



IMPACT OF WORKING ENVIRONMENT ON EMPLOYEE PERFORMANCE IN BANKING SECTOR OF NEPAL

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Abstract:

Introduction: In present context of aftermath of global pandemic banking sectors has crucial role to perform. Nepalese banking sector is the only hope for ensuring investment in positive path. Hence, role of banks are significant in this mean period. But, to ensure banking performance at utmost level, banking employee has to perform with their full potential. This could only happen if employees are satisfied and has sound working environment to work on. Therefore, before backtrack the fallen Nepalese economy, banks have to understand the need of employee and have to enrich working culture and work atmosphere. The research regarding impact for enhancing working environment therefore become very crucial for ensuring employee performance in banking sector of Nepal. So, this research is the mere core asks of recent scenario to find the impact of working environment on employee performance of banking sector.

Objectives: Banking employee's performance is the key for leading the deep down economy in assistive path of success. As employees performance can be enhanced through assertive working atmosphere. Hence, this research has aimed to examine the impact of working environment on employee performance in banking sector of Nepal.

Design: Researcher has selected quantitative research methodology. The data are analyzed through statistical tools for revealing the findings obtained from the research. The information for obtaining the results are extracted from primary source and self structured questionnaire technique is used for collecting information. The data are collected from 'A' Graded commercial banks and central offices are targeted for collecting data as all record regarding banking performance are maintained there.

Findings: In the contemporary scenario, Nepalese banking sector are being the night watch man as economy is hardly hit by the global pandemic. Nepalese bank in mean hour has to face various challenges to pave back economy in the progressive path of economic growth. Thus, the research suggests banking sector regarding the factor impacting working environment on employee performance. It suggests that there is significant relationship between working environment and employee performance. Nepalese banking sector can enhance the employee performance through developing the working environment.

Practical Implication: Research is implacable in creating positive vibe in working environment of banking sector. Although, banking working environment is quite hectic and employee are pressurized to do their jobs on time, is there any proper way of keep employee morale high is the main aspect of research. Therefore, research has practically high value and worth for enhancing employee performance in banking sector. This research is also helpful for banking sector to enrich organizational culture and find the impact of working environment in employee performance.

Originality/ Value: Research is done through the study conducted in the bank where data are collected through self structured questionnaire. This research therefore is original and native work of researcher. Research reliability is maintained through collection of data from the concern population. As data is collection primarily from employee working in bank so data has higher worth and value.

Keywords: Working environment, Employee performance

Paper type: Research Paper

1. Introduction

Banking sectors has been the financial hub for investors which are rendering services in Nepal from many decades. Banks has now became the sector of limelight s their business are booming day by day. In this glow of success, for many job seekers, banking career has become the primary choice in Nepal (Neupane, 2019). However, due to various factors employee retention in banking sector are also reaping to the extend years after years. These create the gaps between the expectation of banking job and reality in banking career which has become the topic of discussion from prior few years. On this regard, the primal question regarding the banking working environment are also been discussed as banking sector is one of the hectic job among various corporate sectors of Nepal. To understand the condition of working environment in banking jobs, firstly factors impacting the banking work environment have to be identified. The various factor influencing bank working environment are superior supports, incentives, performance evaluation and skill development opportunities which are precisely been studied in this research. As, after analyzing the factors of working environment only, bank can develop the positive work culture for achieving banking objectives (Dikshit & Jain, 2017).

1.1.Objective of the Study

The objective of the study in the title “**Impact of Working Environment on Employee Performance in Banking Sector of Nepal**” are:

- To analyze the employee performance in banking sector of Nepal.
- To assess the working environment i.e. supervisor support, work incentives, performance feedback and training and development.

1.2.Hypothesis of the Study

The hypothesis of the study in the title “**Impact of Working Environment on Employee Performance in Banking Sector of Nepal**” are:

- H1: There is significant relationship between employee performance and supervisor support.
H2: There is significant relationship between employee performance and work incentives.
H3: There is significant relationship between employee performance and performance feedback.
H4: There is significant relationship between employee performance and training and development.

