Effect of Corporate Governance on Employee's Performance in Nepalese Commercial Banks

Saroj Magar, Shreeshma Shikhrakar, Shweta Poudel, Susant Poudel*

Abstract

This study examines the impact of corporate governance on employee performance in Nepalese insurance companies. Employee performance is the dependent variable. The independent variables are shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity. The primary source of data is used to assess the opinions of the respondents regarding corporate governance and level of performance in Nepalese commercial banks. The study is based on primary data which were collected from 100 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The regression models are estimated to test the significance and importance of corporate governance on employee performance in Nepalese commercial banks.

The study showed that shareholder rights have positive impact on employee performance. This reveals that increase in the protection of shareholder rights leads to increase in employee performance. The study also showed that transparency and disclosure have positive impact on employee performance. It implies that increase in transparency and disclosure leads to increase in employee performance. In addition, compensation has a positive impact on employee performance. It indicates that fair compensation leads to increase in employee performance. Similarly, risk management has a positive impact on employee performance. It reveals that better the management of risk, higher would be the employee performance. The result also shows that corporate social responsibility has a positive impact on employee performance. This implies that increase in corporate social responsibility leads to increase in employee performance. Furthermore, compliance and legal framework have positive impact on employee performance. It reveals that better compliance and legal framework leads to increase in employee performance. Similarly, ethics and integrity have positive impact on employee performance. It reveals that better the ethics and integrity, higher would be the employee performance.

Keywords: shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, employee performance

1. Introduction

Good corporate governance (GCG) is a key component in achieving the company's mission and strategy effectively in creating a working environment conducive to improving employee performance. In the current era of globalization, very rapid changes occur, starting from technological

* Mr. Magar, Ms. Shikhrakar, Ms. Poudel and Mr. Poudel are Freelance Researchers, Kathmandu, Nepal.
E-mai; sshikhrakar@gmail.com

advances, globalization trading system, and increase in the number of competitors abroad and within the country. The organization is expected to improve external performance and internally in order to compete globally through good corporate governance (Fauver and Fuerst, 2006). Good corporate governance is a process and structure used by corporate to improve business success and corporate accountability in order to safeguard the interests of other stakeholders based on legislation and ethics in the company. According to Sutedi (2011), good corporate governance is to direct and control the company to achieve a balance between the strength and authority of the company. Good corporate governance is an entire system that is formed from the right, process and control both inside and outside the company's management. The implementation of GCG principles will have an impact on the performance of Human Resources, as GCG as a value system has a set of core values (openness, independence, accountability, accountability and fairness/equity) what is considered good by all parties in managing the company (Tika, 2006).

Lack of good corporate governance results in poorly laid-out structures that allow for a smooth and seamless flow of work while also ensuring proper monitoring of staff productivity and performance. There is power play between employees and a loss of manpower hours when suitable mechanisms are not in place, which has a significant impact on staff effectiveness, productivity, and performance. Job satisfaction is linked to the ability to motivate, encourage, and coach employees (Zhang and Li, 2020). Employees' day-to-day performance in firms is influenced by corporate governance systems. Internal controls are lacking, resulting in the leakage of organizational resources, which has a negative impact on the supply of inputs and supplies required by employees to accomplish their jobs. Without suitable frameworks, there is a power struggle among employees, as well as a loss of manpower hours, which has a significant impact on employee performance. Employees devote more time arguing, fighting, and disputing on topics and striving to resolve disagreements when policies and processes are not clearly spelled out with matching deterrent measures. Supriaddin (2022) stated that there is a positive association among internal control system and employee performance in the way that internal control improves worth of job responsibilities and security which boost productivity in the business.

