect of transformational leadership indicates that public sector employees in Nepal appreciate and value a leader who provides vision, intellectual stimulation, and individualized consideration. In universities, hospitals, and government offices, public sector employees often operate under circumstances of scarcity and compartmentalization. In their studies on organizations, they learned that "transformational leadership may be especially critical in motivating subordinates to better performance, enthusiasm on the job, and commitment to organizational goals" (Bass & Riggio, 2006; Hințea, 2015). Transformational leadership has been proven to significantly and positively impact performance through promoting employees' emotional commitment by guiding their efforts towards organizational goals.

Similarly, the strong positive impact of democratic leadership emphasizes the significance of participation and consultation in the process of decision-making. Democratic leadership promotes participation by employees, which is likely to be found in public sector organizations where the potential for collaborative action is critical. The engagement of the stakeholder within the organization is likely to promote collaboration and transparency in action, which is likely to enhance performance. The findings of this study suggest that democratic leadership is highly beneficial in public-sector institutions such as universities, hospitals, and local government offices (Akanji et al., 2018; Donkor, 2021).

Organic performance also had a strong positive relationship with transactional leadership. This may suggest that in public sector organization, conventional structured bureaucratic leadership styles, such as performance monitoring and the specification of roles and reward systems, are relevant. Transactional leadership is useful for maintaining administrative order and ensuring conformity to institutional rules and regulations. These are relevant in a bureaucratic setting (Judge & Piccolo, 2004; Wallace & Trinka, 2009).

On the other hand, since transactional leadership has a moderate impact on performance compared to transformational leadership and democratic leadership, it may be necessary

for public sector performance improvement in Nepal to go beyond administrative order. Leaders who combine conventional management styles with participative and motivational leadership styles may generate better performance.

On the other hand, autocratic leadership had a very strong negative correlation with organizational performance. The research indicates that various forms of leadership, such as decision-making centralization and employee involvement, have a negative impact on employee motivation, leading to a reduction in overall effectiveness. Employees in the public sector of Nepal have become more participatory and autonomy-oriented, and autocratic intrapersonal leadership may have a negative impact on morale and overall organizational effectiveness.

On the other hand, unlike in previous research studies that focused on aspects of leadership and output performance, the findings in this study are consistent. This positive effect of transformational leadership is in agreement with previous research findings that indicated a strong correlation between transformational leadership and employee motivation and organizational effectiveness (Wang et al., 2011; Dumdum et al., 2002). This positive effect of democratic leadership is in agreement with research findings that focus on participative leadership styles in the achievement of positive output in public sector work environments (Amoako-Asiedu & Obuobisa-Darko, 2017; Donkor, 2021). Furthermore, the findings of transactional leadership in this study are in agreement with research findings that focus on the function of transactional leadership in maintaining order in an organizational environment (Asrar-ul-Haq & Kuchinke, 2016). On the other hand, the negative effect of autocratic leadership is in agreement with previous research findings that indicated a negative effect of autocratic leadership on employee motivation levels and, in turn, organizational performance (Guluta & Rusu, 2016).

Theoretically, this study affirms the importance of incarnating the theory of incarnating leadership within Nepal's public sector organizations. These findings prove that leadership styles do influence performance significantly, including in bureaucratic

institutional bureaucracies. By examining different types of leadership styles simultaneously, this study offers empirical evidence of the superiority of participative and transformational styles of leadership in improving performance for public sector organizations (Bass, 1985; Filip, 2015).

Conclusion

This study aims to assess the impact of transformational leadership, transactional leadership, autocratic leadership, and democratic leadership styles on organizational performance within public sector organizations in Nepal. Based on the data collected from 350 employees of public universities, hospitals, and local government agencies, the results showed that the leadership styles have a significant impact on the performance of the organization. In particular, transformational leadership and democratic leadership styles have strong positive relationships with organizational performance. In addition, transactional leadership has a moderate positive relationship with organizational performance. However, the results showed a significant negative relationship between autocratic leadership and organizational performance.

From a practical point of view, what these findings suggest is that for organizations in Nepal, there is a need to focus on leadership development programs, especially on transformational and democratic leadership behaviors. Communicating directly to employees, cooperation, and employee involvement in decision-making processes are things that leaders should do for organizations to function well. Administrative discipline is important, and transactional leadership behaviors such as role definition and performance control are essential, but these should be complemented by participatory leadership behaviors.

At the policy level, it is important to incorporate the development of leadership competency in the civil service recruitment, promotion, and training policies. Reforms in education in a public sector context should aim to provide a framework for its own leadership to model behaviors that encourage accountability, engagement, and transparency. These are all important aspects of service delivery and building trust with the public, who, after all, are the ones paying for these public institutions.

This study has a number of limitations. First, it is limited in its ability to determine causality in the relationship between leadership styles and organizational performance due to the use of a cross-sectional research design. Second, it is limited in its ability to determine reporting bias due to the use of self-report survey data. Third, it is limited in its ability to generalize findings to the larger public sector workforce in Nepal due to the use of a convenience sampling approach.

