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Table of Contents

Challenges and Opportunities in E-Commerce Development in Nepal	–Deepak Sharma	[1–10]
Effect of Working Capital Management on the Profitability of Manufacturing Firms: Evidence from Treveni Industries, Nepal	– Uday Kishor Tiwari, Raju Duwadi, Ram Kumar Tiwad	[11–20]
Exploring the Impact of Emotional Intelligence on Stress Management among College Students of Janakpurdham	– Santosh Kumar Karna	[21–29]
Impact of Digital Transformation on Nepalese Stock Market	– Kiran Kumari Sah	[31–42]
Linking Green HRM Practices to Employees' Pro-Environmental Behavior: The Mediating Role of Green Engagement	– P Radha, Lekshmy S. N., Nasreen Sayyed, Priya K.	[43–49]
Preparing Leaders for the Digital Era: Addressing Challenges in a Dynamic Economy	– Om Prakash Ram Verma	[51–57]
Factor Structure and Model Validation of Emotional Intelligence: An Exploratory and Structural Equation Modeling Approach	– Soumya V, Santhosh Kumar K	[59–68]
Impact of Digital Marketing on Business Growth in Nepal	– Saroj Kumar Thakur	[69–78]
The Role of Fintech in Enhancing Financial Inclusion in Emerging Economies	–Madan Kumar Singh	[79–88]
Effect of Work Life Balance on Job Satisfaction in Nepalese Commercial Banks	–Shiva Raj Ghimire, Nirdosh Kumar Agarwal	[89–102]

Challenges and Opportunities in E-Commerce Development in Nepal

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Abstract

This research paper investigates the challenges and opportunities associated with the development of e-commerce in Nepal. The purpose of the study is to provide a comprehensive analysis of the factors that influence e-commerce growth, focusing on both obstacles and potential avenues for expansion. The study employs a secondary data methodology, drawing from existing literature, industry reports, and relevant case studies to present a nuanced view of the e-commerce landscape in Nepal. Key findings reveal that while e-commerce in Nepal faces significant challenges such as inadequate infrastructure, regulatory hurdles, and limited digital literacy, there are substantial opportunities fuelled by increasing internet and smartphone penetration, a growing middle class, and supportive government policies. The practical implications of this study are relevant for policymakers, business leaders, and investors, offering strategic insights into overcoming the identified challenges and capitalizing on growth opportunities. The originality and value of this paper lie in its focused examination of Nepal's e-commerce sector, providing a foundation for future research and policy formulation aimed at fostering a robust digital economy.

Keywords: e-commerce, Nepal, digital transformation, challenges, opportunities, digital economy

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Introduction

E-commerce in Nepal has experienced steady evolution over the past decade, propelled by rising internet penetration, smartphone adoption, and technological advancements (Dahal, 2018; International Telecommunication Union, 2021). Digital platforms have revolutionized business operations, enhancing consumer access to diverse products and services while fostering convenience (Bhattarai, 2019; Daraz Nepal, 2021). Despite this progress, Nepal's e-commerce sector lags behind global standards, constrained by geographical challenges, inadequate infrastructure, limited digital literacy, and logistical hurdles (Pant, 2020; World Bank, 2020). Government initiatives like the Digital Nepal Framework (2020) and Nepal's E-commerce Policy (Ministry of Communication and Information Technology, 2020) signal potential for growth, positioning e-commerce as a catalyst for economic diversification, financial inclusion, and digital equity in a developing economy (Central Bureau of Statistics, 2021; Nepal Rastra Bank, 2021).

Nepal's e-commerce landscape presents untapped opportunities amid persistent barriers, necessitating targeted research to guide stakeholders. Existing studies highlight structural impediments such as poor logistics, regulatory gaps, and consumer hesitancy (Poudel, 2019; Karki, 2019), yet few offer comprehensive roadmaps for overcoming them (Shakya, 2018; Yadav & Adhikari, 2021). This study addresses these voids by synthesizing insights from local and regional contexts, including platform reports (SastoDeal, 2021) and policy analyses (Ministry of Finance, 2021). Amid the global digital shift (United Nations Conference on Trade and Development, 2021; Alibaba Group, 2020), understanding these dynamics is critical for policymakers, businesses, and investors to harness e-commerce for inclusive growth, SME development, and competitiveness against South Asian peers (Ghimire & Shrestha, 2020; Shrestha, 2019).

Research Objective

The primary objective of this study is to assess the current state of e-commerce in Nepal by identifying key challenges—such as infrastructure deficits, regulatory constraints, and behavioral factors—and opportunities for growth through technology, innovation, and policy interventions, thereby providing actionable recommendations to enhance sectoral adoption and sustainability.

Literature Review

E-commerce encompasses the buying and selling of goods and services via digital platforms, fundamentally relying on digitalization and connectivity to enhance global reach and efficiency (Bhattarai, 2019). Several theories underpin its adoption and impact. The Technology Acceptance Model (TAM) posits that perceived ease of use and usefulness drive technology adoption, explaining variations in e-commerce uptake across Nepal's demographics (Dahal, 2018; Karki, 2019).

Network Economy theory highlights network effects, where platform value grows exponentially with users, relevant to Nepal's emerging platforms like Daraz and SastoDeal (Daraz Nepal, 2021;

SastoDeal, 2021). Disruptive Innovation theory (Christensen, 1997) illustrates how e-commerce targets underserved markets—such as rural Nepal—before challenging traditional retail (Shakya, 2018; World Bank, 2020). Transaction Cost Theory emphasizes reduced intermediaries, automation, and transparency, addressing Nepal's logistical inefficiencies (Pant, 2020). Finally, Diffusion of Innovations theory underscores early adopters' role in accelerating spread, informing strategies for Nepal's tech-savvy youth (Shrestha, 2019; International Telecommunication Union, 2021).

Empirical Studies

Global research demonstrates e-commerce's contributions to GDP, job creation, and consumer behavior shifts, driven by mobile proliferation (Alibaba Group, 2020; United Nations Conference on Trade and Development, 2021). In South Asia, infrastructure deficits and regulatory hurdles impede growth, with urban-rural divides evident in India and Bangladesh—mirroring Nepal's context (Shakya, 2018).

Nepal-specific studies reveal a nascent sector constrained by low digital literacy, poor logistics, and payment gaps, yet poised for expansion via rising internet access (Bhattarai, 2019; Central Bureau of Statistics, 2021; Nepal Rastra Bank, 2021). Government policies, including the Digital Nepal Framework and E-commerce Policy, emerge as growth enablers (Digital Nepal Framework, 2020; Ministry of Communication and Information Technology, 2020; Poudel, 2019). Platform reports and analyses highlight digital payments' role in inclusion (Ghimire & Shrestha, 2020; Ministry of Finance, 2021), while marketing and cross-border studies point to SME opportunities (Shrestha, 2019; Yadav & Adhikari, 2021).

Recent scholarship by Celestin and Mishra (2025a, 2025b, 2025c, 2025d) and collaborators illuminates technology's transformative role in financial accountability and transparency, with direct relevance to forensic accounting and fraud prevention. Celestin and Mishra (2025a)

demonstrate how data analytics revolutionizes forensic investigations through advanced fraud detection techniques, enhancing accuracy and efficiency in identifying irregularities. Their analysis of IFRS vs. GAAP differences (Celestin & Mishra, 2025b) reveals implications for financial reporting, cross-border investments, and multinational decision-making, underscoring standardization needs amid global competition.

Further, Celestin and Mishra (2025c) explore digital transformation in financial disclosures, showing how emerging technologies boost corporate transparency and investor trust. Celestin, Mishra, and Mishra (2025d) advocate blockchain's potential to eliminate fraud in audits via distributed ledger technology, while Celestin et al. (2025e) examine real-time reporting adaptations to meet demands for instantaneous insights. Collectively, these works, alongside advanced forensic techniques for preventing fraud and misstatements (Celestin & Mishra, n.d.), Highlight technology's promise in safeguarding financial integrity under global pressures.

Research Gaps

Despite advancing scholarship, critical gaps persist in Nepal's context. Longitudinal studies tracking e-commerce evolution amid policy and technological shifts are absent (Poudel, 2019). The rural-urban divide lacks deep exploration of specific barriers for consumers and businesses (Pant, 2020; World Bank, 2020). SME-focused research on leveraging e-commerce for efficiency and market expansion remains limited (Yadav & Adhikari, 2021). Cross-border potential, given Nepal's position between India and China, is underexplored (Shakya, 2018). Addressing these will yield actionable insights for inclusive digital growth.

Methodology

This study adopts a secondary data methodology, relying on existing literature, government reports, industry analyses, and case studies to gather relevant information. Secondary

data provides a broad perspective on the trends and patterns in Nepal's e-commerce sector, allowing for a comprehensive analysis of the challenges and opportunities. The data collected is critically analysed to identify gaps in the current e-commerce landscape and suggest practical solutions for overcoming these barriers, thereby contributing to the sector's strategic development.

Results and Discussion

Current State of E-Commerce in Nepal

Overview of the Industry

E-commerce in Nepal has seen significant growth over the past few years, transforming how businesses and consumers interact. The industry is characterized by a mix of local start-ups and international platforms, offering a variety of products and services ranging from electronics and fashion to groceries and household items. The convenience of online shopping, coupled with the increasing penetration of smartphones and internet services, has contributed to the sector's rapid expansion. However, e-commerce in Nepal is still in its nascent stages, with a substantial portion of the population yet to adopt online shopping as a primary mode of purchasing. The industry's growth has been somewhat hampered by infrastructural challenges, such as unreliable logistics and limited payment options, which affect both businesses and consumers. Despite these challenges, the e-commerce sector is poised for further growth, driven by rising consumer demand, increasing digital literacy, and supportive government policies aimed at promoting digital commerce.

Key Players and Market Size

The e-commerce landscape in Nepal is dominated by a few key players who have established themselves as leaders in the market. Local companies such as Daraz Nepal, SastoDeal, and HamroBazar have gained significant traction, offering a range of products and services that cater to the needs of the Nepalese market. Daraz, in particular, has emerged as a market leader, leveraging its extensive logistics network and

marketing strategies to capture a large share of the market. Additionally, global giants like Amazon and Alibaba have shown interest in the Nepalese market, although their presence remains limited compared to local players.

The market size of Nepal's e-commerce sector has been growing steadily, with estimates suggesting a multi-billion-dollar industry in the making. The increasing number of internet users, combined with the growing middle class, has led to a surge in online shopping. While exact figures are difficult to ascertain due to the informal nature of many transactions, industry experts predict that e-commerce will continue to grow at a double-digit rate in the coming years, driven by both urban and rural demand.

Technology and Internet Penetration

Technology and internet penetration play a crucial role in the development of e-commerce in Nepal. Over the past decade, the country has witnessed a significant increase in internet users, largely due to the proliferation of mobile phones and the expansion of internet services by telecom providers. According to recent statistics, the internet penetration rate in Nepal has surpassed 50%, with a significant portion of users accessing the internet through mobile devices. This growth in internet usage has created a conducive environment for the growth of e-commerce, as more consumers have access to online platforms.

The availability of affordable smartphones has further accelerated this trend, enabling a broader segment of the population to engage in online shopping. However, challenges remain, particularly in rural areas where internet connectivity is less reliable and digital literacy levels are lower. To address these issues, the government and private sector have been working on improving digital infrastructure and providing training programs to enhance digital skills. These efforts are expected to further boost e-commerce adoption, making it an integral part of Nepal's digital economy.

Challenges in E-Commerce Development

Infrastructure and Logistics

One of the most significant challenges facing the development of e-commerce in Nepal is inadequate infrastructure and logistics. The country's mountainous terrain and underdeveloped transportation network make it difficult to establish efficient supply chains, particularly in rural areas. Many e-commerce businesses struggle with last-mile delivery, which is crucial for timely and cost-effective service. The lack of a robust logistics framework leads to delays and increased costs, affecting both businesses and consumers.

Moreover, the absence of advanced warehousing facilities and distribution centers further complicates the situation. Many e-commerce companies operate without adequate storage capabilities, leading to inventory management issues. The reliance on traditional courier services, which may not be equipped to handle the volume and speed required by e-commerce, exacerbates the problem. Addressing these infrastructure challenges is essential for the growth of e-commerce in Nepal, as improved logistics can enhance customer satisfaction and business efficiency.

Regulatory and Legal Issues

The regulatory and legal landscape in Nepal presents another significant challenge for e-commerce development. The country lacks a comprehensive legal framework specifically tailored for digital commerce, leading to ambiguity and uncertainty for businesses. Issues such as data protection, consumer rights, and electronic contracts are not adequately addressed, leaving both businesses and consumers vulnerable to risks.

Additionally, the taxation system for e-commerce is not clearly defined, creating confusion around the obligations of online businesses. This lack of clarity can deter new entrants and limit the growth of existing players. The regulatory environment also impacts cross-border e-commerce, as complex customs procedures and inconsistent enforcement of trade

policies create barriers for businesses looking to expand internationally.

To foster a more conducive environment for e-commerce, the government needs to establish clear and supportive regulations that address these challenges. Implementing policies that protect consumers, ensure fair competition, and promote digital transactions can significantly boost confidence in the e-commerce sector.

Payment and Financial Barriers

Payment and financial barriers are among the most critical obstacles to e-commerce growth in Nepal. The country's financial infrastructure is still evolving, with limited access to digital payment systems, especially in rural areas. A significant portion of the population remains unbanked, relying on cash transactions, which poses a challenge for online businesses that depend on digital payments.

Although mobile wallets and digital payment platforms have gained popularity in urban areas, their penetration in rural regions is minimal. The lack of trust in online payment security also deters many consumers from using digital payment methods. Additionally, high transaction fees and the limited interoperability of payment systems further complicate the situation for both consumers and businesses.

To overcome these barriers, it is essential to improve financial inclusion by expanding access to banking services and promoting digital literacy. Encouraging the use of mobile banking and integrating various payment systems can facilitate smoother transactions, making e-commerce more accessible and appealing to a broader audience.

Consumer Trust and Awareness

Consumer trust and awareness are crucial for the success of e-commerce, but these aspects remain underdeveloped in Nepal. Many consumers are wary of online shopping due to concerns about product quality, payment security, and data privacy. Negative experiences with unreliable sellers or delayed deliveries can erode trust, making it challenging for businesses to retain customers.