Osei et al. (2022) assessed the impact of elements of corporate governance on employee performance in the context of Ghanaian banking industry. The study found that there is significant relationship between employees' performance and leadership style. Furthermore, the study discovered that internal systems and control have major impact on employee performance. Furthermore, no substantial link was seen between employee performance and corporate culture. There was, however, a strong link between organizational structure and employee performance. Corporate governance processes have a direct influence on employee performance. Nmai and Delle (2014) investigated the predictive relationship between corporate governance and employee job satisfaction, and dimensions of corporate governance (i.e., internal control, corporate structure and code of governance) and employee job satisfaction. The result showed that corporate governance significantly and positively predicted employee job satisfaction and productivity. The three dimensions of corporate governance (i.e., corporate structure, code of governance and internal control) significantly and positively predicted employee job satisfaction and productivity with corporate structure accounting for more variance in employee job satisfaction than the other two dimensions.

Abun *et al. (2022)* examined the effect of corporate governance on the individual work performance of employees of private higher education. The study found that the corporate governance of the institution is considered high and the work performance is moderate. However, the correlation analysis found that there is a significant correlation between corporate governance and the individual work performance of employees. Hijazi (2020) investigated the impact of the applying of good governance principles on job satisfaction among employees working in the public sector in Jordan. The study found a statistically significant impact of applying good governance principles collectively (transparency, justice and equality, accountability, participation, and integrity) in each dimension of job satisfaction separately (salaries and compensations, direct supervision, training programs, promotions, and performance evaluation) to varying degrees. The results showed a statistically significant effect of applying good governance principles on job satisfaction among employees in the public sector in Jordan.

Khudir and Ali (2019) considered corporate governance as the guarantee for transparency in the enterprise operations, good management output, efficiency in the products and services provided, as well as a set of good practices derived from good management and accountability of private companies and government institutions. Governance as managing resources, organizing human capital and work groups within associations, bodies, formal and informal organizations, using economic, administrative, political, and social methods. Likewise, Nmai and Delle (2014) concluded that good corporate governance is an important and vital issue for organization advancement and positive employee behavior, and that good governance and predicts positively and indicatively employees' job satisfaction and productivity. The study also found that setting a good governance system is necessary to derive good employees' behavior. Similarly, Oshilim and Akpesiri (2015) concluded that in order to increase the productivity and integration of employees, the three HS's must be available (Head, Heart, Hand) along with government good governance. Moreover, Belhadef and Bouzian (2019) found that applying sound governance leads to job satisfaction, especially when governance adopts a participatory model that considers all stakeholders and gives human resources special attention. The study also found that employees who feel satisfied with their jobs, will be more productive. This indicates that the relationship between corporate governance and job satisfaction is a positive relationship, which improves the performance of employees and the performance of the institution and reduces work incidents and sickness. Furthermore, Bordbar and Saraji (2017) concluded that there is no positive relationship between corporate governance and employees' frustration, organizational indifference, and organizational opposition. However, there is a positive relationship between institutional governance and the increase of employees' motivation, empowerment, and their work teams in the Insurance Commission in Iran.

The successful performance of organizations has been attributed to good corporate governance. Since employees constitute the lifeblood of organizations, effective corporate governance creates employees who have corporate conscience to be able to exhibit the kind of behaviour required to produce good organizational results (Nmai and Delle, 2014). Badza et al. (2020) evaluated the effects of corporate governance practices on employee performance and job satisfaction, by examining Small and Medium Enterprises (SMEs) in Harare Metropolitan Province. The results indicated that good corporate governance practices such as having a board of directors, internal controls, adherence to codes of ethics, disclosures, setting clear performance measures, consulting employees and allowing for autonomy in decision-making stimulate job satisfaction and improved employee performance in SMEs. The study also showed that transparency in SMEs did not lead to job satisfaction and improved employee performance.

In the context of Nepal, Chaudhary et al. (2020) explored the effect of corporate governance on the performance of Nepalese commercial banks. This study found that Nepalese banking staffs are more committed towards their work and satisfied with the practice of corporate governance in their respective banks. The study showed that all study variables are positively related with each other. Transparency and disclosure and auditing and compliance of law have stronger positive relation with the financial and non-financial performance of organization. This study concluded that there is significant impact of corporate governance on organizational performance in Nepalese banking industries and it plays an important role in improving the overall organizational performance. Silwal (2016) examined the effect of corporate governance on the performance of Nepalese firms. The result revealed that corporate governance has significant impact on firms' performance based on return on assets. Board size, and leverage have negative and significant effect on firm performance. However, age of the firm and audit committee have positive effect on firm performance based on return on equity.