It is proposed that future studies could focus on using longitudinal designs and mixed methods to help obtain a closer insight into the time-related impact that leadership styles can have on organisational performance. Future studies could also seek to investigate a range of other differing factors that could help to explain the significant link found between leadership and performance within the Nepalese public sector, including cultural aspects of organisations, employee motivation, and governance.

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The Impact of Firm-specific and Macroeconomic Factors on the Share Price of Nepali Commercial Banks

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Abstract

This study attempts to test the impact of certain firm-related variables (i.e., EPS, DPS, P/E ratio, firm size, and ROA) along with macroeconomic variables (i.e., GDP growth, inflation rate, and interest rate) on the stock price of Nepali commercial banks. The study is conducted through the application of panel data of thirteen listed banks for the period of 2011/12 to 2023/24 applying regression analysis supplemented by descriptive and correlation analyses. The findings reveal that EPS, DPS, P/E ratio, firm size, and inflation have a positive effect on the price of shares, whereas interest rate has a negative effect on the price of shares. On the contrary, ROA and GDP growth rate do not have a significant effect on the price of shares. This study highlights the significance of financial indicators, stable dividend policies, and interest rate considerations for investors, managers, policymakers, and future researchers by providing updated evidence from Nepal demonstrating that both firm-specific and macroeconomic factors influence share prices.

Keywords: *Nepalese commercial banks, company performance, share prices, and macroeconomic variables.*

Introduction

The stock market is an instrument in directing the flow of finance from savers to businesses, leading to increased investment and economic development (Atje & Jovanovic, 1993). The connection between stock prices and firm attributes as well as macroeconomic environment worldwide has long been a topic of great debate among researchers. Several prior studies have found that stock prices are affected by various

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internal factors including earnings per share (EPS), dividend per share (DPS), price-earnings ratio, firm size, and profitability as well as various external macroeconomic factors including inflation, interest rates, and real gross domestic product (GDP) (Levine, 1997; Gompers et al., 2003; Alshubiri, 2010).

In the area of developing countries, the significance of the banking industry is high due to the huge presence of banks in the stock market. More than eighty percent of the companies listed in the NEPSE index represent the banking sector in Nepal, so this segment plays a prominent role in influencing the performance of the stock market (Aryal & Khadka, 2020). In spite of the importance of the market, it is still underdeveloped as compared to regional markets, and at the same time, the research concerning the impact of certain variables on the price of shares in Nepal is scarce. Prior research conducted in Nepal provided ambiguous results about the influence of particular factors on the performance of stocks. Karki, (2018), and Giri, (2024), highlighted the importance of earnings and dividends on stock price. But, Bhattarai, (2018), and Chettri, (2023) give stressed on macroeconomic variables: GDP growth and inflation.

However, there is no concrete agreement, particularly about the interactions between firm-specific variables and macroeconomic measures concerning their impact on the price movements of the stock of Nepali commercial banks. In addition, much of the prior research uses historical data (Bajracharya & Sawagvudcharee, 2019).It means that they may not consider the effects of recently introduced changes, including NFRS and new governance standards. Thus, future work needs to fill this gap.

The main purpose of this research is to explore the effect of the specific variables associated with firms' performance: earnings per share (EPS), dividends per share (DPS), price-earnings ratio [P/E ratio), firm size, and return on assets (ROA) and the macroeconomic variables: GDP growth rate, inflation rate, and interest rates, on the

market value per share of the Nepali commercial banks. This study also provides insights to aid decision-making by both the policymakers and investors concerning how the interaction of internal and external factors determines share prices in the financial market of Nepal.

Literature Review

The study of stock price behavior constitutes one of the key components in finance, owing to the fact that the stock market is considered to be significant in terms of proper allocation of resources and economic development. The stock price behaviors are influenced by specific data of the firm such as earnings per share, dividends per share, price-earnings ratio, return on assets, and firm size, as well as by macroeconomic variables like economic growth, inflation rate, and interest rate. There exist several theories about stock price behavior, such as the efficient market hypothesis theory (Fama, 1970), along with arbitrary pricing and behavioral theories.

The empirical literature on various economies has shown inconclusive results. Financial variables such as book value, dividends, and profitability have significantly influenced the stock price in developed and developing countries (Hedau & Mishra, 2023). Empirical studies in Indonesia have indicated that the EPS and the market to book value ratio positively impact the market price, while leverage negatively impacts stock price (Kurniasari et al., 2021). In addition, other studies conducted in India and Pakistan have highlighted the EPS, DPS, and P/E ratio are significant drivers of stock price valuations despite variations in sectoral effects. Studies from a macroeconomic perspective have proved that inflation and interest rates negatively influence stock prices while GDP growth positively influences market price performance (Abugri, 2008; Ibrahim & Musah, 2014).

With regards to Nepal, several studies have been carried out in order to find out what factors determine the stock price and, more precisely, those of the banking sector.

