

Impact of Organizational Culture on Employee Performance and Satisfaction: A Study of the Nepalese Banking Sector

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Abstract: This qualitative study investigates the impact of organisational culture on employee performance and satisfaction within the Nepalese banking sector. Based on an analysis of secondary data from annual reports, academic literature, and institutional publications, the research aimed to identify the dominant cultural elements in Nepalese banks and assess their differential effects in public and private institutions. The findings reveal a distinct cultural dichotomy: private-sector banks exhibit performance-driven cultures that yield higher employee productivity but are associated with lower job satisfaction and higher turnover due to job insecurity and high work pressure. Conversely, public-sector banks offer greater job security and satisfaction but exhibit lower productivity, owing to bureaucratic inefficiencies and political interference. The study concludes that a sustainable cultural model must balance performance with employee well-being. It recommends that private banks enhance job security and equitable compensation, whereas public banks should reduce political influence and implement performance-based systems. Future research should employ primary data collection to deepen understanding of the employee experience.

Keywords: *Organizational Culture, Employee Performance, Job Satisfaction, Nepalese Banking Sector, Corporate Governance*

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1. Introduction

Today, organisational culture is a determining factor in the survival and growth of any business, with a major impact on the functioning, communication, relationships, and development of the workforce within an organisation (Schein, 2010; Collins, 2013). As pronounced ‘corporate culture’ or ‘work culture’, it is the accepted and established paradigm, values, beliefs, and attitudes system and actions, which, in totality, governs the workplace and determines the behavioural conduct of (Sethi & Vitho, 2021). This powerful, even if intangible, factor is not a mere backdrop, but a culture sculpted through the actions and interactions of employees and leadership, a culture that stabilises the system by determining the order of rules and expectations (Schein, 2010). Organisational culture is a comprehensive system within an organisation and the strongest determinant of the approach and consideration in every organisational activity, serving as a prism for evaluating and analysing organisational life.

The various aspects of culture within an organisation are very important. Although the organisation’s recruitment systems are robust, culture is critical to retaining capable, efficient staff by fostering attraction, ownership, and satisfaction (Aggarwal, 2023). A strong culture arises from a complete understanding and acceptance of shared values, and it promotes higher-quality work and overall productivity among employees (Iskamto, 2023; Mafrudoh, 2023). It does, in a way, support the organisation’s aims and objectives and is the reason for the great disparity among organisations, as it furthers values that are readily apparent in employees’ behaviour (Gibson, 2011; Sutanto, 2002; Peters & Waterman, 1982). It can, therefore, be concluded that the alignment of an organisation’s culture is crucial in enhancing the overall productivity of employees and their satisfaction with performing their duties (Stahl & Voigt, 2008).

The importance of this impact on culture is underscored by the fact that people are the most valued resources of any organization. The ability to effectively manage the rest of the physical, financial, and informational resources hinges on the

skills, loyalty, and productivity of the organization's human resources. In the current era of intense competition, employee productivity and satisfaction are among the most crucial factors that influence an organization's success, and their productivity is largely determined by the prevailing culture within the organization (Victoria, Olalekan, & Ngozi Evangeline, 2021). An engaging and positive culture increases employee motivation, productivity, and profits, whereas a depressed and negative culture fosters employee disengagement, high attrition, and poor performance (Bhutto, Munir, & Rubaca, 2023).

The country's unique context, characterised by variable socio-economic, ethnic, and cultural factors, presents specific challenges and opportunities for the banking sector. In order to respond to regulation, foster innovation, and address client needs, Nepalese banks must have an adaptive and dynamic culture (Paramita, et al. 2020). Nepalese banks have yet to realise the importance of culture as a substantial tool for resolving governance, risk management, operational processes, as well as the center of service efficiency and risk management. There, the literature is very scant. Compared with Australian banks, those in other countries have a more limited understanding of formal culture as a tool of social integration. These works highlight the need for greater attention to culture as a strategic variable.