The above discussion shows that empirical evidences vary greatly across the studies on the impact of corporate governance on employee performance. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The main purpose of the study is to analyze the impact of corporate governance on employee performance in the context of Nepalese commercial banks. Specifically, it examines the relationship of shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity with employee performance in the context of Nepalese commercial banks.

The remainder of this study is organized as follows. Section two describes the sample, data and methodology. Section three presents the empirical results and the final sections draws the conclusion.

2. Methodological aspects

The study is based on the primary data. The data were gathered from 100 respondents through questionnaire. The respondents' views were collected on shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity and level of performance in Nepalese commercial banks. The study is based on descriptive and causal comparative research design.

The model

The study assumes that the employee performance depends upon corporate governance. The dependent variable selected for the study is employee performance. Similarly, the selected independent variables are shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity. Therefore, the model takes the following form:

$$EMP = \beta_0 + \beta_1 SR + \beta_2 TD + \beta_3 ETH + \beta_4 COM + \beta_5 RM + \beta_6 CLF + \beta_7 CSR + e$$

where,

EMP = Employee performance

SR = Shareholder rights

TD = Transparency and disclosure

ETH = Ethics and integrity

COM = Compensation

RM = Risk Management

CLF = Compliance and legal framework

CSR = Corporate social responsibility

Shareholder rights was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Open communication and engagement between shareholders and employees can foster understanding and mutual respect, leading to collaborative decision-making that benefits both parties and enhances performance", "Adequate protection of shareholder rights, including dividend payments and capital appreciation, motivates companies to perform well, which indirectly benefits employees through job security and potential bonuses" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.717$).

Transparency and disclosure were measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Open communication channels between management and employees facilitate collaboration and problem-solving, leading to more efficient and innovative solutions", "Our company's commitment to transparency attracts and retains top talent, fostering a pool of high-performing individuals" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.747$).

Ethics and integrity were measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Working in an environment that prioritizes ethical conduct motivates me to act with integrity and uphold high standards in my work", "Clear codes of conduct and readily available ethics resources guide me in making responsible decisions and contributing positively to the organization" and so on. The reliability of the items was measured by computing the Cronbach's alpha (α = 0.852).

Compensation was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Our company's competitive compensation packages attract and retain talented individuals, contributing to a high-performing workforce", "A well-designed compensation system that aligns individual goals with organizational objectives creates a cohesive and driven workforce, maximizing overall performance" and so on. The reliability of the items was measured by computing the Cronbach's alpha (α = 0.867).

Compliance and legal framework were measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Clear company policies and legal requirements help me understand my responsibilities and make informed decisions, leading to better performance", "Complex or confusing policies and legal frameworks can create uncertainty and hinder my ability to perform my job effectively" and so on. The reliability of the items was measured by computing the Cronbach's alpha (α = 0.771).

Corporate social responsibility was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "A culture of social responsibility encourages ethical decision-making and responsible behavior, both in the workplace and beyond, which ultimately benefits everyone", A company's strong CSR reputation attracts and retains top talent, creating a more collaborative and high-performing work environment" and so on. The reliability of the items was measured by computing the Cronbach's alpha (α = 0.847).

Employee performance was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Clear communication about the company's vision, mission, and strategic goals helps me align my work with the bigger picture and improves my focus and motivation", "A fair and transparent performance evaluation system provides me with valuable feedback and encourages me to continuously improve my skills and performance" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.910$).

The following section describes the independent variables used in this study along with hypothesis formulation.

Shareholder rights

Shareholder rights refer to the privileges and powers of shareholders within a company. This includes voting rights, the right to receive dividends, and the right to access information about the company. Strong shareholder rights can lead to better accountability and decision-making, potentially influencing the overall performance of the organization (Cutting and Kouzmin, 2000). Strong shareholder rights, often associated with good corporate governance practices, can lead to increased transparency, communication, and accountability within companies. This can empower employees to feel more invested in the company's success and make informed decisions, potentially boosting performance (Guedri and Hollandts, 2008). Companies with strong shareholder rights may be more likely to adopt equitable compensation practices, invest in employee training and development, and offer other benefits that attract and retain talented individuals. This can lead to higher employee morale, motivation, and ultimately, performance (Mallin and Melis, 2012). Based on it, the study develops the following hypothesis:

H_1: There is a positive relationship between shareholder rights and employee performance.

