

The Influence of Extrinsic Motivation on Bank Employee Performance in Karnali Province

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Open Access

Abstract

Background: Employee performance is a crucial determinant of organisational success, significantly impacting productivity, profitability, and overall business outcomes by driving operational efficiency and competitive advantage in the marketplace.

Purpose: This study aims to investigate the impact of extrinsic motivational factors on employee performance in the banking sector of Karnali Province, Nepal. Four key extrinsic factors are examined: rewards and recognition, interpersonal relationships, job security, and working conditions.

Methods: This study uses descriptive and causal comparative research designs. The study population consists of all banking industry employees working in the different branches and province-level offices of Karnali province. A structured questionnaire was self-administered to gather data from 340 employees employing the convenience sampling strategy. Pearson's correlation coefficient was used to evaluate the relationships between these factors and employee performance. Regression analysis assessed the predictive power of these factors on performance.

Findings: The results showed a significant positive relationship between all four extrinsic motivational factors and employee performance. Rewards and recognition were strong motivators, as employees who felt valued and appreciated performed at higher levels. Positive interpersonal relationships contributed to better communication, teamwork, and overall job satisfaction, boosting performance. Job security was crucial, as employees who felt secure in their positions showed greater dedication and engagement.

Conclusion: Thus, the study concludes that rewards and recognition, interpersonal relationships, job security, and working conditions influence employee performance in the study area. The study emphasises the importance of addressing extrinsic motivational factors in the workplace. Organisations can significantly enhance employee performance and organisational outcomes by focusing on rewards and recognition, fostering strong interpersonal relationships, ensuring job security, and improving working conditions.

Keywords: Employee Performance, Rewards and Recognition, Interpersonal Relationships, Job Security, and Working Conditions

JEL Codes: J24, M12, M54, J28

Introduction

Employee motivation measures how enthusiastic, dedicated, and creative a company's employees are. Aseanty (2016) confirmed that employees significantly impact a business's performance, and their management of operational procedures is crucial for firm success. Understanding the elements affecting employee performance is essential. According to Burbar (2021), enhancing employee performance is one of every organisation's top priorities as it may result in favourable organisational results. Mustapha (2020) supposed that employee motivation is a crucial factor in management, driving employees towards achieving organisational goals and objectives. Pang and Lu (2018) stated that one of the most critical concerns for every business is the capacity to establish specific goals and objectives that will increase employee performance and overall organisational results. Employee motivation is a crucial aspect in business, as it drives employees to achieve organisational goals and objectives, maximising the use of financial and human resources (Shahzadi et al., 2014). Motivation is a crucial issue for businesses and individuals, as it is a key factor in achieving company objectives and fostering growth within the organisation (Basu, 2023). Human resources are the driving force of an organisation, and their motivation is crucial for their continuous contribution to achieving its goals (Yusuf, 2021). Employee motivation is critical for a firm's success, as motivated employees are more productive, dedicated, and enthusiastic about their professions (Matriono, 2023). Organisations should focus on employee motivation to enhance personal well-being, as employees spend significant energy on achieving desired goals and tasks (Mustapha, 2020).

Employee motivation at work is influenced by intrinsic and extrinsic rewards. Intrinsic rewards are positive emotional experiences resulting from an individual's behaviour or results, while extrinsic rewards are valued items contingent on behaviour or results, introduced by someone (Remi et al., 2011). Further, Shaikh et al. (2018) stated that employee performance can be improved by extrinsic motivation, which comes from job-related elements, and intrinsic motivation, which results in enjoyment once tasks are completed. Extrinsic motivation is the impulse for work that originates from outside the employee and forces them to do duties to meet job requirements (Dharmanto et al., 2023). Luthans (2015) said that Herzberg's concept of extrinsic motivation, originating from external sources, drives employees to perform at their best on the job. Extrinsic motivation involves achieving a goal separate from the action, acting as an instrumental force to accomplish another goal (Legault, 2016). Extrinsic motivating factors include promotions, favourable work environments, and financial incentives, with job-related effects and contributing elements contributing to motivation (Khan et al., 2020). Employee motivation and performance are significantly enhanced by job satisfaction, security, adequate supervision, and reliable peer association, which are crucial factors in boosting organisational performance (Remi et al., 2011). The connection between motivation and employee performance is often used to measure work activities, but it has numerous benefits for boosting performance (Rachman, 2022).