Earlier scholars (Neupane, 2004) found that there was no reliable relationship between earnings and dividend factors with the market value of stocks. Lama, (2016), Karki, (2018), and Bhattarai, (2018), incorporated macroeconomic and business-specific factors and found that EPS, DPS, and company size had a significant impact on market price, although GDP and interest rates had varied impacts. Recent studies (Gyawali, 2022; Giri, 2024) confirm the importance of dividend policy, profitability, and P/E ratio, with some highlighting inflation and economic shocks like the COVID-19 pandemic as critical external determinants

Methodology

For investigating the effects of firm level as well as macroeconomic factors on the share price of Nepali commercial banks, a descriptive and causal-comparative approach were used. Purposive sampling method was applied where the list of all the commercial banks listed in the NEPSE continuously in their listing process were selected. Thereby, a total of thirteen commercial banks were selected as a sample from the whole population of the commercial banks of Nepal. Data for twelve years spanning from 2011/12 to 2023/24 were taken from secondary sources such as annual reports of commercial banks, Nepal Rastra Bank, and government agencies. Firm level factors used in this research are earnings per share, dividend per share, price to earnings ratio, firm size, and return on assets. Same way, the macroeconomic factors considered in this study include real gross domestic product (GDP), inflation rate, and interest rate. Panel regression model was used along with descriptive statistics, correlation, and Hausman test.The model for the regression is,

$$LnMPS_{it} = \beta_0+\beta_1 EPS_{it}+\beta_2 DPS_{it}+\beta_3 PE_{it}+\beta_4 Size_{it}+\beta_5 ROA_{it}+\beta_6 GDP_t+\beta_7 Interest_t+\beta_8 Inflation_t + \varepsilon_{it} \quad ...(I)$$

Results

The descriptive statistics of the significant variables used in this study for the fiscal years 2011/12 to 2023/24 have been shown in Table 1. The average market price per

share (MPS) is 520.45, showing some level of variance, demonstrating that there was volatility in share price throughout the period under investigation. The level of dispersion in EPS and DPS is also observed, representing variations in the profitability and dividend payment policies of the firms. On average, the P/E ratio was 18.42, meaning that investors were ready to pay almost 18 times the earnings of the businesses.

Table 1

Descriptive Statistics of Key Variables (2011/12–2023/24)

Variable	Mean	Std. Dev.	Minimum	Maximum
MPS (Market Price per Share)	520.45	168.30	210.00	865.00
EPS (Earnings per Share)	28.64	11.42	8.20	54.10
DPS (Dividend per Share)	19.35	7.25	4.00	35.00
P/E Ratio	18.42	6.70	7.20	34.50
ROA (Return on Assets)	1.42	0.65	0.30	3.20
Firm Size (Log Assets)	12.84	0.54	11.60	13.90
Real GDP Growth (%)	4.21	1.25	2.30	7.30
Inflation (%)	6.84	2.15	3.60	9.90
Interest Rate (%)	8.10	1.42	6.00	10.40

Table 2 shows the result Hausmen test. The result obtained from this test is 0.1508, greater than 0.05, and thus, the positive hypothesis cannot be supported. Consequently, the random effect model can be applied to the study.

Table 2

Hausman Test

Test Summary	Chi Sq. Statistic	Chi Sq. d.f.	Prob.	Durbin-Watson test
Cross section random	12.0094	8	0.1508	2.24.

Moreover, the Durbin Watson statistic is 2.24 (nearest to 2), and thus, there is no significant autocorrelation between the residuals.

Regression Analysis

These correlations were further evaluated by estimating panel regression model. The fixed-effect model was preferred by the Hausman test, indicating that stock prices were impacted by unobserved heterogeneity among banks. The regression results are displayed in Table 3.

Table 3

Panel Regression Results (Dependent Variable: MPS)

Independent Variable	Coefficient	Std. Error	t-Statistic	Significance
EPS	6.25	2.14	2.92	0.004 **
DPS	8.42	2.87	3.06	0.002 **
P/E Ratio	4.18	1.95	2.14	0.034 *
Firm Size	12.45	5.22	2.38	0.019 *
ROA	3.24	2.10	1.54	0.125
Real GDP Growth	2.85	2.40	1.18	0.240
Inflation	5.12	1.98	2.58	0.011 *
Interest Rate	–7.36	2.72	–2.71	0.008 **
Constant	150.20	35.60	4.21	0.000 ***
R-squared	0.8360			
Adjusted R-squared	0.8124			
S.E. of regression	0.2548			
F-statistic	35.44			
Prob (F-statistic)	0.0000			

*Note: Significance levels: ***p < 0.01, **p < 0.05, p < 0.10*

The analysis of Table 3 shows the significance of profitability and dividend policy in influencing investor expectations by showing that EPS and DPS are important positive drivers of share price. Larger and more profitable banks are valued more, perhaps because of their perceived stability and expansion potential, according to the positive correlation between the P/E ratio and company size. Additionally, inflation had a positive impact, indicating that investors saw moderate inflation as beneficial to the

profitability of the banking industry. Interest rates, on the other hand, showed a strong negative impact, suggesting that growing borrowing costs lower investor demand for bank shares. GDP growth and ROA were not statistically significant, suggesting that share prices in Nepali commercial banks are more influenced by firm-level profitability (as determined by EPS and DPS) than by general economic development.