The purpose of this research was to investigate the role of organizational culture in employees' productivity and job satisfaction in the Nepalese banking system. This research aimed to understand the role of key cultural dimensions and, more specifically, define the organizational characteristics of culture that enhance employee performance. More specifically, the research was guided by the following objectives:

- To determine the most common characteristics of organizational culture in the banking and financial institutions of Nepal.
- To assess the organizational culture predictors of employee performance and productivity in Nepali banks.
- To propose organizational culture practices which improve work attitudes, motivation, and employee involvement.

While the significant influence of organisational culture on employee outcomes is well established in the global literature, a distinct research gap persists in the Nepalese context. Existing studies on the Nepalese banking sector have largely acknowledged the existence of organisational culture but have not sufficiently deconstructed its specific, measurable impact. There is a notable lack of in-depth analysis examining how particular cultural attributes—such as leadership styles, ethical frameworks, collaboration practices, and performance accountability—directly correlate with tangible employee outcomes like engagement, productivity, and innovation. Furthermore, comparative studies that systematically contrast the cultural dynamics and their efficacy between public- and private-sector banks remain scarce. This study aims to address this gap by providing a focused, comparative analysis of organisational culture and its differential effects on employee performance and satisfaction across Nepal's banking landscape, thereby offering contextualised insights beyond generalised theories.

Relevant Literatures

To this day, many academics have studied the link between organizational culture and employee performance, irrespective of the industry or the country. All of these studies converge on the idea that the existence of an organizational culture that is both strong and positive greatly increases employee productivity and the long-term success of the organization (Peters & Waterman, 1982; Ouchi, 1981). This is due to the definition of employee performance, which is described by Cascio (2016) as the fulfilment of prescribed duties within defined standards of accuracy, completeness, timeliness, and cost efficiency. These days, organizational culture is considered one of the most prominent factors affecting employee performance (Alrazehi et al., 2021). Organizational performance is driven by workforce productivity; hence, the productivity of employees as individuals is equally important.

Theorists have noted several mechanisms by which culture impacts an organization. It is the theme of employee involvement and engagement, which is more pronounced. Research shows that when employees are engaged in the decision-making processes of the organization, they tend to feel more responsible and more committed to the organization, and therefore perform better (Ohana et al., 2013). A comprehensive and well-coordinated culture, according to ASSEFA (2021), puts the organization in a favourable position in terms of sustainability due to the mindset of its members and the effective self-governance that they have internalised. This proposition concerning organizational consistency is restated by Mburu (2020), who refers to it as a source of stability resulting from shared beliefs, which provides internal cohesion and is vital in controlling organizational behaviour.

Aside from internal cohesion, the literature emphasises that organizational culture is a key motivator, as well as a driver for adaptability and job satisfaction. High job satisfaction and loyalty, as well as strong customer ties, are natural consequences of a positive culture (Alrazehi et al., 2021). It determines the type of leadership, the style of communication, and the degree of participation, often combining old-world values and new-age business practices (Aboramadan et al., 2020). In addition, cultural characteristics affect the adaptability and service delivery of an organization (Regmi, 2024). It is equally important to appreciate that structural or technological advancements do not, in themselves, foster performance without cultural change, reinforcing the need for cultural change (Shrestha, 2024). Supporting this, research indicates that certain cultural features, such as effective stress management, job security, and equitable internal procedures, enhance employee performance.

Even though most people agree on the significance of organizational culture, a gap is evident in the literature. Particularly in the context of the Nepalese banking industry, there are few studies that sufficiently focus on this relationship. While there is an acknowledgement of the existence of culture, there is no in-depth analysis examining how specific cultural

attributes, such as leadership, flexibility, creativity, and collaboration, relate to measurable outcomes like employee engagement, efficiency, and innovation in Nepalese banks (Gautam, 2022). While many studies summarise the effects that culture has, few, if any, attempt to understand the specific dynamics of organizational culture that are most pertinent and relevant to the financial sector of Nepal.

This is the gap that this study intended to fill. Drawing on the existing literature that suggests organizational cultures with strong foundations improve performance and employee satisfaction, this study focuses primarily on the Nepalese banking sector. It strives to go beyond the established universal features of culture in Nepal and understand their unique attributes in relation to employee satisfaction and productivity, thereby filling the gap in the literature and offering practical implications as well.