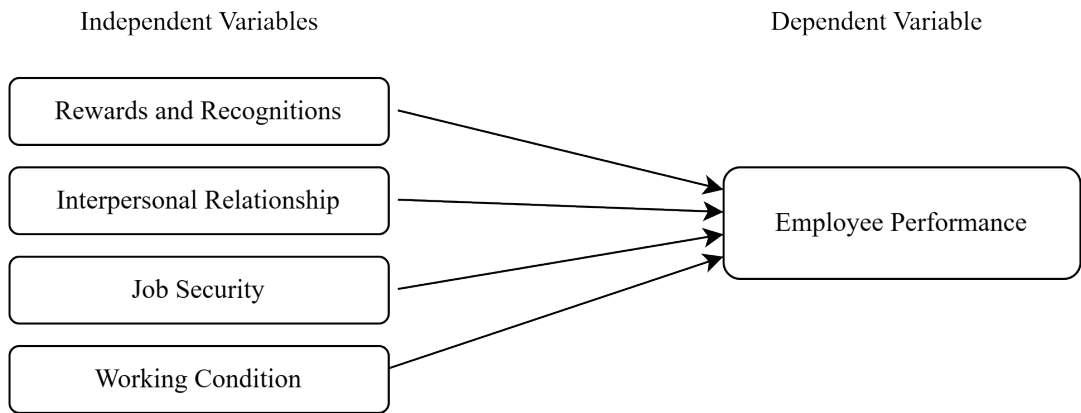
In this context, the existing literature emphasises the need for a deeper understanding of how extrinsic motivation affects employee performance, particularly in modern corporate environments where compelling employee motivation remains essential. While numerous studies have examined factors such as rewards and recognition (Adams & Ama, 2024; Nsiah et al., 2022; Jeni et al., 2020;), interpersonal relationships (Begum & Bisaria, 2024; Oyadiran et al., 2022; Luky et al., 2021), job security (Laksmi et al., 2024; Owan & Andow, 2022; Chinyelu, 2018), working condition (Pimpong, 2023; Zhenjing et al., 2022; Shammout, 2021), these elements have not been fully explored within an integrated framework. Further, the effectiveness of extrinsic rewards in enhancing employees' creative performance remains a contentious issue, despite their widespread use (Shaheen et al., 2020). Understanding these motivators is crucial in the banking industry of Karnali Province, where smooth operations depend heavily on employee efficiency and satisfaction. Therefore, this study aims to assess how these factors influence employee motivation and contribute to employee performance, ultimately enhancing overall organisational performance in this region.

Literature Review and Hypothesis Development

Theoretical Review

The expectancy theory (Vroom, 1965), as described in Shaheen et al. (2020), suggests that individuals are motivated to perform tasks based on the expectation of higher rewards and the value of the rewards received. Further, Dawson (1993), as described in Mathibe (2008), states that according to the expectation theory, individuals make decisions about their actions based on their expectations of reaching specific goals. In business settings, external inducements, such as external rewards, are crucial in motivating employees to exhibit high performance. This study employs the instrumentality viewpoint of expectancy theory to suggest that employees who receive rewards based on their performance are more likely to show more effort.