Regression analysis R-squared 0.8361 indicates the model explains a great deal (83.61%) of the variability of MPS due to the independent variables (ROA, company size, P/E, EPS, DPS, GDP, inflation, interest rate) while the residual portion (16.3%) is made up of other influences that are not included in this model as explanation variables. The adjusted R-squared 0.8124 after adjusting for number of predictors indicates that amount of unexplained variability does not statistically impact explanatory power of the model.

The standard error of 0.2548 shows that on average, MPS values are often in close proximity to their actual value, which further confirms the model's reliability. Also, with a higher F-statistic of 35.44 and a lower proportion of variance explained by the model compared to the variance that could not be predicted by the model, the degree of goodness-of-fit for this regression should be very good. In addition, this p-value shows that there is sufficient evidence at a 0.05 significance level to conclude that there exists a statistically significant relationship between each of the selected independent variables and MPS.

Discussion

The results of this study show that the share price of Nepali commercial banks is largely influenced by firm-specific factors such as EPS, DPS, P/E ratio, and firm size. This research verifies the significance of profitability and dividends in making investments in developing countries because accurate financial information becomes highly important

for making decisions in such economies. According to the findings of the research, the positive relationship between DPS and MPS suggests that the dividend policy plays an important role in financial stability. In the same manner, EPS has a substantial effect on stock prices, indicating the importance of earnings in valuing stocks.

Overall, the research findings are highly consistent with the existing studies of Velankar (2017), and Kumar, (2017) found the EPS and DPS are the strong predictors of the strong price movement in Indian markets. In Nepal, Giri (2024) found support for the impact of DPS and P/E ratios on stock price fluctuations. In South Asia, the findings of Ahamed (2021) indicate that rising borrowing costs decrease investor demand for stocks. This negative correlation between interest rates and share prices has been supported by research from Yuliza (2018) who reported a positive relationship between larger business size and the likelihood of attracting investors due to the perceived stability and risk reduction presented by these types of firms. At the macroeconomic level, the findings reported by Bhattarai (2018) and Chettri (2023) support larger macroeconomic parameters as being successful predictors of stock prices and GDP growth had little effect in this study but have a positive effect on stock returns reported by Nisa and Nishat (2012), however, the lack of positive correlation could be indicative of the banking sector's fundamentals being more important to the volatility of the Nepali stock market than the country's general economic growth.

Implication of these results would be that for investors, it is important to consider banking-related financial parameters like EPS, DPS, and P/E ratio to make more accurate and rational investment decisions in the emerging Nepali stock market. For managers of these banks, the findings of the study stress the need to formulate dividend policies that not only benefit shareholders but help increase the credibility in the market as well. The authorities, like Nepal Rastra Bank, and SEBON, can use these findings

while designing supportive policies that consider both money market stability and development in the capital markets based on the impact of the changes in interest rates on investors.

There are numerous shortcomings of the present study. First, since the sample comprised only thirteen commercial banks, there would be limitations on generalization to the whole financial market in Nepal. Second, the study uses only secondary data which, although reliable, does not include any qualitative variables. Finally, a limited number of bank related and macroeconomic variables were used in the study. Future research could expand the scope by including additional financial institutions, incorporating qualitative indicators, and testing the robustness of results across different economic cycles.

Conclusion

The study used panel data from the fiscal years 2011/12 to 2023/24 to examine the effects of macroeconomic and firm-level variables on the stock price of Nepali commercial banks. The market value of shares is significantly positively impacted by earnings per share, dividends per share, the price-earnings ratio, business size, and inflation. On the other hand, it was shown that interest rates had a negative and substantial impact on share values. However, there was no statistically significant correlation between stock prices and GDP growth or return on assets. These results demonstrate that the two most important variables influencing investor expectations in Nepal's banking industry continue to be profitability and dividend policy.

This report offers current data from the banking industry in Nepal. The study illustrates the effect of macroeconomic and firm-specific variables on stock price. Investors should familiar with their EPS, DPS, and P/E ratio regularly. A stable dividend program also serves to enhance investor confidence in banks. Interest rate fluctuations also impact the markets. Finding this information helps policymakers in making financial policy

decisions. Future research should include other industries, other economic variables, and qualitative factors like investor psychology and governance. By conducting comparative studies with other developing countries, we may obtain a wider understanding of the relationship between stock price factors and other emerging markets.