Furthermore, the lack of awareness about the benefits and convenience of e-commerce limits its adoption. In many rural areas, consumers are not familiar with online shopping and its potential advantages, such as access to a wider range of products and competitive pricing. The cultural preference for in-person interactions and the tactile experience of shopping also contribute to the slow adoption of e-commerce.

Building consumer trust requires businesses to adopt transparent practices, such as clear return policies, secure payment gateways, and reliable customer service. Educating consumers about the safety and convenience of online shopping through targeted marketing campaigns and community outreach can also help increase awareness and acceptance of e-commerce. By addressing these challenges, the e-commerce sector in Nepal can build a more robust and loyal customer base, driving sustainable growth.

Opportunities in E-Commerce Development

Internet and Smartphone Penetration

The rapid increase in internet and smartphone penetration in Nepal presents a significant opportunity for e-commerce development. Over the past decade, the number of internet users has surged, driven by the expansion of mobile broadband services and the affordability of smartphones. With over half the population now online, there is a growing base of potential customers for e-commerce businesses. This trend is expected to continue as telecom providers expand their networks and offer more competitive data plans. Smartphones have become the primary means of accessing the internet for many Nepalese, providing a convenient platform for online shopping. Mobile apps and optimized websites allow consumers to browse, compare, and purchase products with ease, driving e-commerce adoption. The proliferation of smartphones also enables businesses to leverage digital marketing strategies, such as social media advertising and push notifications, to reach a wider audience.

The growing internet and smartphone penetration not only facilitates greater access to e-commerce but also supports the development of related services, such as digital payments and logistics solutions. By capitalizing on this trend, e-commerce businesses can expand their reach and offer more personalized shopping experiences, ultimately boosting customer engagement and sales.

Youth Demographics and Middle Class

Nepal's youthful demographics and expanding middle class offer a fertile ground for e-commerce growth. With a significant portion of the population under the age of 35, there is a large and tech-savvy demographic that is more inclined to embrace digital technologies. This younger generation is comfortable with online interactions and values the convenience and variety offered by e-commerce platforms.

The rise of the middle class in Nepal, fuelled by economic growth and urbanization, also contributes to the potential for e-commerce development. As disposable incomes increase, more consumers are willing to spend on goods and services online. The middle class is particularly attracted to the competitive pricing, diverse product offerings, and convenience that e-commerce provides.

Moreover, the increasing use of social media among the youth creates opportunities for e-commerce businesses to engage with customers through targeted marketing and influencer partnerships. By tapping into the preferences and behaviours of this demographic, businesses can tailor their offerings and build brand loyalty. The combination of a young, tech-savvy population and a growing middle class creates a dynamic market for e-commerce, with the potential for sustained growth in the coming years.

Government Initiatives

The Nepalese government has recognized the potential of e-commerce as a driver of economic growth and has initiated several measures to support its development. These initiatives aim to improve digital infrastructure, enhance regulatory

frameworks, and promote digital literacy, creating a more conducive environment for e-commerce businesses.

One of the key government initiatives is the Digital Nepal Framework, which outlines a comprehensive plan to transform Nepal into a digital economy. This framework includes strategies to expand internet access, improve digital payment systems, and develop e-governance services. By fostering a digital ecosystem, the government aims to encourage the growth of e-commerce and other digital industries.

Additionally, the government has introduced policies to simplify business registration and tax compliance for e-commerce companies, reducing bureaucratic hurdles and encouraging entrepreneurship. Initiatives to promote financial inclusion, such as expanding access to banking services and mobile wallets, are also critical in facilitating digital transactions and supporting e-commerce adoption.

Public-private partnerships play a crucial role in implementing these initiatives, with collaborations between the government, telecom providers, and tech companies helping to accelerate digital transformation. By continuing to invest in digital infrastructure and supportive policies, the government can help unlock the full potential of e-commerce, driving economic development and job creation in Nepal.

Cross-border E-commerce Potential Cross-border e-commerce represents a significant growth opportunity for Nepalese businesses, offering access to international markets and a broader customer base. Nepal's strategic location between two major economies, India and China, provides a unique advantage for cross-border trade. By leveraging e-commerce platforms, local businesses can reach customers beyond national borders, expanding their market reach and increasing revenue.

The global nature of e-commerce allows Nepalese artisans and manufacturers to showcase their products to a global audience. Handicrafts,

textiles, and specialty foods are some of the unique products that have the potential to appeal to international consumers. Platforms such as Etsy and Amazon have made it easier for small businesses to engage in cross-border trade, providing logistics support and access to global payment systems.

To capitalize on this potential, it is essential to address challenges such as customs regulations, shipping costs, and payment processing. Simplifying export procedures and providing training for businesses on international trade practices can enhance their competitiveness in the global market. Partnerships with international logistics providers can also help streamline shipping and reduce costs, making cross-border e-commerce more viable.

By embracing cross-border e-commerce, Nepalese businesses can diversify their revenue streams and gain exposure to new markets. This expansion not only benefits individual businesses but also contributes to the overall growth of the e-commerce sector and the national economy.

Case Studies

Success Stories

Several e-commerce companies in Nepal have emerged as success stories, demonstrating the potential for growth and innovation in the sector. One notable example is Daraz Nepal, which has established itself as a leading online marketplace. Initially launched as Kaymu in 2013 and later rebranded after its acquisition by Alibaba Group, Daraz has successfully navigated the challenges of operating in a developing market. By offering a wide range of products, secure payment options, and reliable delivery services, Daraz has gained the trust of Nepalese consumers and achieved significant market penetration.

Another success story is SastoDeal, a homegrown e-commerce platform that has become a household name in Nepal. SastoDeal's focus on providing quality products at competitive prices, along with its commitment to customer service, has helped it build a loyal customer base. The company's strategic partnerships with local and

international brands have further strengthened its market position.

HamroBazar, a popular online classifieds platform, has also played a crucial role in shaping the e-commerce landscape in Nepal. By facilitating peer-to-peer transactions, HamroBazar has provided a platform for individuals and small businesses to buy and sell goods, contributing to the growth of the digital economy.

These success stories highlight the importance of understanding local market dynamics, investing in customer trust, and leveraging technology to enhance the shopping experience. They serve as benchmarks for other e-commerce ventures aspiring to succeed in Nepal's competitive market.

Lessons from Regional Markets

The experiences of neighbouring countries like India and Bangladesh offer valuable lessons for the growth of e-commerce in Nepal. Both countries have witnessed rapid expansion in their e-commerce sectors, driven by improvements in digital infrastructure, supportive government policies, and rising consumer demand.

In India, the success of platforms like Flipkart and Amazon India demonstrates the importance of building robust logistics networks. These companies have invested heavily in supply chain infrastructure, ensuring efficient delivery even in remote areas. This approach highlights the need for Nepalese e-commerce businesses to focus on strengthening their logistics capabilities to overcome geographical challenges.

Bangladesh provides insights into the role of mobile financial services in promoting e-commerce. Platforms like bKash have revolutionized digital payments, making it easier for consumers to transact online. Nepal can learn from this model by enhancing its digital payment ecosystem, ensuring wider accessibility and building consumer confidence in online transactions.

Both India and Bangladesh have also shown the significance of government support in fostering

e-commerce. Initiatives such as India's Digital India campaign and Bangladesh's e-commerce policy have created a favourable environment for digital businesses. Nepal can adopt similar strategies to encourage innovation, simplify regulations, and provide incentives for e-commerce growth.

By studying these regional markets, Nepalese businesses and policymakers can gain insights into best practices and potential pitfalls, enabling them to develop strategies that foster a thriving e-commerce ecosystem in the country.

Conclusion

This study has explored the challenges and opportunities in the development of e-commerce in Nepal, highlighting key factors that influence its growth. The findings reveal that while the e-commerce sector is expanding, it faces significant challenges, including inadequate infrastructure and logistics, regulatory & legal uncertainties, limited payment options, and low consumer trust and awareness. These barriers hinder the full potential of e-commerce, particularly in rural areas where access to digital services remains limited.

Conversely, several opportunities can drive the sector's growth. Increasing internet and smartphone penetration, a youthful and tech-savvy population, government initiatives to promote digitalization, and the potential for cross-border e-commerce all present avenues for expanding the e-commerce landscape in Nepal. By addressing the existing challenges and leveraging these opportunities, Nepal can foster a thriving e-commerce ecosystem that contributes to economic growth & digital inclusion.

Recommendations

To overcome the challenges identified, several strategic recommendations are proposed. First, improving infrastructure and logistics is crucial. Investments in transportation networks, warehousing facilities, and last-mile delivery solutions can enhance efficiency and reduce costs. Public-private partnerships could play a pivotal role in this development.

Second, establishing a clear and supportive regulatory framework is essential. The government should introduce policies that address data protection, consumer rights, and digital contracts, providing a secure environment for e-commerce businesses and consumers. Simplifying tax compliance and promoting cross-border trade can also boost the sector's growth.

Third, enhancing the digital payment ecosystem is necessary. Expanding access to mobile banking, reducing transaction fees, and ensuring the security of online payments can increase consumer confidence and adoption. Finally, increasing consumer trust and awareness through education and marketing campaigns will encourage more people to embrace online shopping.

Future Outlook

The future of e-commerce in Nepal is promising, given the ongoing advancements in technology and increasing digital literacy. With continuous improvements in infrastructure, regulatory support, and financial inclusion, the sector is poised for significant growth. The integration of emerging technologies such as artificial intelligence & block chain can further enhance the e-commerce experience, providing personalized services & secure transactions.

Additionally, the potential for cross-border e-commerce offers an exciting opportunity for Nepalese businesses to reach international markets, contributing to economic diversification and growth. As the global economy increasingly shifts towards digital, Nepal's e-commerce sector has the potential to become a key driver of the country's economic development, fostering innovation and improving the quality of life for its citizens. By addressing the current challenges and capitalizing on emerging opportunities, Nepal can build a robust and inclusive e-commerce ecosystem that supports long-term sustainable growth.

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Effect of Working Capital Management on the Profitability of Manufacturing Firms: Evidence from Treveni Industries, Nepal

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Abstract

Working capital management (WCM) is a crucial determinant of a firm's financial stability and profitability, as it focuses on the efficient management of short-term assets and liabilities to ensure adequate liquidity for daily operations. This study examines the impact of WCM on the profitability of Nepal's manufacturing sector, using Treveni Industries Pvt. Ltd. as a case study, with specific focus on the Contech Concrete and allied industry. A descriptive research design is employed, and the analysis is supported by clearly presented tables. Secondary data were collected from audited financial statements of Treveni Industries Pvt. Ltd., along with relevant research articles, journals, and industry reports. The findings reveal that increases in the Inventory Turnover Ratio, Average Collection Period, Debt Ratio, and Current Ratio are associated with a decline in Return on Equity, whereas improvements in the Average Payment Period and Cash Conversion Cycle show a positive relationship with profitability indicators such as ROE and ROA. Overall, the study concludes that effective working capital management significantly influences profitability, accounting for approximately 25% of variations in industry profits.

Keywords: working capital management, manufacturing industry, profitability

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Introduction

Determining a company's profitability, risk, and overall worth depends on its working capital, which is a vital aspect for many organizations. No enterprise can function without it. Working capital is a crucial element of the company's higher-level corporate strategy (Shrestha, 2019). The manner in which a business manages and uses its working capital can greatly influence its ability to cover expenses, plan for future growth, and engage in additional operations, both in the short and long term.

Liquidity is essential and plays a key role in a company's success (Kandpal et al., 2013). Based on corporate finance theories, the main responsibilities of working capital management revolve around making choices related to investments and short-term financing for the business. Working capital management prioritizes

daily operations over future obligations (Masocha & Dzomonda, 2016). Previous studies have largely concentrated on analyzing long-term financial decisions, including aspects like investments, capital structure, or evaluations of business worth.

Profile of Treveni Industries Pvt Ltd Treveni Industries Pvt Ltd, founded in 2014 in Kathmandu Nepal. Which create a name for itself for prominent and well reputed manufacturing, Exporter and suppliers of RCC non pressure concrete pipe in Nepal. It believes in strong business ethics and as far as the client's concern, which has made it possible to attain trust and support from streamed customer.

Research Objectives

- o To examine the working capital management practices of Treveni Industries Pvt. Ltd. in Nepal's manufacturing sector.
- o To analyze the impact of key working capital components on the profitability of the firm.
- o To assess the relationship between working capital management and profitability indicators (ROE and ROA).

Review of Literature

Shah (2023) investigated how working capital management influences the profitability of commercial banks. The study utilizes empirical data to examine the relationship between working capital management and various profitability metrics. Key financial indicators analyzed the credit-to-deposit ratio, cash reserve ratio, cash and bank balance to total deposits ratio, working capital turnover ratio, and liquidity ratios, treated as independent variables. Dependent variables measured include return on assets (ROA), return on equity (ROE), and net profit margin (NPM). The research focuses on a sample of seven out of twenty commercial banks in Nepal. A range of financial ratios and statistical tools were applied for the analysis, employing both descriptive and inferential methods to derive outcomes. Three regression models were tested,

revealing statistical significance in the models for ROA, ROE, and NPM.

Garg & Singh (2023) examined the effects of working capital management on the profitability of Indian manufacturing companies. This research aims to analyze the connection between working capital management and the profitability of firms listed on the Bombay Stock Exchange in the Indian manufacturing sector. Utilizing the generalized two-step methods of moments (GMM) techniques suggested by Arellano and Bond, the sample includes financial data from BSE-listed companies covering the years 2012 to 2021. The empirical findings indicate that the coefficients for cash conversion cycle (CCC) and inventory conversion period (ICP) are both positive and significant, while the coefficients for receivables collection period (RCP) and accounts payable (APP) are negative concerning Tobin's Q. Regarding return on capital employed (ROCE), the coefficients for CCC, ICP, RCP, and APP are also positive and significant. Unlike previous research that indicated a linear relationship between working capital management and firm profitability, this study identifies an inverse relationship

Arulanandam, Glinkowska-Krauze, & Tan (2023) analyzed how working capital management affects the profitability of manufacturing firms from an emerging market perspective. Their findings highlight a significant positive association between inventory turnover in days, accounts receivable, and firm size with profitability. On the other hand, accounts payable and cash conversion cycle presented positive but insignificant relationships.