Figure 1: Conceptual framework of the Study



Empirical Review

Rewards, Recognition and Employee Performance

Aruna (2018) found a positive correlation between rewards and recognition and employee motivation, suggesting that enhancing these factors can improve employee performance and productivity, urging organisations to reconsider their recognition strategies. Edirisooriya (2014) revealed a positive relationship between extrinsic and intrinsic rewards and employee performance, suggesting that enhancing these rewards could lead to improved motivation and performance. Adams and Ama (2024) found that feedback and rewards significantly impact employee work performance, indicating the importance of fairness in reward distribution and regular feedback. Naveen (2021) identified a strong positive correlation between external rewards and job performance and showed the significant positive impact of external rewards on employee performance. The scholar highlighted that monthly salary payments, performance bonuses, and favourable working conditions enhance employee performance, motivation, and retention. Ibrar and Khan (2015) found a positive correlation between rewards and employee performance, indicating that extrinsic rewards significantly enhance job performance. Sikira et al. (2024) assessed that recognition significantly influences employee performance in the manufacturing sector, particularly at Tanga Cement Company in Tanzania, by validating hard work, increasing job satisfaction, and fostering commitment and positive work environment perceptions. Jeni et al. (2020) explored the impact of the Bangladeshi banking sector's rewards system on employee performance, revealing that salary evaluation, benefits, promotions, and career advancement are considered more important than other factors. Aktar et al. (2012) investigated the correlation between rewards and employee performance in Bangladeshi commercial banks. The study indicated a significant positive relationship between intrinsic and extrinsic rewards, suggesting a structured approach to recognition can foster a high-performance culture. Venkatesh (2015) found a positive correlation between rewards and recognition, indicating a correlation between motivation and

job satisfaction, but also highlighted potential emotional conflicts. Nsiah et al. (2022) analysed the impact of various reward packages on employee performance in Ghana's poultry sector. Results showed that fringe benefits, feedback, bonuses, autonomy, career development, and recognition positively impacted performance, except for counterproductive performance. Accordingly, based on the literature above, the premise is proposed that:

H₁: Rewards and recognition significantly affect the performance of employees in the banking sector in Karnali province.

Interpersonal Relationships and Employee Performance

Muhammad et al. (2018) observed a strong correlation between interpersonal relationships and job performance in Nigerian employees, highlighting gender differences and emphasising the importance of improving communication skills. Ayofe and Martha (2022) identified that high-quality interpersonal relationships boost employee performance through improved communication, motivation, and teamwork, while destructive relationships create friction and unhealthy rivalry, hindering performance rather than improving it. Megavarshini and Vanithamani (2024) conducted a study at Vision India Insurance that examined the impact of teamwork on employee performance, finding that strong interpersonal relationships and effective teamwork significantly enhance satisfaction, productivity, and organisational success. Phil and Com (2024) found a positive correlation between positive interpersonal relationships and employee engagement, satisfaction, and commitment, emphasising the importance of effective talent management strategies in retaining and reducing attrition rates. Lodisso (1019) indicated that a positive work environment significantly influences employees' interpersonal relationships, positively impacting job satisfaction. Oyadiran et al. (2022) identified that interpersonal relationships, including conflict management, communication, positive attitude, leadership, and teamwork, significantly enhance employee and organisational performance. Begum and Bisaria (2024) indicated a positive correlation between interpersonal relationships and quality work life (QWL), suggesting that organisations should enhance employee relationships to maintain QWL, ultimately leading to employee performance. Luky et al. (2021) found that interpersonal communication significantly positively impacts work motivation and employee performance, indicating that increased motivation leads to improved performance. Saxena and Sinha (2020) examined employee interpersonal relations in Uttar Pradesh and NCR PSUs, revealing that positive relationships significantly impact performance, with effective interaction crucial for organisational success. Amalia et al. (2023) highlighted the significant impact of interpersonal communication on work-from-home employees, resulting in improved relationships, increased involvement, and enhanced teamwork. Thus, based on the literature above, the hypothesis is proposed that:

H₂: Interpersonal relationships significantly affect the performance of employees in the banking sector in Karnali province.