Transparency and disclosure

Transparency and disclosure involve the openness and clarity with which a company communicates its financial and operational information to stakeholders, including shareholders, employees, and the public. High transparency builds trust and confidence among stakeholders, providing employees with a clear understanding of the company's direction and financial health (Jahansoozi, 2006). When employees are kept in the loop about company decisions, goals, and challenges, they feel more valued and informed. This fosters trust and engagement and higher employee productivity (Shang et al., 2020). Transparency empowers employees to make informed decisions at all levels. With access to relevant information, they can effectively solve problems, contribute creatively, and take ownership of their work. This can lead to improved efficiency and productivity (Zaman et al., 2014). Based on it, the study develops the following hypothesis:

H_2: There is a positive relationship between transparency and disclosure and employee performance.

Ethics and integrity

Ethics and integrity encompass the moral principles and values upheld by an organization. It involves conducting business in an honest, fair, and principled manner. An ethical and integral organizational culture fosters a positive work environment, potentially enhancing employee morale, commitment, and overall performance (Tasi and Syamsir, 2020). The study also showed a positive association between integrity and employee performance. Ethical behavior minimizes the risk of legal problems, reputational damage, and financial losses, all of which can hinder performance (Wahyuni and Syamsir, 2020). Employees who feel they work in an ethical environment are generally more motivated and engaged in their work. They experience increased pride in their company and take ownership of their contributions, leading to improved performance (Prottas, 2013). Based on it, the study develops the following hypothesis:

H_3: There is a positive relationship between ethics and integrity and employee performance.

Compensation

Compensation includes the financial and non-financial rewards provided to employees for their work. This encompasses salaries, bonuses, benefits, and other forms of recognition. Competitive and fair compensation practices are crucial for attracting and retaining talent, motivating employees, and positively influencing their performance. Alfandi and Alkahsawneh (2014) revealed that there exists a positive and statistically significant relationship between performance-based reward system, career reward system and employee performance. The study also concluded that the career rewards were crucially important in enhancing employee motivation. Moreover, Ahmed (2009) confirmed that there is a statistically significant relationship of reward and recognition with motivation and satisfaction. The study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. Aryan and Singh (2015) examined the impact of motivation and recognition on employee performance. The study found that performances of employees are significantly affected by the salary and other monetary benefits provided by the organization. Based on it, the study develops the following hypothesis:

H_4: There is a positive relationship between compensation and employee performance.

Risk management

Risk management involves identifying, assessing, and mitigating potential risks that could impact the organization's objectives and operations. Effective risk management practices contribute to organizational stability and resilience, potentially influencing employee performance by creating a secure and reliable work environment (Lin, 2021). Alawaqleh (2021) assessed the effect of internal control on employee performance of small and medium-sized enterprises in Jordan. The study found a positive relationship between risk management and employee performance. Transparent communication about potential risks and implemented safeguards empowers employees to make informed decisions and take ownership of their work. Damian and Chisan (2006) assessed the complex relationships between requirements engineering processes and other processes that lead to payoffs in productivity, quality, and risk management. The results showed that organizations with strong risk management practices tend to exhibit greater stability and resilience to internal and external disruptions. This fosters a sense of security and trust among employees, leading to higher levels of job satisfaction and engagement. Based on it, the study develops the following hypothesis:

H_5: There is a positive relationship between risk management and employee performance.