Poudel & Maharjan (2020) explored the link between the characteristics of working capital and firm profitability in Nepal. They investigated whether firm performance, as measured by return on assets, relates to metrics like cash conversion cycle, days sales outstanding, days inventory outstanding, and current ratio. The research employed a descriptive and causal-comparative design. Results indicated a positive significant relationship between current ratio and profitability, while days sales

outstanding had a negative significant relationship with the firm's financial performance.

Duwadi (2024) examined the relationship between working capital management and profitability within the hotel industry in his Master's degree unpublished thesis, focusing on essential financial metrics such as inventory conversion period, receivables collection period, payables deferral period, and cash conversion cycle. The regression analysis suggests that efficient working capital management notably enhances financial performance, particularly in terms of return on assets (ROA) and return on equity (ROE). Findings indicate that a shorter inventory conversion period and more effective receivables collection contribute positively to profitability. These results are consistent with previous studies emphasizing the importance of timely operations and effective liquidity management. Additionally, an optimized cash conversion cycle promotes financial performance by ensuring adequate cash flow while reducing operational delays. Conversely, the payables deferral period showed mixed outcomes; while deferring payments might temporarily enhance liquidity, excessive delays can harm supplier relationships, ultimately impacting profitability.

Research Gap

Numerous studies have been carried out on working capital management (WCM) practices across various industries on both national and international levels. However, focused research on WCM in Nepal's unlisted small industries is limited. Consequently, this paper refers to previous journals, theses, and reports to serve as a vital resource for comprehending small manufacturing industries worldwide.

Were,

$$X_4 + \beta_5 X_5 + \beta_6 X_6 + e_i$$

Y_1 = Return on Assets (Dependent Variable)

Y_2 = Return on Equity (Dependent Variable)

X_1 = ACP (Independent variable)

X_2 = APP (Independent variable)

X_3 = ITR (Independent variable)

X_4 = CCC (Independent variable)

X_5 = DR (Independent variable)

X_6 = CR (Independent variable a=Constant)

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5,$ and β_6 are regression coefficients of Factor 1, Factor 2, Factor 3, Factor 4, Factor 5 and Factor 6 respectively.

e_i = Error Term

Methodology

This study employs a descriptive research design. The findings are analyzed and presented clearly using suitable tables. To draw conclusions, the complete financial statements of Westage Industries Pvt Ltd are incorporated into the analysis. Secondary data was collected from the audited reports of Treveni Industries Pvt Ltd, along with research papers, articles, and case studies related to manufacturing industries or similar WCM practices published in journals, magazines, or trade publications. Among the many listed and unlisted manufacturing sectors in Nepal, only one non-listed manufacturing sector was chosen as a sample for this in-depth study. A multiple linear regression model was used to analyze the data.

Model Specification

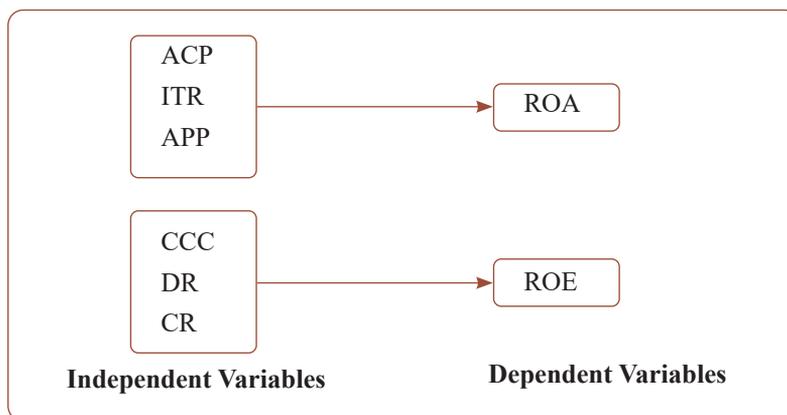
The regression equation for impact of independent variables is expressed in the following equation:

$$Y_1 = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e_i$$

$$Y_2 = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Research Framework and Definition of Variables

The conceptual framework for this study is based on prior research and studies. Duwadi (2024) formulated a conceptual framework in his work "Working Capital Management Practices in the Hotel Industry of Nepal," identifying independent variables such as ICP, APP, ITR, CCC, DR, and CR, while ROE and ROA were classified as dependent variables. Utilizing this framework, the following conceptual framework has been established for the study:

Figure 1*Conceptual Framework*

Note. Duwadi, 2024.

Average Collection Period (ACP)

The average collection period (ACP) indicates the duration needed to receive payments from debtors. It is calculated by dividing accounts receivable by sales and multiplying the outcome by 365 (Raheman & Nasr, 2007). A company's goal is to minimize the interval between sales and customer payments. Numerous studies have demonstrated a negative correlation between the receivables collection period and profitability, examining various sectors such as fast-moving consumer goods in Malaysia, Pakistan, the Nairobi Stock Exchange, and the New York Stock Exchange (Gill et al., 2010; Mishra & Aithal, 2021). The hypothesis for this research is stated as follows:

HO: ACP is negatively associated with performance (ROE and ROA) of the industry.

Average Payment Period (APP)

The time it takes for businesses to pay their creditors is known as the average payment period (APP). Usually, it is acquired by obtaining free credit from creditors. Although timely payments can result in discounts, research indicates a negative association with profitability. Nonetheless, there is a favorable correlation with profitability indicators such as Return on Equity and Return on Assets (Gill et al., 2010). The research's hypothesis is as follows:

HO APP is negatively associated with performance (ROE and ROA) of the industry.

Inventory Turnover (ITR)

The inventory turnover ratio measures a company's inventory turnover by dividing inventory by the cost of goods sold and multiplying by 365 days. A negative correlation has been observed between inventory conversion period and business profitability, with extended periods leading to reduced profits. Conversely, a positive correlation has been found in Kenyan firms and the Malaysian manufacturing sector (Duwadi, 2024). For the research, hypothesis is drawn as:

HO ITR is negatively associated with performance (ROE and ROA) of the industry.

Cash Conversion Cycle (CCC)

The cash conversion cycle is the time gap between cash spent on raw materials and cash inflow from sales. Research shows a negative association between the cash conversion cycle and a firm's profitability, while a positive correlation has been found (Al-Debi'e, 2011; Azam & Haider, 2011; Affeef, 2011). This cycle represents the time gap between cash spent on raw materials and cash inflow from sales. For the research, hypothesis is drawn as:

HO CCC is negatively associated with performance (ROE and ROA) of the industry.

Debt ratio (DR)

The debt ratio, which represents the ratio of total debt/liabilities to total assets, is often linked to a firm's profitability, even with an increase in debt. However, most studies show a significant negative relationship between the debt ratio and profitability, with unfavorable debt affecting profitability and increasing default risk (Duwadi, 2024). This contradicts the idea that a good economic condition can lead to increased profit for firms. For the research, hypothesis is drawn as:

HO DR is negatively associated with performance (ROE and ROA) of the industry.

Current Ratio (CR)

Current ratio measures a firm's liquidity by dividing current assets by current liabilities (Raheman & Nasr, 2007; Gautam & Mishra, 2024). It is expected to have a higher current ratio in favorable situations where current liabilities can be easily paid off. There is a positive and statistically significant relationship between the current ratio and profitability. In under-developed capital markets,

higher current assets may not destroy shareholder value, but a negative relationship exists. For the research, hypothesis is drawn as:

HO CR is positively associated with performance (ROE and ROA) of the industry.

Dependent Variables

This study uses Return on Assets (ROA) and Return on Equity (ROE) to evaluate the profitability of manufacturing firms. ROE is a profitability ratio, comparing net income to total equity. A higher ROE is advantageous for a company, while higher ROA values indicate management efficiency in converting assets into profits (Adhikari, 2020). Previous research has identified ROA as a dependent variable and found significant relationships with other variables. More profitable businesses typically report higher ROA values.

Results and Discussion

Association between key variables Spearman's Correlation analysis is used to determine the Association between key variables. For this analysis SPSS version 30 was used in carrying out the analysis and extracted the following results.

Table 1

Descriptive Statistics and Correlation with Respect to ROA

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) ROA	1.000						
(2) ITR	-0.648*	1.000					
	(0.045)						
(3) ACP	0.849**	0.831**	1.000				
(4) APP	-0.101	-0.490	-0.279	1.000			
	(0.787)	(0.151)	(0.435)				
(5) CCC	-0.651	0.912	0.924***	-0.615*	1.000		
	(0.037)	(0.000)	(0.000)	(0.058)			
(6) CR	0.346	-0.799***	-0.538	0.485	-0.675**	1.000	
	(0.324)	(0.006)	(0.109)	(0.156)	(0.032)		
(7) DR	-0.321	-0.368	0.137	0.267	-0.066	0.501	1.000
	(0.368)	(0.295)	(0.705)	(0.457)	(0.856)	(0.140)	

Note. Pval in parentheses *** p<0.01, ** p<0.05, * p<0.1, Research data, 2024

Table 1 displays the pair wise correlations between ROA and essential financial metrics. ROA shows a negative correlation with ITR (-0.648), which is statistically significant at the 5% level, implying that an extended inventory conversion period diminishes profitability. In a similar vein, ACP has a substantial negative correlation with ROA (-0.849), with high significance at the 1% level, indicating that prolonged receivables collection periods harm profitability. The correlation between ROA and APP (-0.101) is insignificant, suggesting

there is no substantial relationship. Additionally, ROA is negatively correlated with CCC (-0.651), which is significant at the 5% level, highlighting the adverse effects of longer cash conversion cycles on profitability. The correlation with the Current Ratio (0.346) is positive but not statistically significant, indicating that liquidity has a limited effect on ROA. Lastly, the correlation with DR (-0.321) is negative and also insignificant, suggesting that leverage does not have a major influence on profitability within this dataset.

Table 2

Correlation Matrix of Working Capital Variables and ROE

Variables	(1) ROE	(2) ITR	(3) ACP	(4) APP	(5) CCC	(6) CR	(7) DR
(1) ROE	1.000						
(2) ITR	-0.711** (0.022)	1.000					
(3) ACP	-0.862*** (0.001)	0.831*** (0.003)	1.000				
(4) APP	-0.063 (0.865)	-0.490 (0.151)	-0.279 (0.435)	1.000			
(5) CCC	-0.691** (0.026)	0.912*** (0.000)	0.924*** (0.000)	-0.615* (0.058)	1.000		
(6) CR	0.421 (0.232)	-0.799*** (0.006)	-0.538 (0.109)	0.485 (0.156)	-0.675* (0.032)	1.000	
(7) DR	-0.197 (0.590)	-0.368 (0.295)	0.137 (0.705)	0.267 (0.457)	-0.066 (0.856)	0.501 (0.140)	1.000

Notes. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, ***Correlation is significant at the 0.05 level (2- tailed)

Table 2 displays the pairwise correlations between ROE and various important financial metrics. There is a significant negative correlation between ROE and ITR (-0.711) at the 5% level, which suggests that longer inventory conversion times are linked to lower profitability. Similarly, ACP shows a strong negative correlation with ROE (-0.862), significant at the 1% level, indicating that slower receivables collection negatively impacts

profitability. The correlation with APP (-0.063) is not significant, suggesting there is no important relationship. ROE has a negative correlation with CCC (-0.691), significant at the 5% level, which implies that longer cash conversion cycles lead to reduced profitability. Meanwhile, the correlation with the Current Ratio (0.421) is positive but not statistically significant, indicating liquidity does not have a notable impact on ROE. Finally, DR

presents a negative correlation with ROE (-0.197), but it is statistically insignificant, showing no clear link between leverage and profitability in this analysis.

Table 3

Return on Assets with ACP, CCC, DR, ITR, APP, CR

ROA	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
ITR	-23.01	4.656	-5.16	.014	-38.828	-9.191	**
ACP	-28.947	7.032	-4.26	.024	-52.325	-7.57	**
APP	4.989	2.388	2.33	.103	-2.045	13.155	
CCC	18.374	4.381	4.40	.022	5.335	33.221	**
CR	-1.78	2.864	-0.64	.568	-10.944	7.282	
DR	-19.42	10.712	-1.91	.153	-54.51	13.673	
Constant	187.05	37.263	5.13	.014	72.498	309.671	**
Mean dependent var		9.498	SD dependent var				8.204
R-squared		0.775	Number of obs				10
Adjusted R- squared		0.760	Prob> F				0.007
Akaike crit. (AIC)		40.667	Bayesian crit. (BIC)				42.785

Note. *** p < .01, ** p < .05, * p < .1

The regression analysis reveals important insights into the factors influencing ROA, consistent with previous studies on financial performance. The Inventory Conversion Period (ITR) shows a negative and significant relationship with ROA (coefficient = -23.01, p = 0.014), indicating that longer inventory periods diminish profitability. This aligns with research by Deloof (2003), which found that effective inventory management positively impacts a firm's profitability. Similarly, the Receivables Collection Period (ACP) also has a significant negative effect on ROA (coefficient = -28.947, p = 0.024).

On a different note, the Cash Conversion Cycle (CCC) presents a positive and significant correlation with ROA (coefficient = 18.374, p = 0.022). The Payables Deferral Period (APP) indicates a positive yet statistically insignificant link with ROA (coefficient = 4.989, p = 0.103), suggesting that delaying payments may not have a direct impact on profitability.

Model Summary of Regression Analysis

The analysis of below model Summary gives various results of correlation coefficients after considering a set of data.

Furthermore, other factors such as the Current Ratio (CR) and Debt-to-Equity Ratio (DER) show insignificant effects on ROA, with coefficients of -1.78 (p = 0.568) and -19.42 (p = 0.153), respectively. These results imply that liquidity and leverage do not significantly influence profitability in this scenario, contrasting with some studies that argue for their relevance. The overall model accounts for 77.5% of the variation in ROA (R-squared = 0.775) and shows statistical significance with p values at 0.007, indicating strong explanatory capability and robustness. In conclusion, this analysis supports earlier research highlighting the critical role of effective working capital management in boosting profitability. Specifically, reducing inventory durations and receivables collection periods, alongside optimizing the cash conversion cycle, significantly enhances ROA. Nonetheless, the results also indicate that the significance of factors such as liquidity and leverage may depend on the particular context or industry studied.