2. Materials and methods

2.1 Research Design and Approach

This case study uses qualitative analytic methods to examine the effect of organizational culture on employee performance and satisfaction within the Nepalese banking industry. This study is interpretive and descriptive, relying solely on secondary data to examine available records and practices. This study aims to facilitate the cultural understanding of the Nepalese banking industry by providing a synthesised summary of the available literature. This method is suitable for understanding the multifaceted and contextual organizational culture of Nepalese banks within the available literature.

2.2 Data Source and Collection Procedure

This study used a variety of secondary sources to provide comprehensive coverage of the topic and to ensure data triangulation. Academic sources included peer-reviewed articles, books, theses, and dissertations on organizational behaviour and banking human resource management. Institutional sources included annual reports, corporate governance documents, bank websites, and other published materials from certain Nepalese commercial banks. Regulatory data included publications from the Nepal Rastra Bank and the Nepal Bankers' Association, as well as economic surveys from the Ministry of Finance.

A systematic approach to data collection was employed, utilising keyword searches across various academic databases and institutional repositories. The search terms included "organizational culture," "corporate culture," "work culture," "employee performance," "employee productivity," "job satisfaction," "Nepal banking sector," and "Banking and Financial Institutions Nepal." These searches were conducted in Google Scholar, JSTOR, Scopus, and the official websites of prominent commercial banks in Nepal, as well as other relevant regulatory institutions.

2.3 Data Analysis Technique

Data were collected and analysed using thematic analysis, which aims to identify, examine, and report patterns within the data. The analysis began with the immersion stage, which involved reading and rereading the collected documents to better understand their content. This was then followed by what is called the Initial coding stage, which seeks to identify and capture organizational culture and employee outcomes in terms of phrases central to the phenomenon in source documents. This stage of coding seeks to form potential themes of "participatory culture," "leadership impact," "ethical values," "differences in the private and the public sector," and "challenges of work culture."

The refined themes were then checked for coherence with coded extracts and the entire dataset to ensure that the themes accurately represented the data and that the research goals were met. This while-and-retry process ensured that the themes aligned with the data and research aims. The final stage involved constructing the narrative, in which thematic patterns were combined with theoretical frameworks and empirical data on the banking sector to produce a descriptive explanation with evidence-based interpretation.

2.4 Scope and Delimitations

To hone and deepen the focus of the research, the study was purposefully narrowed down to the Nepalese commercial banking industry. The research was limited in scope as it focused only on a few selective, well-known public and private commercial banks in the country, including the Nepal Investment Bank, Bank of Kathmandu, and Global Bank, thereby offering a comparative analysis, albeit with the caveat that such a narrowed focus may limit the findings' applicability to the entire financial landscape of Nepal. The research was limited in scope, as it relied solely on publicly accessible secondary resources. While these resources provided a comprehensive overview, they excluded the firsthand accounts and insights of the research participants.

2.5 Ethical Consideration

In this case, the ethical issues of the research were minimal, as the study relied solely on publicly available secondary sources. This approach guided the researcher in adhering to the basic ethical principles of secondary research, which include properly citing and referencing all sources to maintain academic integrity and avoid plagiarism. This work did not involve

primary data or participants, which would otherwise raise issues of informed consent and the safeguarding of personal information. The integrity of the research within the discipline was balanced with the need to comply with accurate sourcing and adherence to the principles of transparency and accuracy.

3. Results

3.1. The Nepalese Banking Sector

Nepal Bank Limited, the first bank established in Nepal in 1937, has played a pivotal role in shaping the country's banking history (Thapa, 2021). With the positive liberalisation policies adopted during the 1990s, the banking sector, still one of the most, if not the most, important components of the financial system, has undergone dramatic changes over the past few decades. Following the Guidelines of Banking Supervision issued by the Nepal Rastra Bank (NRB) in the early 1990s, corporate governance, risk management, and the transparency and accountability of banking and financial institutions (BFIs) underwent considerable rigorous reforms (Acharya, 2018).