Job Security and Employee Performance

Yousef (1998) found a positive correlation between job security satisfaction, organisational commitment, and job performance in a multicultural UAE environment, with expatriate workers being more concerned about job security than local employees. Ma et al. (2016) investigated the mediating role of organisational identification in the relationship between job security and work performance among Chinese employees. Results show that higher job security partially influences in-role behaviour and fully mediates extra-role behaviour. Chinyelu (2018) reveals that job security in Nigeria's private sector is lacking, but ensuring employees' job security can boost their loyalty and performance. It recommends that management provide job security as a prerequisite for employee loyalty and commitment. Ahmed et al. (2017) observed that job security impacts employee engagement and performance, with engagement mediating the relationship, suggesting it could be utilised in emerging environments to enhance worker performance. Owan and Andow (2022) found that job security positively impacts employees' performance at Berger Construction Company in Nigeria, suggesting the company should continue effective promotion and improve its salary system. Tetteh et al. (2019) found that job security and role performance are influenced

by emotional organisational and occupational commitments, with strong affective commitment in low-security employees and dependent on role performance. Jandaghi et al. (2011) examined the impact of job security on employees' commitment and satisfaction in Qom municipalities. Results show significant differences between organisational commitment and hired staff, with a strong positive association between commitment and work happiness. Laksmi et al. (2024) investigated the relationship between pay, job security, job satisfaction, and employee performance, focusing on Millennials and Generation Z employees. It found that job satisfaction significantly influences job security and performance, indicating that fair compensation and job security are essential for enhancing job satisfaction and performance. Angelis et al. (2021) examined the link between job insecurity and job performance, focusing on work-family conflict (WFC) and burnout as mediators. Results showed that job insecurity positively impacted WFC and burnout, but did not directly affect job performance. Thus, based on the literature above, the hypothesis is proposed that:

H₃: Job security significantly affects the performance of employees in the banking sector in Karnali province.

Working Conditions and Employee Performance

Aseanty (2016) revealed that working ability, working conditions, and motivation significantly impact employee performance in West Jakarta's private universities, indicating a positive and significant effect. Shammout (2021) identified a strong correlation between the work environment and employee performance while examining the impact of various work environment factors on employee performance. The study observed a significant positive relationship, with employee benefits being the most influential factor. Zhenjing et al. (2022) found that a positive work environment significantly enhances employee task performance, mediated by employee commitment and achievement-striving ability. Mainali and Verma (2022) found that social and financial working environment practices significantly impact employee satisfaction, but the psychological working environment appears less satisfactory. Aggarwal et al. (2014) assessed that good working conditions in an organisation, such as consistent communication, manageable workload, safety, trust, and non-discriminatory policies, significantly improve employee productivity and efficiency. Goet (2022) found that job aids, team effort, physical environment, and supervisor support significantly impact employee performance in Nepalese commercial banks, with job aids and physical environment having the most substantial impact. Pimpong (2023) explored work environment factors affecting employee productivity and performance, finding a positive correlation between the workplace environment and employee commitment, suggesting that commitment partially enhances the impact. Burbar (2021) found a positive correlation between the work environment and employee performance in the Palestinian banking sector. The findings suggest that improving workplace conditions can boost motivation and productivity and improve organisational outcomes. Kahya (2007) examined the impact of job characteristics and working conditions on employee performance in a medium-sized metal company. Results showed a strong correlation between job grade and task and contextual performance, with poor conditions negatively impacting various performance indicators. Thus, based on the literature above, the hypothesis is proposed that:

H₄: Working conditions significantly affect the performance of employees in the banking sector in Karnali province.

Conceptual Framework of the Study

The conceptual framework helps researchers identify and develop their viewpoint on the topic under investigation, which provides various benefits for research initiatives (Grant & Osanloo, 2014). Based on the overall pinning of proposed research constructs, the researcher has developed a systematic conceptual framework to guide the study (see Figure 1).