Regression Line

$$Y_1 = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e_i$$

$$\text{Return on Assets} = 187.05 - 23.01 \text{ICP} - 28.947 \text{ACP} + 4.989 \text{APP} + 18.374 \text{CCC} - 19.42 \text{DR} - 1.78 \text{CR} + e_i$$

In regression analysis, beta coefficients illustrate the importance of independent variables in accounting for the variance in the dependent

variable. Table shows a positive relationship between ROA with the independent variables APP, and CCC and a negative relationship between ROA with the remaining independent variables ITR, ACP, DR and CR. This means that enhancements APP, and CCC result in increased ROA, while enhancements in ITR, ACP, DR and CR result in a decline in ROA, assuming that all other variables are held constant.

Table 4

Return on Equity with ITP, ACP, APP, CCC, DR, & CR

ROE	Coef.	St. Err.	t-Value	p-Value	95% conf.	Interval	
ITR	-33.76	7.499	-4.60	.019	-58.321	-10.594	**
ACP	-48.78	11.324	-4.70	.018	-89.313	-17.238	**
APP	9.87	3.846	2.72	.073	-1.785	22.694	*
CCC	31.93	7.056	4.62	.019	10.122	55.03	**
CR	-4.53	4.612	-0.87	.447	-18.703	10.649	
DR	-6.91	17.252	-0.43	.694	-62.376	47.428	
Constant	202.22	60.01	3.57	.038	23.257	405.212	**
Mean dependent var		14.181	SD dependent var				12.251
R-squared		0.758	Number of obs				10
Adjusted R-squared		0.736	Prob> F				0.009
Akaike crit. (AIC)		50.197	Bayesian crit. (BIC)				52.315

The regression analysis underscores critical factors influencing Return on Equity (ROE) and identifies statistically significant connections that align with earlier studies on financial performance. The Inventory Conversion Period (ITR) shows a negative correlation with ROE (coefficient = -33.76, $p = 0.019$), suggesting that longer inventory holding durations diminish equity returns. This observation is consistent with Deloof (2003), who highlighted the negative impact of poor inventory management on company performance. Likewise, the Receivables Collection Period (ACP) reveals a noteworthy negative association with ROE (coefficient = -48.78, $p = 0.018$), which stated that delayed collection of receivables adversely affects equity returns.

In contrast, the Cash Conversion Cycle (CCC) presents a positive and significant link to ROE (coefficient = 31.93, $p = 0.019$), indicating that refining the cash conversion process can improve equity profitability. The Payables Deferral Period (APP) indicates a positive, yet marginally significant relationship with ROE (coefficient = 9.87, $p = 0.073$), implying that extending payment periods may offer liquidity benefits for companies.

On the other hand, the Current Ratio (CR) and Debt-to-Equity Ratio (DR) show insignificant impacts on ROE, with coefficients of (-4.53, $p = 0.447$) and (-6.91, $p = 0.694$), respectively. This suggests that liquidity and leverage might not significantly influence equity returns within this sample. The model exhibits strong explanatory power, evidenced by an R-squared value of

0.758 and a p-value of 0.009, indicating that the independent variables together account for a considerable portion of the variability in ROE.

In summary, the analysis highlights the significance of effective working capital management for maximizing equity profitability. Prolonged inventory and receivables periods have a negative effect on ROE, while optimizing the cash conversion cycle positively influences returns. These results revealed the complex role of liquidity and leverage in financial performance.

Regression line

$$Y_2 = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e_i$$

$$\text{Return on Equity} = 202.22 - 33.76 \text{ ITR} - 48.78 \text{ ACP} + 9.87 \text{ APP} + 31.93 \text{ CCC} - 6.91 \text{ DR} - 4.53 \text{ CR} + e_i$$

In regression analysis, beta coefficients represent the significance of independent variables in explaining the variance in the dependent variable. Table 4.28 indicates a positive correlation between ROE and the independent variables APP and CCC, while it shows a negative correlation between ROE and the other independent variables ITR, ACP, DR, and CR. This suggests that improvements in APP and CCC lead to an increase in ROE, whereas enhancements in ICP, RCP, DR, and CR are associated with a decrease in ROE, assuming all other variables remain constant.

Conclusion

The aim of this research paper was to examine how working capital management affects the profitability of Nepal's manufacturing sector. This study will help future researchers, policymakers, stakeholders, investors, and management teams better understand the significance of working capital management in boosting profitability within the manufacturing industry.

By analyzing a decade's worth of data from Treveni Industry Private Limited, it was determined that factors such as average collection period, average payment period, cash conversion cycle, inventory turnover ratio, debt ratio, and current ratio had a significant connection to the

industry's profitability. Improvements in cash conversion cycle, debt ratio, and current ratio were associated with a reduction in return on equity (ROE). In contrast, variations in average collection period, average payment period, and inventory turnover ratio showed a positive correlation with ROE. At the same time, average collection period, average payment period, inventory turnover ratio, and cash conversion cycle were positively linked to return on assets (ROA), while they exhibited a negative relationship with debt and current ratios. Essentially, maintaining an optimal level of working capital is vital for achieving higher profits, as the findings suggest that around 25% of the changes in a manufacturing company's profits stem from effective working capital management.

Given that this research was based on eleven years of data from Treveni Industries Pvt Ltd, it is suggested that future studies include additional information from a range of manufacturing sectors by incorporating more factors, such as economic growth, operating profit, and company size. Despite certain limitations, this study provides valuable insights into how working capital management affects the profitability of manufacturing industry in Nepal.

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Exploring the Impact of Emotional Intelligence on Stress Management among College Students of Janakpurdhham

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Abstract

The present study aimed to examine the relationship between stress management and emotional intelligence among college students. A total of 200 undergraduate students from University Campus and R. R. M. Campus of Janakpurdhham participated in the study. The sample was selected using incidental and purposeful sampling techniques to ensure accessibility and relevance. A cross-sectional research design was adopted, and data were collected using standardized instruments, namely the Emotional Intelligence Scale and the Stress Source Inventory. The collected data were analyzed using appropriate statistical tools through SPSS software. The findings of the study revealed a significant relationship between emotional intelligence and stress management among both male and female students. Results indicated that students with higher levels of emotional intelligence experienced lower levels of stress, while those with lower emotional intelligence reported higher stress levels. This inverse relationship highlights the role of emotional intelligence in effectively managing stress in academic settings. The study concludes that emotional intelligence and stress are negatively correlated, suggesting that enhancing emotional intelligence may serve as a valuable strategy for reducing stress among college students. These findings have important implications for student well-being and stress management interventions in higher education institutions.

Keywords: emotional intelligence, stress management, gender differences, self-awareness, empathy, motivation

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Introduction

Emotional intelligence (EI) is the ability to identify one's own emotions as well as those of others, to differentiate between emotions and assign the proper labels to them, to use emotional information to inform behavior and thought processes, and to control and/or modify emotions in order to adapt to changing circumstances or accomplish objectives.

Recognizing, comprehending, controlling, and regulating one's own and other people's emotions is a sign of emotional intelligence. This has become a critical characteristic for successful stress management. Stress management is greatly aided by emotional intelligence (EI), which is a vital component of interpersonal connections and well-being, especially in high-stress situations like college life. College students frequently deal with

social difficulties, academic obligations, and life transitions, all of which can raise stress levels. In order to determine how emotional intelligence (EI) can act as a protective factor against stressors that college students frequently face, this study intends to investigate the association between EI and stress levels among college students.

When it comes to achieving success in their personal and professional life, the majority of people believe that emotional intelligence (EQ) is more significant than intelligence (IQ). Today, being able to read others' cues and respond appropriately to them is essential to both professional and personal success. Since the economy has become more global, it is imperative that each person acquire the adult emotional intelligence skills necessary to better comprehend, empathize with, and interact with others; otherwise, they will elude them in their personal and professional lives.

Salovey and Mayer (1990) provided a formal description of emotional intelligence. The ability to keep an eye on one's own emotions as well as those of others, distinguish between them, and use this knowledge to inform one's thoughts and behavior is how they defined it. Stress is an internal state that can be brought on by the body's physical demands, the environment, or social situations that are deemed to be potentially hazardous, unmanageable, or that exceed our capacity to handle daily stresses and life events.

Even though college is an exciting time, stress levels are frequently elevated. The challenging atmosphere created by social expectations, academic demands, and the transition to maturity can have a major impact on students' mental and physical health. One of the main reasons why some students manage to flourish in spite of these demands is that, like their international counterparts, Janakpurian College students deal with a variety of stressors related to their social, personal, and academic life. The difficulties of adapting to a quickly evolving school environment, cultural expectations, familial demands, and restricted access to mental health supports can all make these stressors worse.

This section examines how emotional intelligence helps Janakpurian pupils manage their stress by utilizing regional psychological, educational, and cultural factors. The possibility of raising emotional intelligence in this particular demographic to increase stress resilience is also discussed. Janakpurdham is not an exception to the fact that stress is a prevalent problem among college students globally. Students frequently encounter a variety of pressures, including academic pressure, social expectations, and job concerns, in an academic setting that requires both cognitive talents and social adjustments. Therefore, it is essential to comprehend how people handle stress. Emotional intelligence (EI) is a significant aspect that has been researched in this area. According to the increasing amount of study on the subject, pupils' ability to manage stress may be significantly influenced by their emotional intelligence (EI). This review investigates how Emotional Intelligence (EI) affects stress management among Janakpurian college students.

Emotional intelligence (EI) can specifically help people develop healthy coping strategies, which are crucial for stress management. These strategies include problem-solving, reaching out for social support, and rephrasing negative beliefs. The relationship between emotional intelligence (EI) and coping skills was further emphasized by Bar-On (1997), who found that emotionally intelligent people frequently employ adaptive coping mechanisms when under stress.

Many studies have looked at how emotional intelligence helps students in other nations handle their stress, but there isn't much study that focuses on Janakpurian College students in particular. But according to a few research conducted in Nepal, emotional intelligence is crucial for students' stress management. For instance, emotionally intelligent students in Nepal reported reduced anxiety levels and were better equipped to handle academic stress, according to Adhikari and colleagues (2020). This conclusion is corroborated by Shah's (2018) research, which suggested that college students

with high EI may experience less stress and have better psychological health.

Factors related to culture and society can be used to understand the relationship between EI and stress management in Nepalese students. Stress levels might rise as a result of the high expectations that families and communities in Nepal, including Janakpurian pupils. High emotional intelligence probably makes it easier to deal with these expectations and control emotions. Furthermore, social interactions and dependency are emphasized by Nepalese society's collectivist nature, which may have an impact on how students view and handle stress (Joshi, 2021).

Relation between Emotional Intelligence and Stress

Our ability to manage stress should be improved by emotional intelligence for a number of reasons. Empathy, social skills, and self-management are all crucial components of emotional intelligence. We can improve our ability to cope with stress by being self-aware enough to recognize when we are experiencing it to stop reacting before it becomes uncontrollable. Being empathetic and having social skills should help we communicate ourselves more effectively, including knowing when and how to be direct. However, these are talents that must be learned. The key components of emotional intelligence include moods, stress management techniques, flexibility, and interpersonal and intrapersonal connections. All of these factors have a significant impact on students' academic achievement. People today have to deal with a complicated and demanding work environment. When we look around the workplace, we see that there are so many issues that they might cause tension in everyone. A small amount of stress is beneficial. It has the power to inspire and increase productivity. On the other hand, excessive stress or severe reactions to stress are detrimental.

These days, one of the most important things that people lack in their lives is emotional intelligence. Emotionally intelligent people are

probably more successful in the actual world. People who have a high IQ are yet unable to achieve success. Individual personal abilities, professional skills, and temperament are all included in the concept of emotional intelligence. People with emotional intelligence are adept at recognizing, utilizing, comprehending, and controlling their own emotions as well as those of others. Effectiveness, success, and job happiness are all considered to be significantly influenced by emotional intelligence.

Research Objectives

The objectives of the present research are as under:

- o To examine the relationship between emotional intelligence and stress.
- o To compare emotional intelligence and stress of male and female college students.

Literature Review

According to the ability-based model of emotional intelligence developed by Salovey and Mayer (1990), which is referenced in Azman Ismail (2010), an individual's emotional intelligence level will raise their competencies, which can enhance their capacity to reduce stress and promote positive attitudes and behaviors. Emotional intelligence, as defined by Goleman (1998) and quoted by Azman Ismail (2010), emphasizes that an individual's emotional intelligence will boost their skills, which may help them reduce environmental stress and improve leadership effectiveness in an organization. College students frequently report feeling stressed, frequently as a result of social connections, financial limitations, familial expectations, and academic pressure. EI as a buffer against stress, with Mishra et al. (2025) providing technological augmentation strategies and Mishra (2023) offering human capital-building approaches. Among students, EI interventions could significantly lower stress levels, promoting mental well-being and academic success in resource-limited settings like Nepalese colleges.

High levels of stress have been linked to detrimental effects on students' mental health,

academic performance, and general well-being, according to research (Misra & McKean, 2000). Burnout, sadness, and anxiety can all be brought on by stress.

Upadhyaya (2006) found that student-teachers with poor emotional intelligence are less careful, irregular, prefer to take more rest, control others, and lack energy. They are also more anxious and worried about the future, negative feelings, and failures. Emotionally intelligent student-teachers are more capable, self-assured, diligent, supportive, enthusiastic, and positive. Kuruvilla (2008) discovered that (i) there is a strong positive association between academic stress and gender, with boys experiencing higher levels of stress than girls. Emotional intelligence is becoming a valuable competency for both business and life, according to

Lorenzo Fariselli and Joshua Freedman (2008). EQ reduces the detrimental effects of stress, which helps to enhance performance. Reynolds and Odwyer (2008) investigated how middle school principals' leadership effectiveness, coping strategies for stress and emotional intelligence relate to one another. In order to lessen academic stress, social intelligence is essential. College students' interpersonal relationships (irs) and emotional intelligence (EI) were shown to be above average by Hsieh et al. (2014). Significant differences were observed in the EI and IRs of college students by gender, romantic connection, monthly allowance, and family status. Comparing female and male students, the former have higher irs and EI. (3) There Key Elements of Emotional Intelligence and their role in Stress Management.