The legal boundaries of the business have also been changing. The enactment of the BAFIA and NRB Act, along with their amendments, stipulates the inclusion of price stability, external sector equilibrium, public access to financial services, public confidence in the banking system, and overall financial sector stability (Nepal Rastra Bank, 2025) (Gautam, 2024). The Nepalese banking sector is a crucial pillar of the economy, playing a vital role in driving economic growth, promoting financial inclusion, and generating employment opportunities.

As of mid-2024, the report indicated that, regarding the distribution of assets in the banking and financial sector, commercial banks accounted for 83.6% of the total assets, development banks for 8.3%, finance companies for 2.0%, and microfinance institutions for 6.1% (Nepal Rastra Bank, 2025). There were 107 licensed banks and financial institutions, comprising 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance institutions, and 1 infrastructure development bank, with a combined total of 11,530 branches.

The banking sector in Nepal currently employs approximately 80,000 people, underscoring the sector's significant role in job creation. The Nepal Bankers Association estimates that in fiscal year 2023, 41,819 employees worked in commercial banks, with only 7,153 employees, constituting 17 per cent, working in government-owned banks. Microfinance institutions employ around 22,000 people working in 52 different organizations (Nepal Rastra Bank, 2025). It is also underscored that organizational performance is directly correlated with the level of passion and commitment of employees and the institution's goals, which is why it is critical for the banking sector in Nepal to focus on enhancing employee engagement. The sector continues to experience shortages of skilled labour, underscoring the need to prioritise employee engagement to enhance economic growth and development in the financial sector (Nepal Rastra Bank, 2021).

The banking and insurance sectors have been an important part of Nepal's economy, contributing an average of NRs 6.31 to every NRs 100 of GDP and growing at an average annual rate of 6.77%. These sectors account for a considerable proportion of the country's financial assets and liabilities. As per the Economic Survey of the Ministry of Finance of Nepal for 2023/24, the share of assets and liabilities held by banks and financial institutions as of mid-January 2024 was 86 % of the total assets and liabilities of the financial system, confirming that these sectors are of central importance for the economy of Nepal.

The banking sector has demonstrated resilience, successfully overcoming periodic economic shocks and political instability. The sector has created a considerable number of jobs, thereby contributing to urban employment, particularly for educated youth. The sector has also responded to rapid technological change and rising customer service expectations through digitisation, automation, and customer relationship management.

The culture within banks in Nepal is beginning the process of change. Most banks in that country, as well as many of the larger financial institutions, are adopting more progressive cultures, with a focus on professional development in ethics and interpersonal relations. At the same time, there is a growing recognition of the importance of employee engagement, satisfaction, and motivation in maintaining a competitive advantage and delivering exemplary financial services (Bhatta & Acharya, 2024). There is a growing focus on enhanced employee participation and inclusive leadership that fosters employee self-motivation and talent development within an environment of shared and nurtured mutual accountability and respect. Furthermore, there is a growing recognition of the importance of investing in employee development, including training and certification programs, as well as leadership development, to address the complexities of the financial services industry in the face of regulatory, risk, and digital challenges.

There are, however, challenges that must be faced. Political interferences in public sector banks, unequal adherence to internal division of control, and a lack of performance evaluation systems culture are organizational effectiveness challenges. Investing in an improved organizational culture, with a focus on the negative, is a justifiable response for achieving success in a competitive and tightly regulated market. Customer satisfaction, employee engagement and performance, operational effectiveness, and institutional trust are all positively affected by an inclusive organizational culture.

To conclude, the banking sector in Nepal is shifting from a more traditional, hierarchical model to new structures that are more participatory, dynamic, and centred on a culture of performance. This shift is necessary to mitigate internal

workforce challenges and external market challenges and is vital to achieving a sustainable and successful Nepali financial system.

3.2. Culture in the workplace and employee performance and satisfaction

Culture can be defined as the totality of systems, policies, procedures, beliefs, perceptions, and attitudes, as well as values, norms, and actions that influence workplace conduct. It is, therefore, a determining factor in an employee's performance. Within each organisation, members behave and perform according to the norms and rules the organisation has established. There is a set of rules that governs the behaviour of members in an organization. An employee is a member of an organization, and therefore, jumping these rules is considered acting "divergently." In a workplace and business, every organization has members who are designated as employees. An employee's behaviour and performance are influenced by the values of the organization. In a set of rules and values, an employee with a set of values of "No Limits" and an organization with a base value of "No Limits" will tend to push working values to the extreme. In an organization that values service, an employee is more than capable of influencing values such as "Customers are Friends." This can lead to a stronger market reputation and increased customer satisfaction.