1.1.Statement of the Problem

Employee turnover has become the global problem in banking sector. Although, in developed countries the way out for this problem has been searched time and again, developing countries like Nepal are still facing such problems. Nepalese banks are core body of Nepalese economic basket without which national development cannot be achieved. But, the employee working in these institutions often seems to be dissatisfied from the jobs. These dissatisfaction raise the question are the working environment prevailing in banking institution are employee friendly. However, this crucial queries regarding employee working environment are not been handled precisely as they lacks in research on these aspects. In the mean hour, when banks glorified success has been welcomed in Nepalese corporate sector, time has come to ask are the employee working in banks has similar views. Thus, the primal topic of discussion in contemporary context can be to search for the factors which are impacting the employee performance at banking sector.

1.2.Significance of the Study

Bank is the institution who renders service for welfare of society. Therefore, bank can also be addressed as the social body for development. The banking sector in Nepal has changes the overall perception of society and has raised living standard of Nepalese nationals. However, the active performer who has made this possible for banking sectors. It is employee working over that institution whose efforts made organization successful and banking sector is no different. As, employee of bank are the real successor to enhance Nepalese economy, they are not in lime light on banking glorified success. This has results the massive employee turnover in banking sector. So, banking sector has to find the precise solution for overcoming employee retention from banking sector (Jahufer, 2015). The timely solution of this problem can understand the working environment of banking sector which is systematically addressed in this research.

1.1.Scope of the Study

Various studies has been studied in the field of banking research as bank has to move forward with the challenging context of global scenario every day. Every research addresses the portion of banking initiation to subdue banking problem regarding employee turnover. On this regard, this research is also the addition of scholar work in similar field. However, research adopt quantitative method and data are also collected from the field survey which distinct the research from other prior work done in similar fields. This research being

the outcome of primary work of researcher helps in different sectors such as academicians, economic analysts, bankers and management. For all sectors this provides a new dimension for search and step up in solving problems prevailing in banking sector regarding employee turnover.

2. Literature Review

The literature review is the core analysis of prior work done in the similar areas of research. It is the analysis of current problems and its pre-requisites through the previous learning and experiences shared by scholars in their research writings. Literature review being the part of research helps to identify the contemporary scenario through past learning. It is a vital part of research as it determines the way to move forward. In this research, literature review is explained in chronological order as addressed in preceding sub-headings.

2.1. Dependent Variable

The dependent variable is the variable which depends upon the changes that happen in independent variables. Dependent variables help to understand the core of research. In this research, employee performance has been considered as a dependent variable.

2.1.1. Employee Performance

Bank is the vital organ for uplifting Nepalese economy. Banks are also the backbone of Nepalese financial market. Thus, the role of banks is crucial for developing economy. Likewise, employees are the soul of any organization (Cropanzano & Molina, 2015). It is the employee whose performance can ensure the success of institution. Therefore, banks have to focus on development of employee performance through several ways. The satisfied employee can always perform better (Mengstie, 2020). The components of employee satisfaction are sound working environment, competitive remuneration system, career development and so on (Pan, Chen, Hao, & Bi, 2018).

2.2. Independent Variable

The independent variables are the variables which can manipulate the effects on dependent variables. Independent variables are the reason for which dependent variables are influenced. The independent variables in this research are working environment which include supervisor support, work incentives, performance feedback and training and development.

2.2.1. Working Environment

Banking sector has multiple layers of departments to work on (Nusratova & Khadjieva, 2020). The banking job consists of link between several departments to complete the task (Rahman, 2017). Banks therefore have to have sound relationships among the departments for executing the work properly. Working environment in banking sector can help to ensure the profitability of banking institution. Working environment is the primal factor for enhancing employee performance as they are co-related with each other.