Table 1

Emotional Intelligence Components and Their Role in Stress Management

EI Element	Description	Role in Stress Management
Self-awareness	Ability to recognize and understand one's emotions and their impact	Helps identify stress early, allowing for proactive coping strategies
Self-regulation	Managing emotions and impulses to maintain control	Reduces the intensity of negative emotions, preventing stress escalation
Motivation	Using emotions to drive goal pursuit and maintain perseverance	Helps students maintain focus and persistence despite academic pressures
Empathy	Understanding and sharing the feelings of others	Enhances peer support networks, reducing isolation and stress
Social Skills	Building positive relationships and managing social interactions	Facilitates positive group dynamics, reducing interpersonal stress

According to Dubey (2009), female students possess more emotional intelligence than their male counterparts. Stress and emotional intelligence are significantly correlated, according to Kalyoncu et al. (2012). A study on "Academic Stress among School-Going Adolescents in their Social Intelligence" was carried out by Bartwal and Raj (2014). The stud's findings showed that academic stress levels were equal for male and female pupils. Those with higher levels of social intelligence would be better able to was a positive correlation between the perceived degree of EI and irs. College

students' interpersonal relationships improved as their emotional intelligence increased.

Khan (2015) shown that boys experience much higher levels of stress than girls. Schoolboys are more stressed than schoolgirls, according to the study's findings. According to Lee and Cho (2016), male nurses have been under higher stress at work than female nurses, and there are differences between the two groups in terms of the types of stress they encounter. Shah and Sah (2024) in their research show a substantial positive relationship between overall emotional intelligence and

productivity, indicating that employees with higher emotional intelligence typically perform better, fulfill their goals more frequently, and handle their tasks more skillfully.

Following Hypotheses were formulated for the present study:

- o There would be significant relationship between Emotional Intelligence and Stress among female students.
- o There would be significant relationship between Emotional Intelligence and Stress among male students.
- o There would be significant difference between male and female students in terms of emotional intelligence,
- o There would be significant difference between male and female students in terms of stress.

Methodology

This study employed a quantitative research design to explore the impact of emotional intelligence on stress management among college students of Janakpurdham. The design was appropriate for measuring and analyzing variables such as emotional intelligence (EI), stress levels, and the relationship between them. The study was both descriptive, as it aimed to explain existing conditions, and correlational, as it examined the association between EI and stress. The sample consisted of 200 undergraduate students from Janakpurdham, equally divided by gender with 100 female and 100 male participants. To collect relevant data, three tools were used. First, a researcher-developed Personal Data Sheet gathered basic demographic information including name, age, and educational background. Second, the Emotional Intelligence Scale, comprising 18 scales with five items each-except for the general health scale, which included subtests on physical, behavioral, and emotional aspects-was used, with responses categorized as very simple, somewhat well, a bit, and not at all. Scoring followed the scale's official manual. Third, the Personal Stress Source Inventory developed by Sanju Thakur and Prita

Yadav from Rm, Janakpurdham, consisting of 35 items with response options of rarely, occasionally, and frequently, was administered, with scoring done according to the provided guidelines. The data collection process took place in two sessions. In the first session, participants completed the personal data sheet, after which they were sequentially given the Emotional Intelligence Scale and the Personal Stress Source Inventory, with short breaks between each tool. Statistical analysis was performed using SPSS to calculate EI levels, stress levels of male and female students, degrees of freedom (df), significance levels, means, standard deviations, and t-values. Completed questionnaires were collected three to four days after distribution.

The mean scores of male and female students on the stress measure varied significantly, as shown in Table 4. The t-ratio between the two scores (3.27) is significant at the .01 level of confidence, and the mean score of male students (85.66) is greater than that of female students (80.33). Therefore, hypothesis number four is accepted, and it can be said that male college students experience higher levels of stress than female students.

Although research on how emotional intelligence (EI) influences stress management among college students of Janakpurdham is still in its infancy, some studies and findings offer important new perspectives on the relationship between EI and stress and coping strategies in this demographic. The main conclusions and outcomes of our research on Emotional Intelligence and stress management among college students of Janakpurdham are outlined below.

Emotional Intelligence and Stress Levels Numerous studies have revealed a strong inverse relationship between Janakpurian college students' reported stress and emotional intelligence. Academic stress was found to be lower among students with higher EI scores, according to a study by Adhikari et al. (2020). Students who were more adaptable at identifying and controlling their emotions reported feeling less anxious and under less pressure to do well in class according

to the study. These results align with international research indicating that emotional intelligence (EI) lessens stress by helping pupils manage emotional difficulties.

Coping Strategies and Emotional Intelligence

It has been demonstrated that the coping mechanisms used by Janakpurian college students are influenced by emotional intelligence. Lower EI students are more

Results and Discussion

Resort to maladaptive coping mechanisms like substance abuse, avoidance, or denial, whereas higher EI students are more likely to employ adaptive and constructive coping mechanisms like problem-solving, seeking social support, and rephrasing negative beliefs. According to a study by Shah (2018), students with higher emotional intelligence were more likely to use proactive coping strategies, which improved their ability to handle academic stress. This supports the Transactional Model of

Stress and Coping (Lazarus & Folkman, 1984), which holds that emotional intelligence improves coping strategies by enhancing emotional control and stress scenario assessments.

Gender Differences in Emotional Intelligence and Stress Management

There may be gender disparities in the association between stress management and emotional intelligence, according to certain research. An investigation by Thapa et al. (2022) found that Nepali female students were more likely to report employing adaptive coping methods and had higher emotional intelligence scores than their male counterparts. This discrepancy could be attributed to the maternal roles and emotional expressiveness that are frequently expected of women in Nepalese society. Male students who had slightly lower EI nevertheless benefited from EI in stress management, albeit to a smaller degree, whereas female students with higher EI.

Table 2

Strength of Association between Emotional Intelligence and Stress among Female Students

Group	Level of EI	Low Stress	High Stress	Chi- square	df	Level of Significance
Female students	High	38	18	4	1	0.05
	Low	12	32			

With respect to stress and emotional intelligence, Table 1 indicates that the obtained Chi-square is 4 and the df is 1, indicating that

Hypothesis No. 1 is accepted at the 0.05 level of confidence.

Table 3

Strength of Association between Emotional Intelligence and Stress among Male Students

Group	Level of EI	Low Stress	High Stress	Chi- square	df	Level of Significance
Male students	High	10	22	51.84	1	0.001
	Low	40	28			

The results of Table No. 2 indicate that the Chi-square value of 51.84 and the df of 1 for Stress and Emotional Intelligence are significant at the 0.001

level of confidence indicating that Hypothesis No. 2 is accepted.

Table 4*Mean, SD and t-value of emotional intelligence of male and female students*

Group	N	M	SD	t(df-198)	p
Male	100	125.79	15.25	14.72	0.01
Female	100	162.30	19.45		

There are notable differences between male and female college students on the emotional intelligence test, as shown in Table 3, Female students' mean score (162.30) is higher than that of male students (125.79). At a confidence level of 0.01, the obtained t-value (14.72) between these

two scores is highly significant. The conclusion that female students possess greater emotional intelligence than male students is thus supported by the acceptance of hypothesis No. 3 handled stress better and used healthier coping strategies.

Table 5*Mean, SD and t-value of Stress of male and female students*

Group	N	M	SD	t(df-198)	p
Male	100	85.66	21.22	3.27	001
Female	100	80.33	17.55		

Impact of EI Training on Stress Management

Training in emotional intelligence has the potential to lower stress levels among Janakpurdham college students, despite the fact that it is still in its infancy. Students' coping skills have been demonstrated to increase with Emotional Intelligence (EI) programs that emphasize social skills, empathy, and emotional control. According to a study by Koirala and colleagues (2020), students who took part in an Emotional Intelligence training program showed a notable decrease in stress levels and an increase in the application of constructive coping mechanisms. This implies that emotional intelligence (EI) can be improved through skill development in addition to being a personal attribute.

Discussions

According to the current study, stress and emotional intelligence are significantly correlated in both male and female students. Stress is low when emotional intelligence is high and high when emotional intelligence is low. The results of several earlier studies by Salovey and Mayer (1990), Goleman (1998), Upadhyaya (2006), Lorenzo

Fariselli, Joshua Freedman (2008), Kalyoncu et al. (2012), and Bartwal and Raj (2014) are thus supported by the fact that there is a negative correlation between emotional intelligence and stress.

On the emotional intelligence test, there are also notable differences between male and female students. Compared to male pupils, female students had a higher mean emotional intelligence score. This conclusion is also supported by earlier research by Dubey (2009), Hsieh et al. (2014), and Khurshid (2020). This study also reveals a noteworthy disparity in stress levels between male and female students. Male students' mean scores are greater than female students' mean scores. This result is in line with research by Lee and Cho (2016), Khan et al. (2015), and Kuruvilla (2008).

Conclusion

Emotional intelligence (EI) is a key factor in how students feel and manage stress, according to the results of several researches on the subject among college students in Janakpurdham. Emotionally intelligent pupils are more likely to exhibit psychological well-being, use more

flexible coping mechanisms, and report feeling less stressed. Cultural expectations, social interactions, and academic constraints are all major sources of stress for Janakpurian students, and EI plays a significant role in negotiating these issues.

Additionally, as emotional intelligence and stress management are positively correlated, students may gain a great deal from include emotional intelligence training in curricula. In the end, these programs may promote mental health and academic performance by assisting students in developing resilience, enhancing emotional control, and improving their capacity to handle the demands of college life. Research in this field frequently looks at the relationship between EI and students' coping mechanisms for stress in both personal and academic settings. Based on the aforementioned facts, debates, and results, it can be said that stress and emotional intelligence are negatively correlated in college students, both male and female. Compared to male college students, female students exhibit stronger emotional intelligence. Additionally, male college students experience higher levels of stress than their female counterparts.

Teachers can make a big difference in kids' stress levels. They have to create classes that are both effective and engaging, meet the needs of every student, and monitor and evaluate their development. Making the classroom a comfortable place can help students learn more easily and get ready for tests. Students with poor emotional intelligence experience more stress than those with strong emotional intelligence, according to the study. Thus, in order to lessen stress, educational institutions and instructors should implement programs that aid in the development of students' emotional intelligence.

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Impact of Digital Transformation on Nepalese Stock Market

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Abstract

The digital transformation of Nepal's stock market has reshaped its operational framework by improving accessibility, efficiency, and transparency. This shift has been driven by the introduction of online trading platforms such as the NEPSE Online Trading System (NOTS) and the Central Depository System and Clearing Limited (CDSC). This study examines the effectiveness of online trading in Nepal's share market, focusing on investor awareness, operational challenges, and managerial solutions. The findings reveal that online trading has enhanced market accessibility and efficiency, leading to increased trading volumes and greater investor participation. However, the system continues to face significant challenges, including technological limitations, server inefficiencies, outdated infrastructure, and unstable internet connectivity. Limited digital literacy and inadequate investor education programs further restrict the effective use of online trading platforms. Moreover, regulatory gaps and weak cybersecurity measures undermine system reliability and investor trust. Despite growing adoption, many investors remain unaware of the full potential of digital trading. To address these issues, the study recommends upgrading technological infrastructure, strengthening regulatory and cybersecurity frameworks, and expanding investor education initiatives. The adoption of advanced technologies such as artificial intelligence and blockchain could further enhance security, transparency, and operational efficiency, enabling Nepal's stock market to align with global financial standards.

Keywords: digital transformation, stock market, NEPSE, securities turnover, online trading system

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Introduction

Digital transformation entails the integration of digital technologies to enhance both operational efficiency and customer experiences. In Nepal, the stock market is undergoing a transformative shift from traditional practices towards a technology-oriented ecosystem. The implementation of platforms like the NEPSE Online Trading System (NOTS), the Central Depository System and Clearing Limited (CDSC), Connectivity and Integration with local banks for fund transfer, and various mobile applications is redefining investment practices. This shift democratizes access to financial services and aligns Nepal's capital market with international standards. Dhakal (2024) states Fintech innovations have significantly boosted operational efficiency and service quality in Nepal's financial sector. Both startups and established firms are utilizing fintech solutions to optimize processes

like loan disbursement, credit evaluation, and risk management. Mobile payment platforms such as Khalti and IME Pay have become increasingly popular, enabling smooth transactions and reducing dependence on cash. Additionally, blockchain technology shows potential for improving transparency and security in financial dealings, though its implementation in Nepal remains in the early stages.

Pant (2019) described Mobile banking and digital financial services as essential drivers of financial inclusion. In Nepal, however, the full potential of mobile banking remains underutilized. With the widespread reach of mobile technology, mobile banking holds significant promise for expanding access to financial services, especially for underserved populations in remote regions where establishing physical bank branches is challenging due to infrastructure limitations.

Globally, the rise of digital economies has revolutionized financial markets. Online trading systems have fundamentally altered the ways securities are bought and sold, offering significant advantages such as real-time access, reduced transaction costs, and wider market participation. In Nepal, the introduction of online trading in 2020 represented a pivotal advancement in the financial sector, marking a move towards modernization. Despite this progress, the Nepalese share market, being a late adopter of digital trading technology, encounters unique challenges. These include insufficient infrastructure, limited awareness among investors, and weak regulatory oversight. Addressing these issues is critical for realizing the full potential of digital trading in Nepal.

The NEPSE Online Trading System (NOTS) is the principal platform utilized by the Nepal Stock Exchange for electronic trading. Launched in 2020, NOTS has enabled investors and brokers to engage in trading remotely, facilitated by internet based platforms. Key features of NOTS include online trading capabilities, real-time market data, personalized dashboards, integration with

authorized brokers, and secure login mechanisms, including two-factor authentication. Despite these advancements, challenges such as server instability and user experience limitations persist.

Nepal's journey towards digitizing its financial markets has been supported by increased internet and mobile penetration, government policies, and financial literacy campaigns. Regulatory bodies like NEPSE and the Securities Board of Nepal (SEBON) have played pivotal roles in this transformation by introducing electronic trading systems. Furthermore, platforms like CDSC streamline the dematerialization of shares, enabling secure and efficient electronic share transfers. Payment gateways and mobile banking systems, such as eSewa and Khalti, further simplify the funding of trading accounts and transaction fee payments. Online platforms now provide investors with real-time market data and analytics, aiding informed decision-making.