Research Methods

This study employed a causal-comparative research design to explore the impact of extrinsic motivation

on employee performance in the banking sector of Karnali Province. The research model considered several independent variables, including rewards and recognition, interpersonal relationships, job security, and working conditions. Employee performance was identified as the dependent variable. A set of structured questionnaires was meticulously developed to ensure the data's reliability and validity. This process involved consultation with subject matter experts, professionals, and an extensive review of the relevant literature. The questionnaires were designed with two primary sections: one featuring closed-ended, multiple-choice questions to collect demographic information, and another using a five-point Likert scale to capture responses related to the core aspects of the study. A probability sampling technique was adopted to identify the respondents. Before distributing the questionnaires, respondents were requested to allocate sufficient time for completion.

360 questionnaires were disseminated to employees across various branches of the banking sector of Karnali Province. Of these, 340 succeeding the limit of (Hair et al., 2017) were returned fully completed, resulting in a response rate of 94.44%, notably higher than the minimum acceptable threshold Argyrous (2007) recommended. The selection of 360 questionnaires as the sample size in this study was based on several logical considerations to ensure robust and reliable findings. First, the sample size was determined based on the total population of banking sector employees in Karnali Province, following established sampling guidelines (Krejcie & Morgan, 1970) to ensure representativeness. Second, a sample of 360 was chosen to achieve sufficient statistical power for correlation and regression analyses, as Hair et al. (2017) recommended, reducing the risk of errors and enhancing the validity of the results. Additionally, anticipating potential non-responses or incomplete surveys, the initial distribution of 360 questionnaires ensured that at least 340 valid responses would be obtained, meeting the minimum threshold required for meaningful statistical analysis. Thus, selecting 360 respondents was a methodologically sound decision, ensuring the study's findings are generalisable and credible.

Cronbach's Alpha was employed to test the reliability of the data. Descriptive and inferential statistical techniques were used to analyse the responses and meet the study's objectives. Pearson Correlation was used to examine the relationships between the independent variables (rewards and recognition, interpersonal relationships, job security, and working conditions) and the dependent variable (employee performance). Additionally, linear regression analysis was conducted to evaluate the effects of the independent variables on employee performance. All data analysis was carried out using SPSS version 25 to ensure accuracy and provide comprehensive insights on the impact of occupational stress on employees' performance.

Reliability and Validity

Cronbach's Alpha was calculated to assess a set of items' internal consistency or reliability, ensuring that they consistently measure the same construct.

Table 1. Reliability Statistics of the Variables

Variable Name	No of Items	Cronbach's Alpha
Rewards and Recognition	6	0.822
Interpersonal Relationship	6	0.735
Job Security	6	0.863
Working Condition	6	0.805
Employee Performance	6	0.880

Table 1 displays the results of the reliability test for each variable. The Cronbach's Alpha values for Rewards and Recognition, Interpersonal Relationship, Job Security, Working Conditions, and Employee

Performance are 0.822, 0.735, 0.863, 0.805, and 0.880, respectively. Since all variables have Cronbach's Alpha values exceeding the commonly accepted threshold of 0.70, the data demonstrate consistency and reliability. Christmann and Van Aelst (2006) noted that a Cronbach's Alpha value of 0.7 is generally considered the standard threshold for assessing reliability.

Content validity was applied to ensure the validity of the research instrument. Key constructs such as rewards and recognition (Adams & Ama, 2024; Nsiah et al., 2022; Jeni et al., 2020;), interpersonal relationships (Begum& Bisaria, 2024; Oyadiran et al., 2022; Luky et al., 2021), job security (Laksmi et al., 2024; Owan & Andow, 2022; Chinyelu, 2018), working condition (Pimpong, 2023; Zhenjing et al., 202; Shammout, 2021), were identified through a literature review and used to develop relevant questionnaire items on occupational stress and employee performance. Additionally, experts' and professionals' reviews were incorporated to confirm that the constructs were thoroughly and accurately represented.