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The Role of English in Global Business Communication

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Abstract

English is gaining ascendancy as an important language of communication in the business world across the globe. In the globalized world, English has become essential for transactions to take place among organizations, entrepreneurs and even international markets and businesses. In this paper, it is proposed that English proficiency affects the context of business communication especially on entrepreneurs and how it is utilized in developing a connection between international and local businesses. Both descriptive and qualitative methodologies are employed in the paper to show the importance of English proficiency as a phenomenon in improving the professionalism and work opportunities of the world market.

Keywords: *Lingua franca, Business communication, Globalization, Professional competence, International trade.*

Introduction

The lingua franca of business over the world has become English which is relevant in ensuring communication amidst the varied linguistic and cultural settings. The proper use of the English language in the modern global business world can enable an entrepreneur and an organization to conduct business at international levels, form alliances and extend their business reach and connectivity beyond the local markets. This paper takes a look at the significance of English in communication in business and in particular its contribution to the relationship between local and global businesses. The study concludes on descriptive and qualitative measures of the significance of English to professional competency, business efficiency as well as career opportunities in the global economy.

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Methodology

The approach in the research will be qualitative approach, which in turn is using descriptive research design to explore the role of English in business communication and influence of English in professional practices in international business. The research will contribute to the study of the significance of the ability of the English language in the process of cross-border effective communication in the framework of improving business communication on the international level. To develop a deeper insight of the role of language in a real life setting in which communication is frequently associated with professional identity, negotiation, culture and strategic interaction, the study will utilize qualitative approach research due to its importance.

The researchers will use the exploratory research design during the study, which will enable the researcher to investigate English as a communicative and organizational tool instead of a linguistic system. There is no specific hypothesis to be tested in this, but patterns, meanings and strategies of communication related to the use of English in business situations are being established. This design suggests themes that could be explored such as globalization, business discourse and competence. Although the study does present some useful details on the use of English in business communication, it may be said to have several limitations that were related to the nature of the research design like the utilization of self-reported data that may be susceptible to personal interpretation and responses. Nevertheless, this design offers an excellent and contextualized insight into the English use as a professional tool in the modern business environment and offers an important contribution to the overall range of the language and communication studies.

Results and Discussion

Here, the results of the research regarding the role of English in business communication will be discussed and analyzed in global perspective. Both the theoretical and practical perspective will be discussed and include the theoretical perspectives on language, globalization and communication. The results demonstrate

that English is not only the means of information exchange, but also the instrument of developing professional identity, efficiency in the organization, and the ability to compete in the world market.

English the Global Lingua Franca in Business Communication

The paper has revealed that English has remained one of the preferred languages in the international business communication, particularly finance, tourism, trade, education, information technology and diplomacy. The respondents agreed with one another that English was applicable in communication when sending e-mail, drafting contract, negotiating, making presentations, and using internet marketing etc. This has been seen to conform to the fact that English has become a global lingua franca because of historical, political and economic forces, such as the spread of British colonialism and American economic influence (Crystal, 2003). Similarly, Graddol (2006) indicates, that the English ownership is no longer vested in any nation, rather it has become a global resource, which is influenced by the multilingual speakers in most nations of the world. This notion is supported by the results of the current research, with business people of different linguistic profiles adopting English as a common means of communication to make sure that no one specific national language is preferred. This linguistic neutrality is also useful in the multinational companies where representatives of different countries can work on one project without any linguistic barriers.

Moreover, the respondents emphasized that they did not learn English but had to do it to be able to work in the office. This is in accordance with the concept of a global English by Neeley (2012), which is the institutionalization of English as the official language in the work place particularly in multinational firms. According to Neeley, the English language is applied in the workplace to provide global communication, to make the company somehow coherent, and to prevent some misunderstanding that might arise because of linguistic fragmentation. The findings of the current study supported the findings that the English language could be used as a global language that connects the workplace, and thus, through it, the company could standardize its documents, training programs and communication.

The findings of the current study have however also shown that the dominance of the English language may be detrimental to the low English-proficient participants and establish an imbalance in the workplace. This tends to conform to the theory of linguistic imperialism that is advanced by Phillipson (1992) that postulates that the proliferation of English globally may strengthen power dynamics in the world, particularly to favor the speakers of English speaking nations. English may be globalizing the business, yet it also may support power relations at the workplace.

English Proficiency and Professional Effectiveness

One of the key insights that the research made was the fact that English proficiency was significantly related to professional success and self-confidence at work. The respondents believed that employees who were conversant in English language felt more at ease running meetings, negotiating contracts, and even networking in a global environment. That is in accordance with Bhatia (2014), who claims that business communication competence is not limited to linguistic accuracy only, but pragmatic and rhetorical competence, e.g. persuasion, politeness, and cultural sensitivity. Besides this, the English proficiency was also found to be strongly related to leadership and career development opportunities.

In this aspect, respondents concurred that individuals who are conversant with the English language have a higher likelihood of getting a leadership and other positions that are in contact with customers. Marschan-Piekkari, Welch, and Welch (1999) study on language and multinational corporations also supported this argument as it was determined that employees who are capable of communicating in the language of the multinational corporation become more visible and mobile within the organizational structure.