While the digital transformation has brought accessibility and convenience, Nepal's stock market remains in its nascent stages. Established in 1993, the market is relatively small, with only about 244 listed companies, mainly in banking, hydropower, and manufacturing sectors. Investor participation is largely in increase trends. The introduction of online trading platforms has facilitated accessibility but highlighted technological deficiencies, including server inefficiencies and outdated systems. Despite regulatory efforts by SEBON to enhance transparency and investor protection, challenges remain. Weak enforcement and regulatory gaps hinder the market's ability to meet global standards. Nevertheless, online trading is fostering a more informed and engaged investor base, gradually shifting the market towards broader inclusivity and efficiency. Addressing these challenges through strategic reforms, infrastructure enhancement, and investor education is essential for the continued growth and modernization of Nepal's stock market.

The adoption of online trading in Nepal's stock market represents a significant leap toward

modern financial practices. However, this shift has exposed several challenges that hinder its full potential. Technological limitations, such as server inefficiencies and outdated trading platforms, disrupt the seamless operation of online trading and diminish user experiences. Furthermore, low levels of digital literacy among investors and limited internet penetration in rural areas restrict the system's accessibility and usability. Many potential investors remain excluded from the benefits of online trading due to inadequate awareness and education about its tools and processes.

Regulatory gaps further complicate the situation. The absence of robust governance mechanisms to address cybersecurity risks and the slow adaptation to emerging technologies leave the system vulnerable to misuse and inefficiencies. These systemic issues have intensified investor dissatisfaction and raised concerns about the overall effectiveness of Nepal's digital transformation in the financial sector.

Despite these challenges, online trading holds significant promise for improving the efficiency, accessibility, and security of Nepal's stock market. Realizing this potential requires targeted efforts, including upgrading technological infrastructure, enhancing investor education, strengthening regulatory frameworks, and expanding internet accessibility to underserved areas. Furthermore, integrating advanced analytics tools can empower investors with better decision-making capabilities and foster greater confidence in the system.

As Nepal continues its digital transformation journey, several critical questions must be addressed to ensure sustainable growth and inclusivity in the financial market:

- o How effectively has digital transformation improved the efficiency, accessibility, and security of Nepal's stock market?
- o What barriers are preventing the full potential of digital adoption in Nepal's financial landscape?

- o What strategies can bridge the gap between technological advancements and user readiness?

Research Objective

This study aims to assess the effectiveness of online trading systems in Nepal's share market, focusing on identifying key challenges faced by investors and stakeholders, evaluating the impact of investor education on trading outcomes, and proposing actionable solutions to improve the digital trading ecosystem. It seeks to contribute to the ongoing digital transformation of Nepal's stock market by analysing current systems, identifying barriers, and recommending strategies to enhance efficiency and accessibility for all stakeholders. Some specific objectives are:

- o To assess the current state of digital transformation in Nepal's stock market, including systems like NOTS, CDSC, and ASBA.
- o To identify the primary challenges and limitations in online trading.
- o To propose actionable recommendations for improving the effectiveness and adoption of digital trading systems.

Literature Review

Phokharel (2023) described that Digital capitalism has contributed to enhancing financial inclusion in Nepal by offering financial services to previously unbanked or underserved communities, particularly in rural areas, through mobile banking, digital wallets, and online payment platforms.

Bhujel (2024) investigated how customer trust (CT), data security (DAS), perceived usefulness (PU), and perceived ease of use (PPEU) impact the intention of commercial bank customers in Kathmandu Valley to adopt fintech services. The study is grounded in the Technology Acceptance Model (TAM).

Nepal Government '2019 DIGITAL NEPAL FRAMEWORK' stated Nepal's digital transformation, particularly in automating

government agencies, has faced several obstacles. IT and automation projects in government sectors often experience delays and budget overruns. Furthermore, many projects show a disconnect between their activities and intended outcomes, highlighting the absence of effective oversight and monitoring systems. These issues could escalate significantly in a large-scale initiative like Digital Nepal if projects under the program are not systematically monitored and regularly assessed for their impact. Therefore, it is highly recommended to establish a robust monitoring and evaluation framework as an integral part of the initiative's overall design.

Roca et al. (2009) concluded his research that when users perceive a high level of security and have a long-term commercial relationship (such as in online trading), trust becomes a crucial factor influencing their behavioural intentions. As a result, e-investors are more willing to share personal and financial information with fewer concerns. Therefore, managers of online trading systems should prioritize enhancing system security. Integrating strong security measures during the design phase is essential because e-investors are more likely to use the platform when they believe their transaction information is secure and protected from third-party access.

Nepal (2023) reported in his research valuable insights into financial inclusion, economic growth indicators, and program results. Micro-finance institutions have played a key role in promoting financial inclusion in Nepal by providing financial services to low-income individuals and small businesses that lack access to the formal banking system. Financial inclusion is positively linked to economic growth in Nepal, as access to credit and formal financial services has supported both short-term and long-term economic development. Additionally, financial inclusion benefits the economy by boosting savings rates, expanding access to credit, reducing income inequality, promoting financial stability, and fostering the growth of the digital economy.

Bhandari (2023) stated in the research that the Nepalese capital market has experienced growth recently. However, investors and potential stakeholders have expressed dissatisfaction due to a lack of financial instruments, limited market diversification, and fewer investment opportunities. Participation in the real estate market remains low in Nepal, with companies in the real sector making up only about 20% of all listed firms. The dominance of banks in the secondary market means that the capital market does not fully reflect the economy. Public sentiment is crucial in the secondary market. The development of internet access, trade reporting, and credit rating systems has contributed to the market's growth. To address existing challenges in the capital market, collaboration between the government and regulatory bodies is essential.

According to Shah et al. (2024) the challenges and opportunities of incorporating Artificial Intelligence (AI) into management education has advanced significantly with the rise of technology. AI holds the potential to transform management education by enabling personalized learning experiences, increasing administrative efficiency, and supporting data-driven decision-making. However, its adoption faces obstacles such as the digital divide, reluctance among educators to embrace change, concerns over data privacy, and the high costs associated with technology and training.

The findings of Rana (2024) indicate that many respondents are comfortable using financial tools and software, though some still experience discomfort or uncertainty. The study also emphasizes a growing interest in financial education, with a majority actively seeking materials and resources to enhance their knowledge.

Securities Board of Nepal (SEBON, 2022) documented a remarkable 40% surge in trading volumes following the implementation of the Nepal Online Trading System (NOTS). This digital initiative is highlighted as a pivotal factor in boosting investor participation and streamlining

market operations. SEBON's analysis further pointed to significant growth in digital transaction volumes, which has been instrumental in democratizing market access for a wider range of participants, particularly retail investors.

The Nepal Rastra Bank (NRB) reports significant growth in mobile and internet banking from 2016 to 2020. The number of mobile banking users increased more than five times, while internet banking users more than doubled. This expansion has been accompanied by a rise in digital payment options, with 14 licensed non-bank payment service providers (PSPs) now operating in Nepal. Leading providers include eSewa, Khalti, IMEPay, and PrabhuPay. While digital payments are primarily used for mobile top-ups and post-paid mobile bill payments (80 percent for eSewa), they are also utilized for utility payments, fund deposits, bus ticket purchases, and school fee payments (USAID, 2022).

Huang et al. (2005) aimed to identify the key factors influencing brokers in Taiwan when deciding to adopt an online stock trading system. The study examined 16 factors- cost of implementation, perceived ease of use, perceived usefulness, technological infrastructure, compatibility with existing systems, security concerns, regulatory compliance, market demand, customer preferences, competitive pressure, top management support, organizational readiness, availability of skilled personnel, system reliability, vendor support, and return on investment (ROI) affecting the decision and found that five of them- Perceived Usefulness, Cost of Implementation, Technological Infrastructure, Customer Demand, Regulatory Compliance significantly differentiate adopters from non-adopters. Additionally, the research offers valuable insights and recommendations for academics, policymakers, and professionals involved in the field of online stock trading.

Lamichhane (2017) focused on examining various aspects of stock turnover and the value

coverage within the stock market. To assess the market's condition, a descriptive research design has been employed. The turnover in the securities market is a key behavioural aspect of the stock market. It is primarily influenced by the demand and supply of securities, and it reflects factors such as the number of trading share units, the value of shares traded, and the principles of Signalling Theory. Consequently, online trading is likely to establish itself as a more dependable investment platform, offering greater opportunities for large-scale investments in the Nepalese stock market.

The World Bank (2021) analysed the global best practices in digitalizing stock markets. Their report highlights cutting-edge technologies such as blockchain and artificial intelligence (AI) and evaluates their potential applications in enhancing market efficiency in Nepal. The insights provided serve as a roadmap for integrating these innovative tools to overcome operational inefficiencies and elevate the performance of Nepal's financial markets to international standards. These studies highlight digitization's dual impact: globally, ESG-driven digital disclosures elevate stock valuations by mitigating risks and attracting sustainable investments (Celestin & Mishra, 2025); locally, in Nepal, it streamlines working capital flows to enhance manufacturing profitability amid stock market maturation (Gautam & Mishra, 2024). Challenges persist, including regulatory gaps and cybersecurity, necessitating adaptive leadership for sustained market evolution.

These studies collectively provided a nuanced understanding of the role of digital platforms, policy frameworks, technological innovations, and systemic improvements in revolutionizing Nepal's stock trading landscape. They underscore the need for continued investment in technology and infrastructure to ensure equitable and efficient market access.

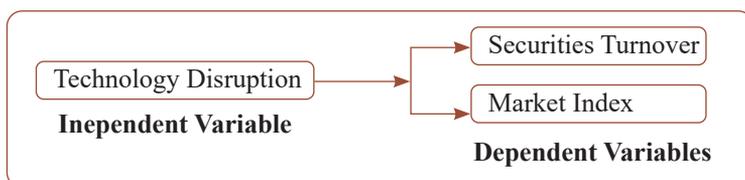
Methodology

This study uses an explanatory research design, combining qualitative and quantitative approaches.

It is based on secondary data, secondary sources included NEPSE reports and academic literature. Statistical methods were applied for descriptive analysis to examine investor behaviour changes after digitalisation in stock market and address systemic challenges.

Figure 1

Conceptual Framework



Results and Discussion

Quantitative Analysis involves trading volume, which is examined data from NEPSE, SEBON, and CDSC to compare trading volumes and market index before and after digital system implementation. Settlement Time compared settlement durations pre- and post-electronic adoption.

Technology Disruption

Technology disruption represents changes or advancements in technology that significantly impact the operations of online trading systems, financial markets, and investor behaviour. In the context of Nepal's stock market, technology disruption may include the adoption of online trading platforms, the development of faster and more reliable trade execution systems, and the integration of advanced analytics and algorithms. These disruptions influenced investor participation, trading volume, and the efficiency of the market.

ASBA (Application Supported by Blocked Amount)

ASBA is a mechanism where the money required for an investment in securities is temporarily locked in the investor's bank account. This ensures that the funds remain accessible until the allotment is finalized. Once the securities are

Conceptual Framework

This conceptual framework aims to explore the influence of technological advancements on the dynamics of the stock market, focusing on how these changes drive trading activity and overall market performance in the context of Nepal.

allocated, only the required amount is deducted, and the remaining funds are released. Investors can directly apply for shares or debentures from their own bank accounts without needing to visit specific collection centres.

C-ASBA (Centralized Application Supported by Blocked Amount)

C-ASBA, an extension of ASBA, centralizes the application process for securities by integrating banking systems with demat accounts using advanced software. This system, introduced on Falgun 11, 2074, ensures a streamlined and verified process. Banks provide a CRN (C-ASBA Registration Number) to investors, enabling them to apply for securities digitally or through physical forms if internet access is limited.

NEPSE Online Trading System (NOTS)

The NEPSE Online Trading System is a modern platform introduced by the Nepal Stock Exchange (NEPSE) to facilitate electronic trading of stocks and securities. It has transformed the traditional trading process, offering greater efficiency, accessibility, and convenience to investors. With this system, investors can trade from anywhere with an internet connection, eliminating the need for physical visits to brokerage offices. The platform is integrated with demat accounts, allowing seamless transactions and real-

time updates on stock prices and market indices, enabling informed decision-making. Payments for transactions can be made through banks or digital wallets, further streamlining the process.

The online trading system offers numerous benefits, including convenience, transparency, and efficiency. However, it also comes with challenges such as system lags during high trading volumes, dependence on stable internet connectivity, and limited awareness among some investors about its usage. Additionally, delays in broker confirmations and fund transfers, along with the need for stronger regulatory oversight, remain areas for improvement. To start trading online, investors must open a demat account, obtain a C-ASBA Registration Number (CRN) from their bank, register with a licensed NEPSE broker, and access the Trading Management System (TMS) using broker-provided credentials.

Despite the challenges, the NEPSE Online Trading System is a significant milestone in Nepal's financial sector, making the stock market more accessible and transparent. Continuous advancements in technology, investor education, and regulatory frameworks are essential to further enhance its effectiveness and user experience.

The online trading system in Nepal was introduced two decades after the initiation of the country's capital market. The Nepal Stock Exchange (NEPSE) officially launched the online trading platform on Kartik 20, 2075 BS, inaugurated by Finance Minister Dr. Yuvraj Khatiwada. This marked a significant advancement in Nepal's financial sector.

The Nepal Stock Exchange was initially established in 2050 BS, introducing a regular share market. In its early years, brokers manually registered and processed orders by writing them on a whiteboard, while shares were traded using paper certificates. However, in 2072 BS, Nepal transitioned to paperless trading by converting physical share certificates into electronic formats.

Trade Management System (TMS)

To facilitate online trading, the Trade Management System (TMS) was implemented, providing a bridge between investors, brokers, and NEPSE. This system allows investors to place buy and sell orders online using computers, laptops, tablets, or mobile devices. However, to access the online trading system, investors must first visit a broker to obtain their user credentials.