Results

Demographic Profile of the Respondents

The survey conducted in 2024 captured various demographic characteristics of the respondents. The gender distribution comprised 62.4 per cent male and 37.6 per cent female participants. Regarding age, respondents ranged from 18 to over 42 years old, with 11.8 per cent aged 18 to 25, 64.7 per cent aged 26 to 33, 20 per cent aged 34 to 41, and 3.7 per cent aged 42 and above. Marital status showed that 76.8 per cent of respondents were married, while 23.2 per cent were unmarried. Educationally, 9.7 per cent of respondents had completed education up to the +2 level, 37.1 per cent held bachelor's degrees, 50.3 per cent had master's degrees, and the remaining 2.9 per cent had qualifications beyond the master's level. The demographics of the respondents have been shown in Table 2 as follows:

Table 2. Demographic Profile of the Respondents

Demographics	Categories	Frequency	Per centage
Gender Status	Male	212	62.4
	Female	128	37.6
Age Status	18-25 years	40	11.8
	26-33 years	220	64.7
	34-41 years	68	20
	42-Above years	12	3.7
Marital Status	Married	261	76.8
	Unmarried	79	23.2
Educational Status	Up to + 2	33	9.7
	Bachelor	126	37.1
	Master	171	50.3
	Master above	10	2.9

Inferential Statistics

The study employed Pearson's correlation analysis and linear regression analysis to examine the relationships between rewards and recognition, interpersonal relationships, job security, working conditions and employee performance. Pearson's correlation analysis measured the strength and direction of linear relationships between extrinsic motivation factors (rewards and recognition, interpersonal relationships, Job security, and working conditions) and employee performance. In the same way, linear regression analysis helps to determine how these factors predict performance, quantifying their individual

impacts. Therefore, both methods provide robust insights into the influence of extrinsic motivation on performance. This approach facilitates identifying the significant predictors and provides a comprehensive understanding of how these factors individually and collectively contribute to changes in employee outcomes, ultimately enhancing the understanding of employee performance in the banking settings of Karnali province.

Table 3. Correlation Analysis of Independent and Dependent Variables

		RR	IR	JS	WC	EP
RR	Pearson Correlation	1				
	Sig. (2-tailed)					
IR	Pearson Correlation	.616**	1			
	Sig. (2-tailed)	0.000				
JS	Pearson Correlation	.551**	.583**	1		
	Sig. (2-tailed)	0.000	0.000			
WC	Pearson Correlation	.587**	.437**	.445**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
EP	Pearson Correlation	.560**	.498**	.545**	.541**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

Note: ** Correlation is significant at the 0.01 level (2-tailed), N=340, RR(Rewards and Recognition), IR(Interpersonal Relationship), JS(Job Security), WC(Working Condition), EP(Employee Performance)

Table 2 presents the Pearson's correlation analysis results between the key research variables. The analysis observed a statistically significant positive correlation between employee performance, job security, interpersonal relationships, rewards and recognition, and working conditions. More specifically, the statistical significance of these correlations, all of which reach the 0.01 level (2-tailed), indicates a P-value less than 0.05. The findings suggest that employee performance will likely increase if one aspect is improved, such as working conditions, rewards and recognition. Their consistency across a sample size of 340 for each variable proves the findings' robustness.

Table 4. Model Summary of Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.669 ^a	0.447	0.441	0.45583	1.615

a. Predictors: (Constant), RR, IR, JS, WC (Rewards and Recognitions, Interpersonal Relationship, Job Security, Working Conditions)

Table 3 above presents the outcome of regression analyses. The adjusted R² value is 0.441, indicating that rewards and recognition, interpersonal relationships, Job security, and working conditions explain 44.1 per cent of the changes in employee performance. However, other factors outside the scope of this study account for the remaining 55.9 per cent of the variation. The Durbin-Watson value of 1.615 means no autocorrelation, which means errors are independent. This confirms the regression model's assumptions, making the results reliable and valid.