Compliance and legal framework

Compliance refers to adhering to legal and regulatory requirements applicable to the industry and jurisdiction in which a company operates. A strong commitment to compliance ensures that the organization operates within the legal framework, reducing the risk of legal issues and contributing to a stable and trustworthy work environment (Alam et al., 2018). Mrope et al. (2017) stated that a well-defined legal framework and company compliance policies provide employees with clear guidelines and expectations for their conduct. This can boost confidence and reduce uncertainty, leading to better decision-making and potentially improved performance. According to Red and Teng-Calleja (2021), compliance with legal and ethical standards mitigates the risk of costly lawsuits, reputational damage, and operational disruptions. This can create a more stable and predictable work environment, allowing employees to focus on their tasks with greater clarity and efficiency. Based on it, the study develops the following hypothesis:

H_6: There is a positive relationship between compliance and legal framework and employee performance.

Corporate social responsibility

CSR involves an organization's initiatives to contribute positively to society and the environment. This can include philanthropy, environmental sustainability, and social impact programs. CSR practices can enhance the company's reputation, attract socially conscious employees, and contribute to a sense of purpose among the workforce, potentially influencing employee performance (Espasandin-Bustelo et al., 2021). Duthler and Dhanesh (2018) revealed that CSR initiatives that promote employee well-being, diversity and inclusion, and community involvement can create a more positive and supportive work environment, further enhancing employee morale and commitment. When employees perceive their company as ethically responsible and dedicated to making a positive impact, they feel more connected to its mission and purpose. This fosters a sense of pride and ownership, leading to higher levels of engagement and motivation in their work (Yan et al., 2021). Based on it, the study develops the following hypothesis:

H_7: There is a positive relationship between corporate social responsibility and employee performance.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with means and standard deviations have been computed, and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

This table presents Kendall's Tau correlation coefficients between dependent and independent variables. The correlation coefficients are based on 100 observations. The dependent variable is EMP (Employee performance). The independent variables are SR (Shareholder rights), TD (Transparency and disclosure), ETH (Ethics and integrity), COM (Compensation), RM (Risk management), CLF (Compliance and legal framework) and CSR (Corporate social responsibility).

Variables	Mean	SD	EMP	SR	TD	ETH	COM	RM	CLF	CSR
EMP	3.758	0.160	1							
SR	3.330	0.337	0.257	1						
TD	4.167	0.156	0.122	-0.205	1					
ETH	3.181	0.429	0.008	-0.031	-0.171	1				
COM	4.265	0.356	0.126	-0.008	-0.044	0.086	1			
RM	2.618	0.230	0.109	-0.055	0.094	-0.170	0.204	1		
CLF	3.632	0.425	0.162	0.000	0.094	-0.045	-0.076	-0.033	1	
CSR	3.800	0.260	0.077	-0.023	0.060	-0.031	0.100	0.027	-0.145	1

Notes: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.

Table 1 shows that shareholder rights are positively correlated to employee performance. This reveals that increase in the protection of shareholder rights leads to increase in employee performance. The result also shows that transparency and disclosure are positively correlated to employee performance. It implies that increase in transparency and disclosure leads to increase in employee performance. In addition, compensation is positively correlated to employee performance. It indicates that fair compensation leads to increase in employee performance. Similarly, risk management is also positively correlated to the employee performance. It reveals that better the management of risk, higher would be the employee performance. The result also shows that corporate social responsibility is also positively correlated to employee performance. This reveals that increase in corporate social responsibility leads to increase in employee performance. Furthermore, compliance and legal framework are positively correlated to the employee performance. It reveals that better compliance and legal framework leads to increase in employee performance. Similarly, ethics and integrity are also positively correlated to the employee performance. It reveals that better the ethics and integrity, higher would be the employee performance.

Regression analysis

Having indicated the Kendall's Tau correlation coefficients, the regression analysis has been carried out and results are presented in Table 2. More specifically, it shows the regression results of shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity with employee performance in Nepalese commercial banks.