Disengaged employees only come to work to pass the time. Employees who work this way are misaligned with the organization's objectives. These employees will not perform. This determines the level of positivity and the strength of an organization's culture within a firm. Iskanto (2023) says this is a paradox. The culture of an organization will always be defined in the context of employee performance. The findings indicate performance concerning organizational culture is 26.6 per cent. This accounts for 26.6%, and the remaining 73.4% of performance is unaffected by the influence of the other variables.

It is organizational culture that most significantly influences employees' performance (Thapa, Phuyal, and Regmi, 2025). Awadh and Saad (2017) reinforce this by explaining that the stronger the culture, the more the organizational productivity. Employee satisfaction is another dimension, comprising income, relationships with other members of the organization, and alignment with the job within a positive organizational culture (Wahjoedi, 2021).

The effect of career development on organizational performance is outlined. Baroudi et al. (2018) note that employees with clearly defined career aspirations are more likely to enhance their productivity and skills. Their research revealed that organizational culture has a strong influence on employee performance in the areas of punctuality, quality of work, and overall productivity. This agrees with Mburu (2020), who posits that organizational culture improves job satisfaction and employee effectiveness.

Based on the organization's objectives, ascertaining the strongest psychological motivators and enabling employees to utilise them to their fullest potential is vital. Employees who were dissatisfied with their jobs experienced frustration, subpar work quality, declining performance, increased absenteeism, higher turnover rates, and rising rates of workplace strife and injuries. Employees' experiences, including their perceptions and feelings on the matter, can be both positive and negative and are typically labelled as job satisfaction. It occurs when the employee attains specific targets. Amin (2017) has pointed out that all of these favourable emotions can disappear if the outcomes or objectives are not achieved. According to Aryani and Widodo (2020), job satisfaction includes favourable or unfavourable attitudes and emotions, especially towards work or its various aspects.

To summarise, creating and maintaining a healthy culture and climate is a powerful motivator that, in turn, translates to better performance from employees, the achievement of the organization's objectives, and higher levels of profitability.

3.2 Effect of Organizational Culture on Employee Productivity of Nepalese Banks

Standard Chartered Bank Nepal Limited

Culture can be defined as the totality of systems, policies, procedures, beliefs, perceptions, and attitudes, as well as The strongest concern of corporate culture in the world has been shown by Standard Chartered Bank Nepal Limited. Aspects of risk management and corporate governance form the foundation of the bank's cultural practices, and all other cultural practices of the bank are built upon these pillars. The bank and the Standard Chartered Group share a mutual commitment to implementing rigorous risk management principles tailored to each bank's primary risk coverage. The bank's overall focus is to cultivate a conduct-driven culture throughout the organization, embracing all employees, regardless of their level or department structure. It is the promise of the Standard Chartered Group, of which the bank is a part, to conduct business under the brand, which is secured by the promise 'Here for Good' and aspires to achieve under the bank's code of conduct and ethics. In October 2023, The Standard Chartered Group launched the refreshed Code to improve alignment with the bank's ethics and culture. It is intended to strengthen the link between ethics, conduct, and the Group's strategy, particularly in business operations. The Code of Conduct is designed to shape all employees in the organization through a valued culture, promoting behaviours that innovate business functions and roles.

The underlying elements of Standard Chartered Bank's organizational culture include: ethical leadership, technical expertise and conduct, confidence in regulation, sustainability, transparent business practices with fair results for clients, and business results that ensure ethical conduct at all operational levels. Standard Chartered Bank has also developed and implemented its own Valued Behaviours, which enable the employees to become more 'Human', and bring more 'Purpose'

to their lives. 'How we work', 'how we lead' and 'how we make decisions' are the three valued behaviours the bank has formulated and implemented in order to delineate the set of principles that govern their relationships with each other, the clients, and the society.