Table 5. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.080	4	14.091	67.816	.000 ^b
	Residual	68.325	335	.208		
	Total	121.406	339			

a. *Dependent Variable: EP*
b. *Predictors: (Constant), RR, IR, JS, WC (Rewards and Recognitions, Interpersonal Relationship, Job Security, Working Conditions)*

The ANOVA results in Table 5 show that the F-test resulted in a value of 67.816, with a corresponding p-value of 0.000. This indicates a significant linear relationship between at least one independent variable and the performance of employees in the banking sector, Karnali province. We can accept the alternative hypothesis at a 5% significance level and conclude that the fitted linear model is valid. Thus, the study confirms that rewards and recognitions, interpersonal relationships, job security, and working conditions all positively and significantly affect employee performance in the study area.

Table 6. Results of Linear Regression Analysis

Model B		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
		Std. Error	Beta				Tolerance	VIF
1	(Constant)	-0.478	0.287		-1.666	0.097		
	RR	0.271	0.082	0.195	3.312	0.001	0.474	2.111
	IR	0.159	0.077	0.116	2.08	0.038	0.534	1.872
	JS	0.301	0.063	0.253	4.784	0.000	0.588	1.701
	WC	0.323	0.063	0.263	5.145	0.000	0.632	1.582

Note: *RR (Rewards and Recognition), IR (Interpersonal Relationship), JS (Job Security), WC (Working Conditions), EP (Employee Performance)*

Table 6 presents the findings of a linear regression analysis. The study identified rewards and recognition, interpersonal relationships, job security, and working conditions as independent variables and employee performance as the dependent variable. The analysis showed that at a 5% level of significance and 95% level of confidence, there is a significant linear relationship between rewards and recognition and the employee performance of the banking sector in Karnali Province. The observed Beta is .271, t is 3.312, and the p-value is 0.001, less than the significance level ($\alpha=0.05$). The data suggests that rewards and recognition lead to a .271 unit increase in employee performance in the study area.

On the other hand, the observed Beta for income level is .159, t is 2.080, and the p-value is .038, which is less than the alpha significance level ($\alpha=0.05$). Therefore, it was concluded that a significant linear relationship exists between interpersonal relationships and employee performance. In other words, interpersonal relationships and employee performance in the study area are positively related. The study found that the observed Beta is .301, t is 4.784, and the p-value is .000, less than the significance level ($\alpha=0.05$). This led us to conclude that there is a significant linear relationship between job security and employee performance. Further, analysis showed that increased job security leads to a .301 unit increase in employee performance.

On the other hand, the study observed that the Beta is .323, t is 5.145, and the p-value is .000, which is higher than the significance level ($\alpha=0.05$). Therefore, we concluded that there is a significant linear

relationship between the working conditions and employee performance in the study area. Further, analysis showed that an increase in working conditions leads to a .323 unit increase in employee performance in the study area. The tolerance (>0.1) and VIF (<10) values confirm no multicollinearity, indicating a strong linear relationship between the predictors and employee performance in the study.

Table 7. Summary of Hypothesis

Hypothesis No.	Results of Hypothesis Testing	Accept or Reject Decision
HA1	Rewards and recognition significantly affect the employees' performance in the banking sector in Karnali province.	Accepted
HA2	Interpersonal relationships significantly affect the performance of employees in the banking sector in Karnali province.	Accepted
HA3	Job security significantly affects the performance of employees in the banking sector in Karnali province.	Accepted
HA4	Working conditions significantly affect the performance of employees in the banking sector in Karnali province.	Accepted