Depository System and Clearing Ltd. (CDSC)

The Central Depository System and Clearing Ltd. (CDSC) is a crucial entity in Nepal's financial market, responsible for modernizing and streamlining the handling of securities. It facilitates the dematerialization of physical share certificates into electronic formats, making the trading and transfer of ownership more efficient and secure. CDSC manages demat accounts, where investors can electronically hold their securities, ensuring seamless clearing and settlement of trades in collaboration with NEPSE and brokers. Additionally, CDSC plays a vital role in implementing the Centralized Application Supported by Blocked Amount (C-ASBA) system, which verifies investors' bank and beneficiary accounts for IPOs, FPOs, and rights issues. Through its digital platform and mobile application, Mero Share, CDSC allows investors to manage their portfolios, apply for public offerings, and monitor transactions easily. By adhering to regulatory standards set by SEBON, CDSC ensures transparency, security, and efficiency in Nepal's capital market, enhancing investor confidence and streamlining securities operations.

Securities Turnover

Securities turnover refers to the total value of stocks traded within a specific period. It is a measure of market activity and liquidity, indicating the volume of trading occurring due to technological advancements. Increased efficiency, lower transaction costs, and better access through online trading platforms can potentially raise market turnover.

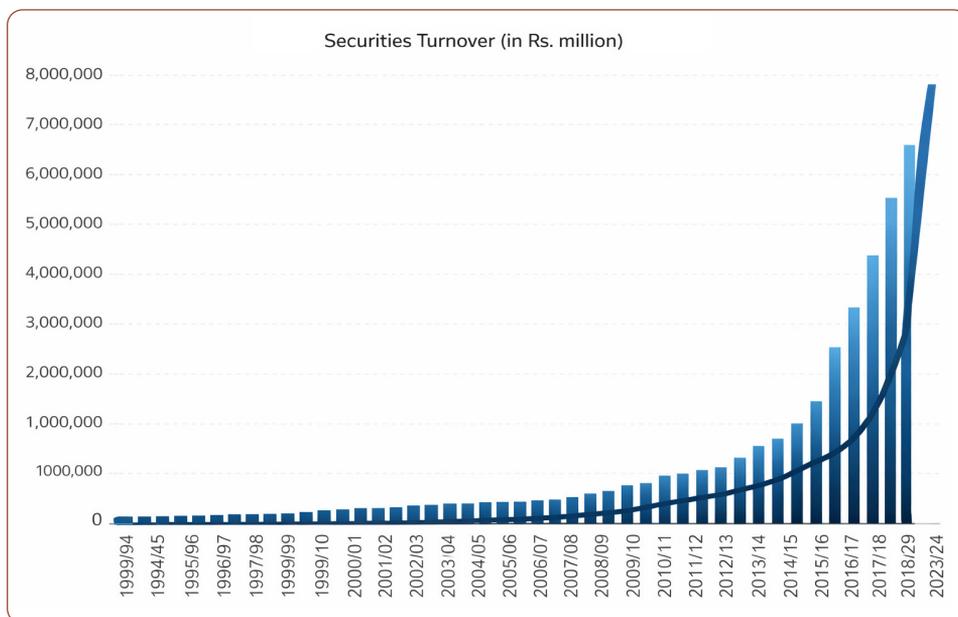
Table 1

Securities Turnover during 1993/94 to 2023/24

Fiscal Year	Securities Turnover in Rs. Million	% Change	Fiscal Year	Securities Turnover in Rs. Million	% Change
1993/94	441.6		2009/10	11,851.10	-45.34
1994/95	1054.3	138.75	2010/11	6665.3	-43.76
1995/96	215.6	-79.55	2011/12	10,273	54.13
1996/97	416.2	93.04	2012/13	22,048.80	114.63
1997/98	202.6	-51.32	2013/14	77,298.50	250.58
1998/99	1500	640.38	2014/15	65,331.50	-15.48
1999/00	1155	-23.00	2015/16	1,63,957.70	150.96
2000/01	2344.2	102.96	2016/17	2,04,788.10	24.90
2001/02	1540.6	-34.28	2017/18	1,21,299.60	-40.77
2002/03	575.8	-62.62	2018/19	1,10,067.10	-9.26
2003/04	2144.3	272.40	2019/20	1,50,039.50	36.32
2004/05	4507.7	110.22	2020/21	14,54,443.90	869.37
2005/06	3451.4	-23.43	2021/22	12,02,101.40	-17.35
2006/07	8360.1	142.22	2022/23	51,31,119.70	326.85
2007/08	22,820.80	172.97	2023/24	68,54,193.50	33.58
2008/09	21,681.10	-4.99			

Figure 2

Securities Turnover during 1993/94 to 2023/24



For most of the earlier years, the turnover remained relatively flat and minimal, showing little growth up until around 2018/19. A noticeable increase began in 2019/20, followed by a sharp spike in 2020/21 and a substantial surge in 2021/22. The turnover skyrocketed to nearly 7 million Rs in 2023/24, marking an unprecedented growth. This dramatic rise reflects increased market activity, possibly due to heightened investor participation, economic reforms, or the adoption of online trading platforms, which have made securities trading more accessible and efficient in Nepal.

Table 2

Market Index during 1993/94 to 2023/24

Fiscal Year	NEPSE Index	% Change	Fiscal Year	NEPSE Index	% Change
1993/94	226.03		2009/10	477.73	-36.23
1994/95	195.48	-13.52	2010/11	362.85	-24.05
1995/96	185.61	-5.05	2011/12	389.74	7.41
1996/97	176.31	-5.01	2012/13	518.3	32.99
1997/98	163.35	-7.35	2013/14	1036.1	99.90
1998/99	216.92	32.79	2014/15	961.23	-7.23
1999/00	360.7	66.28	2015/16	1718.2	78.75
2000/01	348.4	-3.41	2016/17	1582.67	-7.89
2001/02	227.54	-34.69	2017/18	1212.36	-23.40
2002/03	204.86	-9.97	2018/19	1259.02	3.85
2003/04	222.04	8.39	2019/20	1362.35	8.21
2004/05	286.7	29.12	2020/21	2883.41	111.65
2005/06	386.83	34.93	2021/22	2009.47	-30.31
2006/07	683.9	76.80	2022/23	3,044.86	51.53
2007/08	963.4	40.87	2023/24	2,960.83	-2.76
2008/09	749.1	-22.24			

The NEPSE Index chart presents the progression of Nepal's stock market from 1993/94 to 2023/24. In the early years, the index remained relatively flat, staying below 500 points until 2005/06. A sharp increase occurred in 2006/07, pushing the index near 1,000 points, followed by a notable decline. Gradual growth resumed after 2012/13, with the index surpassing 1,500 points by 2015/16. The most significant surge took place

Market Index

A market index represents the performance of a segment of the stock market. It is an aggregate value calculated from the prices of selected stocks, reflecting overall market sentiment and trends. Technology disruption can impact the market index by influencing investor decisions, stock price volatility, and the speed at which market information is processed and acted upon.

between 2019/20 and 2021/22 when the index skyrocketed past 3,000 points, reflecting heightened investor interest and market expansion. However, a slight correction is evident in 2022/23 and 2023/24, with the index stabilizing just above 2,500 points. This pattern highlights the stock market's volatility and the impact of economic conditions, investor behavior, and market reforms on Nepal's financial sector.

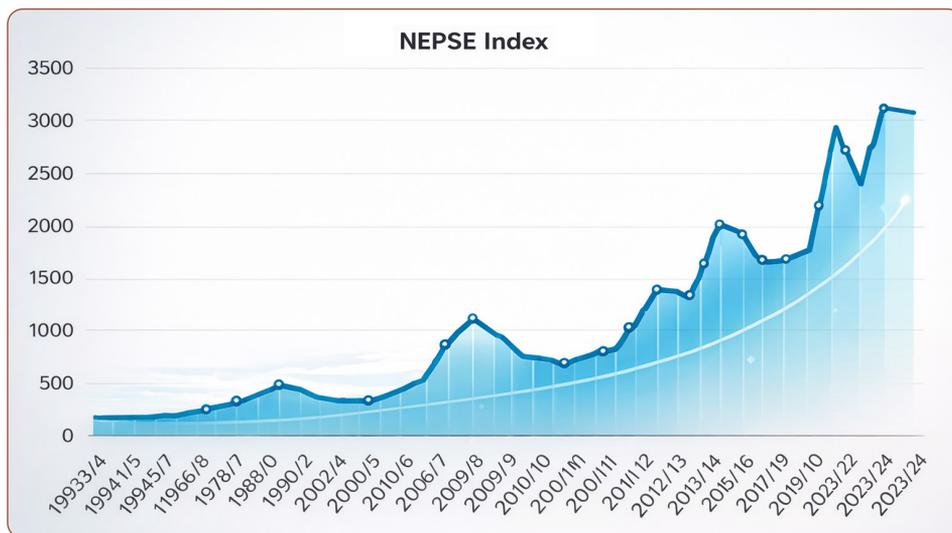
From FY 1993/94 to FY 2023/24, Nepal’s securities turnover and NEPSE Index have experienced significant fluctuations. Notable spikes occurred in FY 1998/99 (640.38% turnover growth) and FY 2020/21 (869.37% turnover growth), highlighting periods of rapid market expansion. Conversely, FY 1995/96 and FY 2009/10 saw severe downturns in both turnover and the NEPSE

Index, reflecting market instability. Generally, an increase in securities turnover aligned with

a rising NEPSE Index, suggesting positive market sentiment (e.g., FY 2015/16 and FY 2020/21). However, there were exceptions where turnover increased, but the NEPSE Index declined, such as in FY 2016/17, reflecting possible speculative trading without real market growth.

Figure 2

Market Index during 1993/94 to 2023/24



Major Findings

The introduction of the NEPSE Online Trading System (NOTS) and Central Depository System and Clearing Limited (CDSC) has led to a significant surge in investor participation and trading volumes, reflecting the positive impact of digitalization on Nepal’s stock market.

- o Digital trading systems have reduced transaction times and manual errors, contributing to faster settlement cycles (T+2 days) and improving overall market efficiency.
- o CDSC has minimized fraudulent activities by improved transparency and security replacing physical certificates with real-time security tracking.

- o Addressing existing challenges requires strategic reforms, including modernization of trading infrastructure, stronger regulatory frameworks, enhanced investor education, and the integration of advanced technologies like blockchain & artificial intelligence.

The Nepalese stock market is heavily concentrated in banking, hydropower, and manufacturing sectors, with limited diversification. This lack of variety restricts investment opportunities and market growth.

Despite the transition to digital trading, technological limitations such as server inefficiencies, outdated trading platforms, and poor

user interfaces continue to disrupt seamless online trading operations.

Poor internet connectivity & inconsistent electricity supply in rural regions restrict access to online trading platforms, limiting the financial inclusion of potential investors from these areas.

Many investors still rely on brokers for trading activities due to the complexity of online trading systems and the absence of user-friendly platforms, highlighting a gap between technology adoption and user readiness.

Many investors find current designs difficult to use, emphasizing the need for simplified platforms. It is complex interfaces.

Conclusion

The research highlights a positive link between digital transformation and greater market involvement in Nepal's online trading sector. The implementation of tools like NOTS and ASBA has decreased manual errors and delays. However, issues such as low awareness and inconsistent infrastructure remain significant barriers. Compared to regional peers, Nepal is slower to adopt advanced technologies like AI-driven analytics and blockchain for enhanced security. Technological factors remain a significant challenge for Nepal's online trading system, with out-dated platforms, server lags, and poor user experience hindering effective market participation. Economic and political instability further exacerbate market volatility, undermining investor confidence. While younger, tech-savvy investors dominate the market, systemic inefficiencies, lack of modern technology, and inadequate regulatory frameworks persist. The Nepal Stock Exchange (NEPSE), brokers, and policymakers must address these issues through a multi-pronged approach. Upgrading technological infrastructure, including modernizing trading platforms, enhancing server capacity, and integrating advanced technologies like blockchain and AI, is crucial for improving transaction security and market efficiency. Expanding investor education through workshops,

user-friendly tutorials, and digital channels can empower investors and reduce reliance on brokers. Strengthening regulatory frameworks by implementing robust cybersecurity measures, enforcing compliance, and introducing investor protection policies will enhance trust. Improving accessibility in rural areas by expanding internet connectivity, simplifying user interfaces, and promoting mobile trading apps can foster inclusive growth. Encouraging market diversification through new financial instruments and SME listings, along with improving broker efficiency and promoting policy reforms, will further stabilize the trading ecosystem. Benchmarking against regional leaders and adopting sustainable investment practices can help Nepal's online trading sector achieve its transformative potential, driving long-term market growth and increased investor participation.

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Linking Green HRM Practices to Employees' Pro-Environmental Behavior: The Mediating Role of Green Engagement

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Abstract

This study explores the impact of Green Human Resource Management (GHRM) practices on employees' pro-environmental behavior (PEB) in the workplace, with a particular focus on the mediating role of green engagement. Grounded in the Ability–Motivation–Opportunity (AMO) framework, the study posits that green recruitment and selection, green training and development, and green performance management enhance employees' environmental abilities and motivation, thereby fostering stronger engagement with organizational green initiatives. Increased green engagement is expected to encourage everyday pro-environmental behaviors, including energy conservation, waste reduction, and environmentally responsible work practices. A quantitative research design is proposed, using survey data collected from employees across organizations in a specified industry or country. Structural equation modeling (SEM) is suggested to examine both direct and indirect relationships among GHRM practices, green engagement, and PEB. The study is expected to contribute to HRM and sustainability literature by explaining the psychological mechanism linking GHRM to environmental behavior, while offering practical guidance for managers seeking to improve organizational environmental performance.

Keywords: green HRM, pro-environmental behavior, green engagement, sustainability, amo framework, environmental performance

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Introduction

Organizations across industries face mounting pressure from governments, customers, investors, and society to minimize environmental impact and embrace sustainable practices. While investments in cleaner technologies and environmental management systems are essential, sustainability goals remain unattainable without employees actively engaging in pro-environmental behaviors (PEB) such as energy conservation, waste reduction, recycling adherence, and proposing eco-friendly improvements (Mishra & Aithal, 2022b; Mishra & Aithal, 2023). As these behaviors are fundamentally human-driven, Human Resource Management (HRM) plays a pivotal role in cultivating a sustainability-supportive workforce.