2.2.1.1. Supervisor Support

Employee of banks has to perform their duties in challenging and changing dynamics. Thus, timely motivation from management can double the rate of performance done by employee (Neupane, 2019). The employee has to support the organization and organization has to support the employee for achieving organizational objectives. The support and coordination in work from superior ease the way of handling problems (Ali, Khan, Ch, & Ch, 2018). Banks being the service sector support is the key for enriching employee's performance.

2.2.1.2. Work Incentives

Employee working in any organization generally works for getting good incentives. It is very difficult to tell how much incentive is considered as sound and good incentives (Khan, 2015). But, employee has to be paid sufficiently so that their financial needs can be fulfilled by organization. Banking jobs are hectic jobs. So, banks have to provide quality incentives for ensuring financial stability for employee (Jahuffer, 2015). Work-based incentives are the prime factor for motivation to obtain employee's higher efficiency.

2.2.1.3. Performance Feedback

Employee working in the banks is related with service. This made employee have frequent contacts with customer which is key for ensuring success in banking institution (Jyoti, 2017). But, in ongoing work of bank, employee has to be provided with fruitful feedback which can enhance their performance. The performance feedbacks can often be helpful for enhancing organizational performance in service sector (Kaur, 2020). Feedbacks provided to employee also provide ground for improvement which is effective for long-term success of organization.

2.2.1.4. Training and Development

Another important factor for enhancing employee's performance in banking sector is training and skill development. Training is very important in banking sector (Dikshit & Jain, 2017). Training helps employees to do their job in effective ways. Training is the effective tools for enhancing performance (Pandey, 2017). Training and development therefore are linked with the success of institution. Banks are currently facing the challenges of employee turnover on which training and development can be effective tools for reducing employee retention (Awan, 2016).

2.3. Research Framework

Research framework is the structural frame where related variables are studied for achieving the objectives of research. It helps the researcher to move on research work systematically. The research framework analyzes the contemporary situation and helps to plan accordingly. Research framework is the beforehand plan for researcher. It helps researcher to execute the research work precisely.

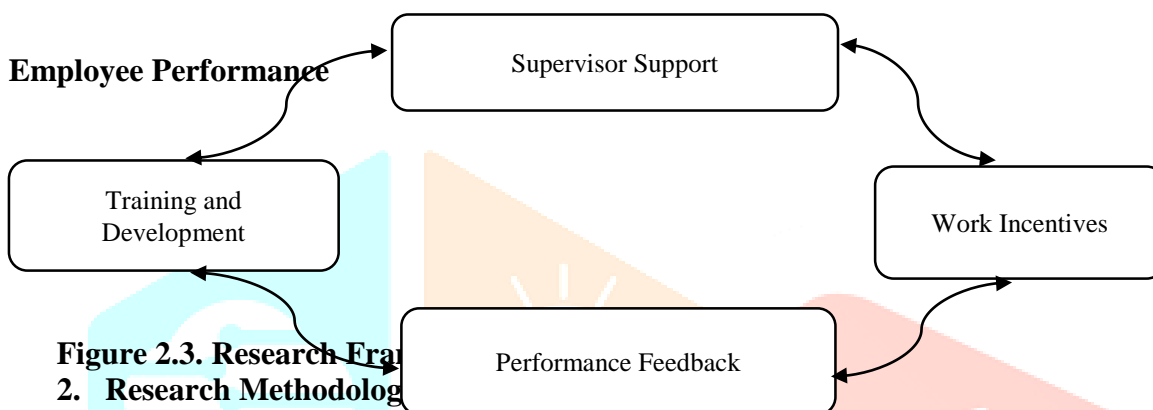


Figure 2.3. Research Framework

The present study is based on the quantitative research methods. Researcher investigates the data systematically through Likert scale questionnaire form. The research analyses the relationship between the variables through regression analysis. The data is collected from the commercial bank in Kathmandu valley.