Nabil Bank Limited

As the pioneer in joint venture banking in Nepal, Nabil Bank Limited values its teams highly and encourages positive practices within its corporate culture. It has become self-evident for the bank, which is, in fact, because of the senior management team's strength. Nabil Bank is the best employer because it strives to attract and retain top talent and offers an environment that recognises and rewards excellence. Closing the gaps in governance and professionalism, the bank aims to become an exemplary banking institution in the eyes of the authorities. It has also aligned the bases of its operations under C.R.I.S.P, which stands for: Customer, Result, Innovation, Synergy, and Professionalism. The bank is committed to upholding the values of the system every day. The bank has also placed significant emphasis on risk management and transparency, aiming to protect public confidence and clarify the bank's purpose. This helps investors and regulators, which in turn shapes the bank's identity and sustained strategic direction, thereby protecting the trust of stakeholders, which is vital.

The investments made by the bank in focusing on human capital, improving employee wellbeing, and developing sustainable banking are unique characteristics of the bank that have raised the image of its organizational culture to ever higher levels.

Nepal Investment Megha Bank Limited

Nepal Investment Megha Bank Limited achieves financial sustainability through world-class service delivery, courtesy of cutting-edge technology, visionary management, and an enthusiastic workforce, all while upholding the institution's legal, professional, and social responsibilities and ethical codes of conduct toward stakeholders and the institution itself. The bank has a well-articulated vision of providing world-class services driven by cutting-edge technology, visionary leadership, and a committed workforce. Principles and core values of the bank are the bedrock of any constructive success. The core fundamental values and principles of Honesty and Integrity, Customer Focus, Team Work, Belief in people, and Good Corporate Governance are the linchpins of the bank. The delivery of service beyond customer expectations remains the pivotal aim of the bank. The bank's philosophy of prioritising the customers in their approach is quite exemplary. The bank's strong team spirit is geared towards the view that the results-driven approach and efforts of sieved and committed teams yield exceptional results. The bank intends to maintain a high-performance culture by recognising that its employees are the most valued assets and a competitive advantage of the institution. Every bank recognizes the value of employees supporting the progress of the bank. The bank's employees' accuracy and ability to deliver the core idea of the bank is to communicate with their clients with utmost integrity, above all, courtesy and respect, and develop long-term relationships built on trust.

Global IME Bank

Global IME Bank has all its promoters, sponsors, management, and staff supporting the philosophy of "The Bank For All" in all their efforts, demonstrating a commitment to offering quality banking services to clients from all walks of life. The Bank bases its core business philosophy on professional ethical values, which include a commitment to good intentions and a high standard that the Bank observes in all its actions. This bank's business philosophy includes a commitment to good intentions, which is a high ethical standard that the bank observes in all its actions. All of these actions are geared towards assisting in the continuity of the directives and regulations established by Nepal Rastra Bank. The Bank's philosophy on trust, mutual benefit, Transparency, and corporate governance, as well as the Improvement of Business Ethics, embodies the organizational culture of the Bank. The Bank embodies Ethics and professional Integrity, Teamwork and Collaboration, and Respect and Humility as its core values.

Nepal Bank Limited

Nepal Bank Limited is the first bank established in the country, and is also referred to as the government bank of Nepal. The bank aims to demonstrate ethical concern in its product offerings, responsiveness in its operations, and security as a bank to both itself and its customers. The bank is driven by its core values, which are defined by the acronym BREED. BREED stands for Behave with dignity and respect, Responsible, Ethical, Empower, and devoted to innovations. The bank aims to secure business for sustainable growth, achieving a larger market share through operational efficiency and Customer Service, improved HR productivity, and a managed system of Risks. This bank has prioritised Human Resource Development, Organizational Effectiveness, and Corporate Strategy. The bank aims to provide ethical, responsive, and effective customer service to every generation, with the goal of maintaining its position as the country's leading bank. To achieve this, the bank will prioritise responsiveness and maintain world-class ethical standards in the banking industry.