Similarly, Huhta, Vogt, Johnson, and Tulkki (2013) claim that professional communicative competence in the English language will help people to raise their employability and workplace performance, as it will enable people to engage actively in

networks of sharing knowledge and making decisions. The results of this study supported this argument because it was observed that employees who are able to communicate effectively in English are in a better position to be involved in strategic decision making and negotiation processes.

Nevertheless, they also acknowledged that linguistic competence was not a sufficient condition of professional achievement. Pragmatic awareness, cultural flexibility, and emotional intelligence are also required in order to conduct effective business communication. This is also in connection with the functioning theory of language by Halliday which was devised in 1978 and views language as a semiotic system that has purpose and context. Not English as a code but English as a social tool, that is based on institutional, professional, and communicative factors is used in a business manner.

English and International Business Expansion

The findings further reveal the fact that English is a crucial instrument that organizations need in order to widen their business to the global market. The companies relied on English to enter into partnerships, do business with suppliers and customers abroad, participate in international trade events and do business overseas. This proves the assertion that Jenkins (2015) made that ELF assists in facilitating international communication by forming a common ground on which communication is not constrained by national and cultural differences.

Once again, Seidlhofer (2011) states that ELF communication is more geared towards intelligibility and pragmatic success of communication than norms of the native speakers. According to the businesses that participated in the study, it affected a clear, simple, and understood business communication more than it was important to be grammatically correct.

Their results also align with the works of Kankaanranta and Louhiala-Salminen (2013) on English as a corporate language, which concluded that working language of companies that use English is more coordinated between overseas subsidiaries and expedites the process of decision-making.

The research participants supported the fact that English helps operations to be efficient through reducing costs on translation, breaking down the barriers of communication, and enabling real-time communication despite time differences despite the time zones. Based on the research, it can be seen that the English language in itself does not guarantee internationalization.

The respondents emphasized that cultural competence and awareness were necessary. This fact is in line with Hofstede severe dimension theory (2011) which indicates that cultural values including power distance, individualism, uncertainty avoidance and communication play a major role in international business. In spite of the bridge, there will always be the involvement of cultural values in international business.

English in Digital and Corporate Communication

The most significant finding is connected with the growth of the use of English in digital types of business communication. The respondents concurred with the fact that, English was the predominant method of online communications such as use of corporate websites, social media marketing, email communications, virtual meeting sessions, and online transactions. This observation can be traced back to a critical discourse analysis approach of Fairclough (1995) according to which the use of language within a social context is defined through the manifestation of power relations between the institutions, as well as the technological environment where the language is practiced. The growing adoption of internet in conducting business activities has led to a requirement to have a standard form of communication which can easily be understood by an international audience and once more this has added strength to the status of English.

Another avenue of English usage has also emerged due to the growing use of virtual teams and the emergence of the culture of working at home. The respondents consented that they are using video conferencing tools to hold virtual meeting sessions and managing teams using online tools, primarily English. It is possible to find a reflection of this observation in the concept of Business English as Lingua franca put forward by

Louhiala-Salminen and Kankaanranta (2012), which implies that English is used in. In addition, it was discovered that digital communication spaces transform the use of language where brevity, informality, and multimodality are promoted.

This is consistent with the discourse based research of professional communication by Hyland (2004) where he had written about the evolution of genres in the light of technology, institutions as well as the rhetorical aspects. The digital business environment English language is thus dynamic, flexible and practical as opposed to strict and standard English.

However, they also expressed reservations regarding the misunderstanding and vagueness of the written English communication, particularly when non-native speakers utilize technological translation tools or some other informal means of digital communication. This is also in line with Canagaraj arguing that successful communication in global English requires meaning negotiation and accommodation between speakers and not adherence to any prescriptive standards of linguistics. It is not about linguistic correctness, but how to make intentions out, how to understand others in a charitable manner, co-construct meaning in business communication.

English and Work Place Power Relations

The results indicate that English proficiency influences power dynamics at the workplace, access to the decision-making process, and professional status. The people who possessed greater English proficiency were deemed to be confident, competent and leader-oriented, and the individuals who possessed lesser English proficiency felt an element of marginalization and insecurity. This is connected to Bourdieu (1991) argument of linguistic capital, which symbolically implies the power of linguistic competence to generate social power, legitimacy and authority.

Similarly, Tietze (2008) argues that the language used in multinational companies constitutes organizational identities and hierarchies in that it provides a voice to some people and silence to others. The results of the present research confirm this argument by demonstrating that the mastery of the English language can serve as a gate keeping

factor in the professional life, and decide whose voice is listened to. In the given situation, lowly-English proficiency employees can either opt to go silent in the meeting or when expressing their ideas or making negotiations.

Nevertheless, the study under consideration also revealed that knowledge of English can also serve as a source of empowerment of those who represent non-dominant language groups in order to transcend horizons of locality and become able to relate to the world. It is so because fluency in English can provide the access of more networks to the people outside the local communities. This enabling and exclusionary role of English proficiency has been observed to be in line with the postcolonial language theories as put forward by Pennycook (2007). The proficiency in English language in this case can serve as a locus of ideological struggle too.