Discussion

This research aimed to explore the impact of extrinsic motivation on employee performance in the banking sector of Karnali Province, focusing on four key variables: rewards and recognition, interpersonal relationships, job security, and working conditions. The findings, derived from linear regression analysis, provide valuable insights into how these factors influence employee performance. The study confirms a significant positive relationship between rewards and recognition and employee performance, validating the first hypothesis (H_{A1}). This result is consistent with the findings of previous studies (Aseanty, 2016; Edirisooriya, 2014; Adams and Ama, 2024; Naveen, 2021; Ibrar and Khan, 2015; Sikira et al., 2024; Jeni et al., 2020; Aktar et al., 2012; Venkatesh, 2015; Nsiah et al., 2022). These studies collectively suggest that when employees feel appreciated and recognised for their efforts, their performance improves, supporting the notion that rewards and recognition are key drivers of motivation.

Additionally, the study found a significant effect of interpersonal relationships on employee performance, which validates the second hypothesis (H_{A2}). This outcome mirrors the conclusions of research by Muhammad et al. (2018), Ayofe and Martha (2022), Megavarshini and Vanithamani (2024), Phil and Com (2024), Lodisso (1019), Oyadiran et al. (2022), Begum and Bisaria (2024), Luky et al. (2021), Saxena and Sinha (2020), and Amalia et al. (2023). Strong interpersonal relationships foster collaboration and trust, positively impacting employees' productivity and job satisfaction. The study further demonstrated that job security significantly enhances employee performance, confirming the third hypothesis (H_{A3}). This aligns with studies conducted by Ma et al. (2016), Chinyelu (2018), Ahmed et al. (2017), Owan and Andow (2022), Tetteh et al. (2019), Jandaghi et al. (2011), Laksmi et al. (2024), and Angelis et al. (2021). Job security reduces anxiety and increases employee loyalty and commitment, improving performance. Lastly, the research validated the fourth hypothesis (H_{A4}), confirming that working conditions significantly affect employee performance. This result is consistent with prior studies by Aseanty (2016), Shammout (2021), Zhenjing et al. (2022), Mainali and Verma (2022), Aggarwal et al. (2014), Goet (2022), Pimpong (2023), and Burbar (2021). Favourable working conditions contribute to employee well-being, motivation, and efficiency, which are crucial for optimal performance.

Further, the study highlights the importance of extrinsic motivators, rewards, recognition, interpersonal relationships, job security, and working conditions in shaping employee performance in the banking sector of Karnali Province. These findings underscore the relevance of these factors in enhancing workforce productivity and contribute to the broader understanding of how extrinsic motivation influences employee behaviour and performance across various contexts.

Conclusion and implications

In conclusion, the study provides strong evidence and confirms that extrinsic motivators, including rewards and recognition, interpersonal relationships, job security, and working conditions, significantly impact employee performance in the banking sector of Karnali Province. The positive relationships between these factors and employee performance validate the study's hypotheses and align with prior research. These findings highlight the critical role of extrinsic motivation in enhancing workforce productivity and organisational outcomes.

This study highlights the critical role of extrinsic motivators, including rewards, recognition, interpersonal relationships, job security, and working conditions, in driving employee performance within Karnali Province's banking sector. The findings demonstrate that strategically enhancing these factors can improve staff motivation, productivity, and overall organisational effectiveness. However, the research has several limitations that warrant consideration. The geographical focus on Karnali Province may limit the generalizability of results to other regions, while the exclusive reliance on banking sector employees and self-reported data could introduce sample and response biases. Additionally, the cross-sectional design prevents establishing causal relationships, and the study did not account for potential confounding variables like intrinsic motivation or leadership styles. To address these limitations and build upon the current findings, future research should expand to include multiple sectors and regions, employ longitudinal or mixed-methods approaches, and incorporate objective performance metrics. For practical implementation, banking institutions should invest in training programs focused on motivation strategies, conduct regular employee feedback assessments, and develop suitable HR policies that align extrinsic rewards with workforce needs. By adopting these evidence-based recommendations while remaining mindful of the study's constraints, organisations can create more effective motivation systems that enhance individual and institutional performance in Nepal's evolving financial landscape.

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