Rastriya Banijya Bank Limited

Rastriya Banijya Bank, the biggest governmental bank in Nepal, has deeply ingrained some of the nuances of multiculturalism. The bank's core values emphasise respect for people and communities, efficiency and effectiveness of

business processes, optimal resource use, and delivering credibility in all transactions. The bank tries to have effectiveness and efficiency in all business processes. The bank's resources are treated as valuable, and the bank has an obligation to offer convenient and efficient banking services. The bank upholds Honesty, integrity, and Credibility in every aspect of its operations, in an attempt to reach every household and courtyard of the nation.

Common themes across all these institutions include a strong emphasis on ethics and integrity, a focus on good corporate governance, excellent customer service, and a commitment to investing in people. Each bank has its unique way of articulating its values and mission. However, the cultural story in Nepalese banks is built upon defining values of transparency and sustainability, ethical behaviour, and organizational excellence as key drivers of performance and trust.

A comparative analysis of the productivity of employees at 20 commercial banks in Nepal reveals a disparity in productivity between government banks and private sector banks. Among the government banks, Rastriya Banijya Bank is at the top, with a productivity of Rs 25.2 crore per employee, followed by Nepal Bank Limited with Rs 20.77 crore and Agriculture Development Bank with Rs 18.85 crore. This translates to an average productivity per employee of 21.58 crore for government banks. On the other hand, private sector banks are generally more productive on average, with Everest Bank leading the way with Rs 35.7 crore, followed by Nabil Bank with Rs 34.6 crore and Nepal SBI Bank with Rs 32.1 crore. The average productivity of private sector banks is around 24.10 crore. The total average productivity across all banks is 23.0 crore, with a total balance of Rs 99,843.81 billion, and 43,546 employees, which translates to an average of 23.0 crore per employee. This indicates that private sector banks have higher employee productivity compared to government banks. This also suggests that private banks operate more efficiently, possibly due to a more streamlined staffing model, the use of technology, and a more performance-driven culture, compared to government banks.

Table 1: Comparative Analysis of Organizational Culture and Employee Outcomes in Nepalese Commercial Banks

Feature	Private Sector Banks	Public Sector Banks
Overall Cultural Model	Performance-driven, dynamic, and competitive	Security-oriented, traditional, and stable
Employee Productivity	Higher (Avg: Rs. 24.10 crore/employee)	Lower (Avg: Rs. 21.58 crore/employee)
Primary Cultural Strengths	<ul style="list-style-type: none"> - Operational efficiency - Advanced technology adoption - Strong customer service orientation - Performance-based accountability - Quick decisions 	<ul style="list-style-type: none"> - High job security - Greater employee satisfaction - Lower work pressure - High public trust in financial governance - Delay decisions
Key Cultural Challenges	<ul style="list-style-type: none"> - High job insecurity (esp. for lower/contract staff) - Unsatisfactory remuneration for lower levels - High employee turnover - Excessive work pressure & stress 	<ul style="list-style-type: none"> - Political interference management decisions - Lower professionalism & work efficiency - Less favorable customer perception of service - Rigid, less performance-oriented promotion systems
Employee Satisfaction & Turnover	Lower satisfaction (especially mid/low-level); High turnover	Higher overall satisfaction; Low turnover
Leadership & Governance	Boss-centered leadership; Leaner, more decisive structures	Susceptible to political influence; Bureaucratic delays

4. Discussion

This study examines the correlation between organizational work culture and employee performance in the banking sector of Nepal. This confirms the findings of previous studies (Mafrudoh, 2023; Thapa, Phuyal, & Regmi, 2025). While various factors affect employee performance, work culture is one of the most influential, affirming the point made by Stahl and Voigt (2008) regarding the value of alignment. This evidence also confirms that the work culture in Nepalese banking is productivity, employee satisfaction, and employee retention. The productivity and employee satisfaction levels in the workplace are retention

The study reveals that there are distinct cultural models in private and public sector banks, each with its own set of strengths and weaknesses. The culture in private sector banks is performance-driven, efficient, and innovative in operations, and excels in customer service.

These banks have disciplined organizational and professional standards that lead to high productivity, as indicated by the study's high productivity per employee metric.