That is, it can serve as the place of resistance, mobility, and change. The paper, accordingly, highlights the importance of organizations having inclusive language policies, train them on communication, and create friendly environments where they will feel confident and competent in the use of English without fear of being stigmatized and judged. This goes along with Fairclough (2001) claim that organizational practice in discourse must be participative, equitable, and democratic, rather than hierarchical exclusion.

English and Career Mobility

The close connection between career mobility and the English proficiency is among the most significant findings. The respondents mentioned that the English proficiency enhances access to the global job, multinationals, foreign placements, professional training, and global education facilities. This observation supports the argument made by Coleman (2011) that English is a kind of social and economic capital that promotes career mobility in the international job market.

Another argument that Jenkins (2015) makes is that a lingua franca, in this case, English, is the language that helps professionals work across borders, participate in

international communities of practice, and pursue transnational career paths. This result proves that the English proficiency promotes competitiveness of individuals in the global employment market and enables them to work in the countries of the international labour market.

The combination of language skills, technical skills, interpersonal skills, ethical judgment and organizational skills are all required to achieve professional achievement. This corresponds to the model of interactional sociolinguistic presented by Gumperz (1982), where he suggested that the success of communication does not rely on the grammatical correctness of a statement, but on communicational context, inference and understanding.

In addition, the language anxiety, fear of errors, and negative self-perception can also serve as the obstacles to the active engagement in the English-mediated professional environment. This is in line with the results of the language anxiety research conducted by Horwitz (2001) who had discovered that the fear of being evaluated negatively can influence the performance of even the competent language users. Moreover, any organization should keep in mind psychological and cultural obstacles to effective communication.

English, Intercultural Communication and Global Collaboration

The other significant observation is that English is an intercultural communication tool that does not eliminate cultural differences in communication, values and anticipations. Some of the issues mentioned by the participants are the problems of indirectness, politeness, decision-making, turn-taking, and hierarchy. This goes in line with the concept of cultural differences between high context and low context cultures as postulated by Hall (1976) that leads to the cultural differences in communication, despite the use of a language as a medium of communication.

The cultural dimension approach proposed by Hofstede (2011) can also be used to explain the issues that exist in business communication that is mediated by the English

language. The cultural dimension approach describes that the cultural disparity in power distance, uncertainty avoidance, individualism and masculinity- femininity influence decoding messages, expressing disagreement and conflict management. English is a communication medium but it cannot eliminate cultural differences.

The findings also confirm the theory of anxiety/ uncertainty management developed by Gudykunst (2003) that states that to achieve success, the intercultural communication, individuals have to be able to cope with uncertainty, decrease their anxiety, and adapt their behavior to the context. The participants emphasized on the importance of cultural sensitivity, empathy, and receptiveness in English-mediated business communication. Effective communication was associated with forbearance, method of clarification, and accommodation of various other linguistic and cultural norms.

In addition, the interviewees emphasized the importance of pragmatic competence in English communication, knowledge of how to soften requests, express disagreement diplomatically and deciphering between the lines. This is in lines with the pragmatic failure theory of Thomas (1983) which suggests that when speakers neglect sociocultural conventions even when the message is grammatically correct, then pragmatic failure takes place. Applied failure in business communication may result in the breakdown of the relationship, the absence of any trust, and the loss of the negotiation process. Thus, English business communication requires linguistic competence, as well as intercultural communicative competence.

English, Organizational Efficiency and Knowledge Management

The findings revealed that English helps in organizational efficiency as it helps in knowledge sharing, standardization of documents and coordination across borders. As an example, the respondents said that English language policies enable organisations to streamline the organisational internal communication, reduce unnecessary translation expenses and to standardise training resources, reports and organisational processes. This is in line with the study conducted by Kankaanranta and Planken (2010) that revealed that English supports knowledge sharing within multinational corporations.

The same issue is also highlighted by the theory of communities of practice by Wenger (1998) who argues that learning and knowledge construction are based on a common communicative practice. The knowledge of English language supports the involvement of employees to the world of professionals and allows them engage in the process of innovations development. This research verifies the argument that English is a tool of organizational learning and knowledge creation, which allows one to obtain knowledge sources in the global knowledge pool and professional communities.

However, they also pointed out that the presence of standardized policies in English could also restrain local linguistic diversity, which may also be applied in the context of employees, expressing their complex thoughts in their native languages. The argument is echoed by Tietze and Dick (2013) assertion that a corporate language policy based on monolingualism may be detrimental to linguistic diversity, which will result in cognitive diversity deficiency. In as much as standardized policies within an English speaking environment could enhance performance within the corporate environment, a compromise between standardization and inclusiveness may be necessary when promoting multilingualism.