Table 2

Estimated regression results of shareholder rights, transparency and disclosure,

compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity with employee performance

The results are based on 100 observations by using linear regression model. The model: $EMP= \beta_0 + \beta_1 SR+ \beta_2 TD+ \beta_3 ETH + \beta_4 COM + \beta_5 RM+ \beta_6 CAL+ \beta_7 CSR + e$, *where the dependent variable is EMP (Employee performance). The independent variables are SR (Shareholder rights), TD (Transparency and disclosure), ETH (Ethics and integrity), COM (Compensation), RM (Risk management), CLF (Compliance and legal framework) and CSR (Corporate social responsibility).*

Model	Intercept	Regression coefficients of							Adj. R_bar^2	SEE	F-value
		SR	TD	ETH	COM	RM	CLF	CSR			
1	1.707 (5.978)**	0.602 (8.856)**							0.342	0.506	78.421
2	2.195 (9.394)**		0.498 (8.759)**						0.337	0.508	76.716
3	1.189 (5.303)**			0.712 (13.620)**					0.533	0.417	185.495
4	2.187 (10.793)**				0.611 (10.163)**				0.407	0.480	103.285
5	2.262 (10.589)**					0.486 (9.281)**			0.364	0.497	86.137
6	3.125 (11.285)**						0.311 (6.391)**		0.381	0.443	72.110
7	1.374 (4.971)**							0.309 (4.682)**	0.323	0.473	22.049
8	0.703 (2.822)**	0.132 (1.825)*	0.175 (3.052)**	0.531 (8.193)**					0.602	0.393	76.221
9	0.641 (2.734)**	0.159 (2.278)*	0.006 (0.079)	0.462 (7.123)**	0.235 (3.733)**				0.635	0.377	65.715
10	0.638 (2.711)**	0.161 (2.292)*	0.003 (0.034)	0.456 (6.736)**	0.225 (3.182)**	0.023 (0.317)	0.162 (4.618)**	0.382 (4.817)**	0.632	0.378	52.266

Notes:

i. Figures in parenthesis are t-values
ii. The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.
iii. Employee performance is the dependent variable.

Table 2 shows that the beta coefficients for shareholder rights are positive with employee performance. This indicates that shareholder right has a positive impact on employee performance. This finding is similar to the findings of Guedri and Hollandts (2008). Similarly, the beta coefficients for transparency and disclosure are positive with employee performance. It indicates that transparency and disclosure have a positive impact on employee performance. This finding is consistent with the findings of Jahansoozi (2006). The result also shows that the beta coefficients for compensation are positive with employee performance. It indicates that compensation has a positive impact on employee performance. This finding is similar to the findings of Alfandi and Alkahsawneh (2014)). Similarly, the beta coefficients for risk management are positive with employee performance. It indicates that risk management has a positive impact on employee performance. This finding is consistent with the findings of Alawaqleh (2021). Likewise, the beta coefficients for corporate social responsibility are positive with employee performance. It indicates that corporate social responsibility has a positive impact on employee performance. This finding is consistent with the findings of Duthler and Dhanesh (2018). The result also shows that the beta coefficients for compliance and legal framework are positive with employee performance. It indicates that compliance and legal framework have a positive impact on employee performance. This finding is similar to the findings of Mrope et al. (2017). Similarly, the beta coefficients for ethics and integrity are positive with employee performance. It indicates that ethics and integrity have a positive impact on employee performance. This finding is consistent with the findings of Wahyuni and Syamsir (2020).

4. Summary and conclusion

Good governance often translates to investments in employee well-being, such as health benefits, work-life balance initiatives, and training programs. This boosts employee satisfaction and reduces stress, ultimately leading to better performance. Corporate governance and employee performance are two seemingly separate entities, yet they are intricately linked. A strong corporate governance practices can foster an environment that empowers employees to thrive and contribute their best.

This study attempts to examine the impact of corporate governance on employee performance in Nepalese commercial banks. The study is based on primary data with 100 respondents.

The study showed that shareholder rights, transparency and disclosure, compensation, risk management, corporate social responsibility, compliance and legal framework and ethics and integrity have positive impact on employee performance in the context of Nepalese commercial banks. The study concluded that a strong ethical culture fostered by good governance sets the tone for employee behavior. When employees witness and experience ethical conduct from leadership, they are more likely to uphold high standards in their own work. The study also concluded that good governance often translates to investments in employee well-being, such as health benefits, work-life balance initiatives, and training programs. This boosts employee satisfaction and reduces stress, ultimately leading to better performance.

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