But all feats are achieved at a dire human cost. The model in the private sector is plagued by high job insecurity, especially among junior and contract staff, as well as payment systems that depress wages below the economically optimal level. This

creates a paradox where high productivity coexists with low job satisfaction and high turnover rates. This paradox indicates that the private sector approach is unlikely to be sustainable in the long run.

In contrast, nationalised banks grant higher job protection along with more equal payment, and as such, greater satisfaction and lower turnover. The systems in place, while sometimes considered stagnant, provide clear and attainable routes for advancement. These benefits come at the cost of lower productivity and ongoing difficulties in service provision, which means that the security model is unlikely to deliver high standards of performance.

This analysis highlights multiple interrelated issues that harm the work culture in both sectors. Insufficient leadership is evident in a boss-centred style, which restricts initiative and cooperative problem-solving approaches. These problems are severe in public sector banks, where political interference in critical recruitment and decision-making processes erodes both the autonomy and efficiency of the organization.

The execution of institutional core values remains a primary concern of most institutions. The contradiction between espousal and practice leads to an environment of nepotism and unfettered favouritism, and biased decision-making goes unchecked. The absence of trust and erosion of organizational credibility lead to dysfunctions whereby personal or group interests within a department overshadow organizational interests, often to the detriment of the performance standards and goals set by the organization.

Issues related to employee engagement systems reveal significant inadequacies. Low recognition and appreciation systems, a lack of primary decision-making control, neglect of work-life balance, and unachievable high performance standards contribute to increasing the level of stress and dissatisfaction within workplaces. The breakdown of communication systems exacerbates problems by denying the transparent circulation of information and trust necessary between line management and employees.

The most shocking is the revelation of gross ethical violations, such as employee involvement in banking fraud, which suggests a weakening of ethical culture, control systems, and governance systems within a given institution. Being in a “job-holder” mentality rather than an ownership mentality further stifles creativity and promotes undue caution. The lack of decision-making control, which in some institutions is due to the excessive and at times abusive power of employee unions, leads to the absence of core operational principles and accountability.

The shortcomings of these cultures continue to pose grave concerns to the overall health of the sector. Stated deficiencies in work culture are to some degree inevitable, which can lower employee morale and the overall productivity of the organization. Private banks, according to the research findings, appear to rely on productivity improvements; however, their cultural approaches are very costly in terms of human capital. On the other hand, the better employment conditions of government banks do not seem to yield any competitive advantage in the performance domain.

To put it another way, cultural change is necessary to address both sets of issues simultaneously. Private banks and government banks alike appear to foster cultures that are unsuitable, with respect to several key metrics, for achieving sustainable banking success in Nepal's emerging financial services environment.

5. Conclusion

This study reveals organizational culture as a primary factor influencing employee performance and satisfaction in Nepalese banks. The study reveals a direct relationship between a strong work culture and employee productivity, while also highlighting dissonance between employee performance and well-being across various banking models.

Private sector banks, despite having an efficient and performance-driven culture, face organizational sustainability challenges related to job security, pay equity, and work-life balance. On the other hand, government banks enjoy organizational stability in terms of productivity but suffer from employee political non-interference and a lack of performance appraisal-driven motivation systems.

To resolve these issues, the study outlines specific recommendations. Private banks should focus on improving retention and job satisfaction by implementing measures that enhance job security, compensation, and Working Conditions in stressful, high-pressure environments. Government banks should strengthen measures to reduce political influence on their operations and streamline them to a performance-based appraisal and reward system.

In both sectors, the culture of the organization should be driven by its leaders, and these leaders must practice ethical leadership to encourage relationship-based trust, reflective dialogue, and shared power, thereby fostering genuine participation. The organization should implement systems to reward the achievement of planned objectives, realign performance management systems to align with the organizational culture, and encourage free flow of information along both vertical and horizontal lines within the organization. This will enable the achievement of organizational goals at all levels and foster a culture of excellence.

Ultimately, pursuing an organizational culture that achieves both high performance and maintains employee mental health offers the path of greatest promise for the future of Nepal's banking sector. Future studies should examine these cultural dynamics using primary data to better understand employees' perspectives and lived experiences.

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