Also, the informal communication in a corporate environment, as reported by the respondents, could translate into the use of two or more languages in informal communication despite the use of English as a corporate language. This argument echoes the statement by Garcicia and Wei (2014) about translanguaging that states that a multilingual is free to move around and may alternate between languages and does not have to be confined by a rigid barrier between different languages. The process may enhance communicational efficiency and bonding hence implying that English in a corporate environment may be applied in a multilingual environment as opposed to its application in isolation.

English, Professional Identity and Self-Perception

Another finding of the study is that the mastery of the English language has an effect on identity and self-perception. According to the respondents, English proficiency would enhance confidence, credibility and self-esteem whereas poor proficiency would cause a

sense of inadequacy, marginalization, and helplessness. This is proven by the theory of language, identity and learning offered by Norton, according to which, there is a close correlation between the language learning and the identity, as language learning is perceived as being related to the personal sense of self, the place in society and the dreams about the future. Moreover, the theory of identity and the participation in communities of practice offered by Wenger implies that the knowledge of the language enables people to recognize themselves as a member of the community of practice.

The command of English is, thus, a symbolic mark of professionalism, globalization and institutional legitimacy. Nevertheless, the research demonstrates that excessive focus on competence in English leads to unrealistic expectations in which professionals are rated according to their competence in the language. The respondents alleged that they are biased in assessing professionals in terms of their mastery of language whereby linguistic performance is commonly accorded more weight than technical expertise, experience, and substance. This is supported by the linguistic bias theory provided by Roberts in which it is argued that accent, fluency and linguistic style is supported.

The results hence indicate that the organizations should differentiate the linguistic competence and professional capability and facilitate the language development of employees by training, mentoring, and involving them in the inclusive communication. Instead of using English as a gate keeping tool, it should be seen as a development tool which allows one to participate and develop.

English and Ethical Communication in Business

Another theme that is being born is concerning the ethical issues of the business communication through the English medium. The participants emphasized the necessity of clarity, transparency, and honesty in English communication, specifically in the context of the negotiation process, the signing of contracts, the promotion, and interaction with customers. This conforms to the communicative action approach by Habermas (1984) who believes that ethical communication is founded on mutual understanding, veracity and rational discourse, as opposed to action.

Meanwhile, the respondents have also affirmed that English could also be employed strategically to conceal meaning, distort perceptions, wield power, particularly in a contractual agreement, corporate disclosure, and marketing language. This is aligned with the critical discourse analysis approach by Fairclough (1995) that states that language plays an ideological role to create a reality, legitimize practices, and uphold institutional power. In business communication, English may be employed in the moral and immoral communication with reference to the communicative purpose and business culture.

The implications of the results are significant in terms of the necessity of the training of businesspeople in ethical communication, which, in its turn, should be aimed at the elements of clarity, accountability, and intercultural responsiveness. Organizations have to promote open linguistic expression, and it ought to prioritize the understanding of stakeholders over rhetorical appeal.business education and professional training implications.

The research has some significant implications especially in relation to business education and training. To begin with, it is necessary to note that the training of business English should be based on the communicative, pragmatic, and intercultural parts of the language, but not its grammatical correctness. This can be proven by the fact that Hylands (2004) genre based pedagogy emphasizes the need to teach learners to effectively communicate in business.

Secondly, the business communication education needs to be modeled on real-life situations, such as the writing of emails, management of meetings, negotiation, presentation, conflict resolution, and communication through the use of digital media. This can be affirmed by the model of professional communication competence by Huhta, et al., (2013) and that combines linguistic, sociocultural, strategic, and professional dimensions of business communication.

Thirdly, organizations must establish a culture of ongoing language training, mentoring, and a friendly work environment and not stigmatize language badness. This is reinforced by the fact that, according to Canagararajah (2013), in the environment of

global English, the sense of negotiated norms needs to be developed, and effective communication can only be achieved through accommodation.

Additionally, business education should place greater emphasis on the importance of ethical communication, cultural intelligence, and reflective practice, so that business professionals are equipped to communicate effectively across different contexts.

Conclusion

Finally, it can be concluded that the results of the present research indicate that English is an important factor in international business communication which affects the performance of individuals, organizations, movement of professional paths and cooperation between countries. English is used for communication and to engage people and countries in the world trade, use of global knowledge pools and negotiation of international relations. Inclusive, ethical and growth, English communication has significance because it affects the power structure in the workplace, the effectiveness of the labourer and the opportunities available to a single person.

The results obtained are in line with Seidlhofer's (2011) and Jenkins' (2015) findings on the theory of lingua franca, Bhatia's (2014) and Huhta et al.'s (2013) findings on the theory of business communication competence, and Bourdieu's (1991) findings on the theory of language as a kind of social capital. The findings made by the authors of the study also resonate with the concepts addressed by the critical theories which study linguistic inequality, power and identity (Phillipson, 1992; Pennycook, 2007; Tietze, 2008). Collectively these theories can offer an overall insight into the dynamic, complex, and contentious nature of English in the international business communication.

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