3.2. Cronbach's Alpha

Cronbach's Alpha in the present analysis is the simple way for measuring the scores of dependent variable and the all independent variable in the study.

Table 3.2. Cronbach's Alpha Reliability Statistics

Cronbach's Alpha	N of Items
.915	5

In the following table 3.2, the cronbach's alpha of dependent variable i.e. employee performance and independent variable i.e. supervisor support, work incentives, performance feedback and training and development scores .915. The scores which is above .90 shows it is above the best.

3. Data Analysis

3.1. Regression Analysis

The regression analysis on the present analysis is measured through the dependent variable i.e. employee performance and independent variable i.e. supervisor support, work incentives, performance feedback and training and development.

Table 4.1.1. Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.552	1.351		4.109	.000
	Supervisor Support	.522	.076	.604	6.878	.000
	Work Incentives	.244	.086	.260	2.836	.005
	Performance Feedback	-.016	.079	-.016	-.201	.841
	Training and Development	.021	.058	.024	.366	.715

a. Dependent Variable: Employee Performance

In the following table 4.1.1. the beta coefficient found on the analysis of employee performance and supervisor support is found to be positive with the beta value .604. The beta coefficient found on analysis of employee performance and work incentives is also found to be positive with the beta value .260. The beta coefficient found on employee performance and performance feedback is found to be negative with the beta value -.016. The beta coefficient found on the employee performance and training and development is found to be positive with the beta value .024. There is significant relationship between employee performance and supervisor

support and employee performance and work incentives as the p- value is .000 and .005 respectively, which is less than .50. There is no significant relationship between employee performance and performance feedback and employee performance and training and development as the p-value is .841 and .715 respectively, which is more than .50.

Table 4.1.2. ANOVA Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3261.736	4	815.434	76.596	.000 ^b
	Residual	1437.200	135	10.646		
	Total	4698.936	139			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Training and Development, Work Incentives, Performance Feedback, Supervisor Support

The table 4.1.2, explains the ANOVA test between dependent variable i.e. employee performance and independent variable i.e. training and development, work incentives, performance feedback and supervisor support. The F-value in the present analysis scores 76.596. The significance level between dependent and the independent variable scores .000, which is less than .50. There is significant relationship between employee performance and other independent variable.

Table 4.1.3. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 ^a	.694	.685	3.26281

a. Predictors: (Constant), Training and Development, Work Incentives, Performance Feedback, Supervisor Support

In table 4.1.3, the R value in the model summary denotes that the 83.3% states that the independent variable in the study explained by the dependent variables and rest 16.7% of the variable is explained by the variable which are not included in the study. The R-square value in the model summary denotes that the 69.4% states that the independent variable in the study explained by the dependent variables and rest 30.6% of the variable is explained by the variable which are not included in the study. The adjusted R square value in the model summary denotes that the 68.5% states that the independent variable in the study explained by the dependent variables and rest 31.5% of the variable is explained by the variable which are not included in the study.

1. Summary of the Hypothesis

The summary of the hypothesis of employee performance and supervisor support, employee performance and work incentives, employee performance and performance feedback and employee performance and training and development are explained through the multiple regression.

Table 5. Summary of the Hypothesis

S.N.	Hypothesis	Significance Level	Results
1.	There is significant relationship between employee performance and supervisor support.	Significant	Accepted
2.	There is significant relationship between employee performance and work Incentives.	Significant	Accepted
3.	There is significant relationship between employee performance and Performance Feedback.	Non-Significant	Rejected
4.	There is significant relationship between employee performance and Training and Development.	Non-Significant	Rejected

2. Conclusion

The Impact of Working Environment on Employee Performance in Banking Sector of Nepal is analyzed through the regression analysis. The significant relationship between employee performance and supervisor support and employee performance and work incentives is accepted. But employee performance and performance feedback as well as employee performance and training and development is rejected. Commercial bank in Nepal must focus on the working environment i.e. performance feedback and training and development.

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