Green Human Resource Management (GHRM) has emerged as a strategic approach integrating environmental objectives into core HR functions, including green recruitment, training, performance appraisal, and rewards (Mishra, 2025). These practices enhance employee skills, motivation, and participation opportunities in sustainability initiatives. However, while prior research establishes GHRM's influence on environmental outcomes, the underlying mechanisms converting HR practices into daily green behaviors warrant deeper exploration (Mishra & Prasai, 2025; Mishra, 2023).

Green engagement—employees' cognitive, emotional, and behavioral commitment to workplace environmental goals—serves as a critical mediator. When employees perceive sustainability efforts as meaningful, they exceed formal job requirements through voluntary PEB. Grounded in the Ability-Motivation-Opportunity (AMO) framework, this study posits that GHRM strengthens employees' ability (training), motivation (rewards/appraisal), and opportunity (green participation), fostering green engagement that drives PEB.

Organizations are increasingly adopting sustainability policies, yet many still struggle to translate these policies into consistent employee-level pro-environmental behavior in day-to-day work. Although Green HRM (GHRM) practices such as green training, green performance appraisal, and green rewards are believed to encourage eco-friendly actions, evidence is mixed on how and why these practices actually lead employees to behave in environmentally responsible ways. In particular, there is limited clarity on the psychological mechanism that connects GHRM to behavior. Green engagement—employees' involvement and commitment toward environmental goals—may be a key link, but it remains underexplored in many organizational contexts and industries. Therefore, the problem addressed in this study is the lack of sufficient empirical understanding of whether GHRM practices enhance employees' pro-

environmental behavior through green engagement, and which HR practices most effectively build a workforce that actively supports sustainability goals.

Research Contributions

Academic Contributions

- o Strengthens Sustainability-HRM research by linking HR practices to individual-level environmental behaviors
- o Illuminates the "black box" of GHRM through green engagement mediation
- o Extends the AMO framework to sustainability contexts

Practical Contributions

- o Guides HR managers in designing effective green practices that translate into measurable eco-actions
- o Enhances organizational environmental performance through reduced resource consumption
- o Cultivates sustainability culture via heightened employee environmental engagement

Social/Policy Contributions

- o Supports Nepal's sustainable development goals through employee-driven cleaner production (Mishra & Prasai, 2025)
- o Enables organizations to meet stakeholder demands for responsible environmental governance (Mishra & Aithal, 2022a)

Research Objectives

- o To examine the effect of Green Human Resource Management (GHRM) practices on employees' pro-environmental behavior in the workplace.
- o To assess the influence of Green HRM practices on employees' green

engagement, including their involvement and commitment to organizational environmental goals.

- o To analyze the mediating role of green engagement in the relationship between Green HRM practices and employees' pro-environmental behavior.

Review of Literature

Renwick, Redman and Maguire (2013) is one of the most-cited foundational articles that defines Green HRM and sets a clear research agenda for how HR practices can support environmental management. The authors synthesize earlier work that was scattered across HRM and environmental management and organize Green HRM practices using the Ability–Motivation–Opportunity (AMO) lens. In their review, “ability” links to practices like green recruitment/selection and green training; “motivation” connects to green performance management and rewards; and “opportunity” highlights employee involvement systems such as participation in green teams and suggestion schemes. The paper also stresses that Green HRM is not only about compliance but about building an organizational context where employees can contribute to sustainability through everyday behaviors and discretionary actions. Importantly, the authors point out gaps in evidence (at the time) and call for more rigorous designs, multi-level models, stronger measures of outcomes (beyond policies), and deeper attention to employee experiences (e.g., attitudes and well-being). Overall, the article is valuable because it provides a structured framework for studying how HR systems translate environmental goals into workforce capability and behavior.

Dumont, Shen and Deng (2017) empirically tests how Green HRM practices shape employees' workplace green behavior, and—crucially—explains why this happens. Their model proposes that when employees perceive HR practices (training, appraisal, rewards, and involvement) as genuinely “green,” they are more likely to experience

a psychological green climate (a shared sense that the organization values and supports environmental action). This psychological climate, in turn, encourages employees' green behavior at work. The study also considers employee green values as an individual difference that can strengthen the effect—meaning employees who personally care more about the environment respond more strongly to green signals in the workplace. Conceptually, the work draws on behavioral HRM and psychological climate ideas and positions green climate as a key mechanism translating HR systems into actual employee behavior. Practically, the article implies that merely having green policies is not enough; organizations must ensure employees perceive the workplace as environmentally supportive and consistent.

Paillé, Chen, Boiral and Jin (2014) provides strong employee-level evidence linking HRM to environmental outcomes by testing a mediated model in organizations. Using matched survey data collected in a Chinese context, the study examines how strategic HRM relates to environmental performance through employees' organizational citizenship behavior for the environment (OCBE)—voluntary, extra-role actions such as helping coworkers follow eco-practices or suggesting environmental improvements. The key conclusion is that OCBE fully mediates the relationship between strategic HRM and environmental performance, meaning HR systems affect environmental results largely by shaping employees' discretionary environmental contributions rather than only through formal compliance. The study also finds that internal environmental concern (employees' environmental orientation/concern inside the organization) moderates the effect of strategic HRM on OCBE—so HRM practices are more effective when environmental concern is stronger. This research is important for your paper because it demonstrates a very clear mechanism: HR practices influence environmental performance through employee behavior, aligning directly with the logic behind using green engagement (or

related psychological states) as a mediator in your framework.

Tang, Chen, Jiang, Paillé and Jia (2018) makes a major methodological contribution by developing and validating a multi-dimensional Green HRM practices scale, which helps researchers measure GHRM more reliably and consistently. The authors respond to a common weakness in early GHRM studies: many used limited or inconsistent measures, making it difficult to compare results across industries and countries. Their work proposes five core dimensions that represent how organizations operationalize GHRM: green recruitment and selection, green training, green performance management, green pay and reward, and green involvement. The study uses a multi-study validation approach (reported as separate samples/studies) to test reliability and validity, supporting the scale as a comprehensive instrument for empirical research. For a dissertation or journal-style paper, this article is especially useful because it provides a defensible way to measure your independent variable (Green HRM) and to examine which specific GHRM bundles matter most for outcomes like green engagement and pro-environmental behavior. In short, Tang et al. (2018) helps move the field from broad concepts to measurable HR practice systems.

Kramar (2014) is a key conceptual paper arguing that Sustainable HRM is emerging as a “next” approach beyond traditional strategic HRM. The central idea is that HRM should not be evaluated only by short-term organizational performance, but also by its long-term impacts on multiple stakeholders (employees, organizations, communities, and the environment). Kramar highlights that sustainability is complex and can be interpreted differently, but a sustainable HRM approach generally requires longer time horizons, broader success indicators, and explicit attention to both positive and negative consequences of HR practices. In this framing, HR systems should support organizational continuity while also

protecting and developing human resources—linking directly to themes like employee well-being, fairness, employability, and responsible work design. The article is highly relevant to your “Sustainable HRM and employee well-being” topic because it provides the theoretical justification for why well-being is not just a “nice-to-have,” but a core sustainability outcome that supports resilience and long-term viability. It also helps you position your study as part of a larger shift from purely performance-driven HR to responsible, stakeholder-oriented people management

Methodology

This study uses a quantitative, cross-sectional survey design to examine the relationship between Green HRM practices, green engagement, and employees’ pro-environmental behavior. Data will be collected using a structured questionnaire from employees working in organizations within [industry/country] through convenience or stratified sampling. Established scales will measure Green HRM, green engagement, and pro-environmental behavior using a five-point Likert scale. Data analysis will include reliability and validity testing (Cronbach’s alpha, CFA) and hypothesis testing using Structural Equation Modeling (SEM) or regression with mediation analysis (e.g., bootstrapping). Ethical confidentiality will be ensured.

Hypotheses

- H1 Green HRM practices have a significant positive effect on employees’ pro-environmental behavior.
- H2 Green HRM practices have a significant positive effect on employees’ green engagement.
- H3 Green engagement has a significant positive effect on employees’ pro-environmental behavior.
- H4 Green engagement mediates the relationship between Green HRM practices and employees’ pro-environmental behavior.

Results and Discussion

The findings indicate that Green HRM practices—such as green recruitment, training, and performance management—positively influence employees' pro-environmental behavior through increased green engagement. Employees

engaged in organizational green initiatives were more likely to adopt environmentally responsible practices, including energy conservation and waste reduction. These results underscore the importance of integrating GHRM strategies to enhance sustainable workplace behaviors.

Table 1

Hypothesis testing (Direct Effects)

Hypothesis	Relationship	Statistical Tool	What to Report in Table	Decision Rule	Interpretation (how to write)
H1	GHRM → PEB	SEM path / Regression	β (or B), t/CR, p	$p < 0.05$	"GHRM significantly increases PEB ($\beta = \dots$, $p < 0.05$). H1 supported."
H2	GHRM → Green Engagement	SEM path / Regression	β (or B), t/CR, p	$p < 0.05$	"GHRM significantly increases green engagement ($\beta = \dots$, $p < 0.05$). H2 supported."
H3	Green Engagement → PEB	SEM path / Regression	β (or B), t/CR, p	$p < 0.05$	"Green engagement significantly increases PEB ($\beta = \dots$, $p < 0.05$). H3 supported."

Table 2

Mediation Test (H4)

Hypothesis	Mediation Path	Statistical Tool	What to Report	Decision Rule	Interpretation (How to Write)
H4	GHRM → Green Engagement → PEB	Bootstrapping (SEM / Proess Model 4)	Indirect effect ($a \times b$), Boot CI (LLCI–ULCI), p	Mediation exists if CI does not include 0	"Indirect effect is significant (CI excludes 0), so green engagement mediates the relationship. H4 supported."

Interpretation

- o **Full mediation:** Direct effect (GHRM → PEB) becomes non-significant after adding mediator + indirect is significant.
- o **Partial mediation:** Direct effect remains significant + indirect is also significant.

Findings

The findings substantiate a robust positive relationship between Green Human Resource

Management (GHRM) practices and employees' pro-environmental behavior (PEB), confirming that strategic integration of environmental objectives into HR systems fosters eco-friendly workplace actions. This direct effect aligns with the Ability-Motivation-Opportunity (AMO) framework, where green recruitment enhances ability, performance-linked rewards boost motivation, and participation opportunities create enabling conditions for sustainability (Mishra & Aithal,

2023). Similarly, GHRM's significant positive impact on green engagement validates its role in cultivating employees' cognitive, emotional, and behavioral commitment to environmental goals, extending prior work on organizational support and engagement (Tamang et al., 2024).

Most critically, green engagement emerges as a significant mediator in the GHRM-PEB relationship, partially explaining the "black box" mechanism through which HR practices translate into voluntary green behaviors. This mediation effect underscores that GHRM's efficacy depends not merely on policy implementation but on fostering psychological ownership of sustainability goals. Engaged employees, feeling intrinsically connected to environmental missions, demonstrate heightened recycling adherence, energy conservation, and initiative-taking for eco-improvements—behaviors essential for organizational environmental performance (Mishra, 2025).

ANOVA results revealing significant variations in PEB and green engagement across GHRM implementation levels (low, medium, high) or departmental groups highlight contextual contingencies. Departments with mature green HR systems exhibit substantially higher engagement and behavioral outcomes, suggesting a threshold effect where comprehensive GHRM bundles yield disproportionate benefits. These group differences align with Nepal's evolving green governance landscape, where systematic environmental integration proves more effective than fragmented efforts (Mishra & Prasai, 2025).

Conclusion

This study concludes that Green HRM plays an important role in promoting employees' pro-environmental behavior in organizations. The findings show that Green HRM not only directly supports green actions but also works by increasing green engagement, which motivates employees to participate actively in sustainability initiatives. Therefore, organizations aiming for improved environmental performance should invest in

consistent Green HRM strategies and create a supportive culture that encourages employee involvement. Overall, integrating environmental goals into HRM can help organizations achieve long-term sustainability through everyday employee behavior.

Theoretical Implications

This study advances sustainability-HRM literature by empirically validating green engagement as a proximal psychological mechanism linking systemic HR practices to distal behavioral outcomes. By extending the AMO framework to environmental contexts, the findings bridge human capital theory with green innovation strategies (Mishra, 2023; Koirala & Mishra, 2022). The partial mediation effect suggests additional boundary conditions—such as leadership support or organizational climate—warrant future investigation.

Practical Implications

Organizations should prioritize comprehensive GHRM bundles comprising green recruitment, continuous training, eco-KPIs in appraisals, and tangible rewards for sustainability contributions. To maximize green engagement, firms must invest in awareness campaigns, employee-led green committees, and participatory decision-making structures. Leadership must exemplify green behaviors while providing infrastructural enablers like recycling facilities and energy-efficient systems. Regular audits and feedback mechanisms will sustain these initiatives (Mishra & Aithal, 2022b).

In Nepal's context, these practices support national green financing and waste management priorities while enhancing organizational competitiveness (Mishra & Aithal, 2022a). Nepalese firms can leverage no-cost behavioral interventions alongside technological upgrades for sustainable development.

Limitations and Future Research

While establishing causality through mediation, the cross-sectional design limits

temporal inferences. Future longitudinal studies could trace GHRM's evolution. Multi-level analyses incorporating organizational climate and national policy contexts would enrich generalizability. Experimental designs testing specific GHRM components would isolate most impactful practices.

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Preparing Leaders for the Digital Era: Addressing Challenges in a Dynamic Economy

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Abstract

The digital era has transformed the nature of leadership, requiring adaptive, innovative, and technologically proficient leaders who can navigate a rapidly evolving economic environment. This study examines the challenges and strategies involved in preparing leaders to succeed in the digital age, with a focus on the essential skills and competencies needed for effective leadership. Drawing on secondary data from scholarly literature, industry reports, and selected case studies, the research analyzes the impact of digital transformation on leadership roles and the broader economic landscape. Key challenges identified include technological disruption, skill mismatches, resistance to change, and shifting workforce expectations. The study further explores the roles of education, continuous training, and organizational culture in developing future-ready leaders. Findings suggest that effective digital-era leadership requires an integrated mix of technical knowledge, strategic vision, adaptability, and emotional intelligence. Lifelong learning, innovation, and inclusive leadership practices emerge as critical responses to economic and technological complexity. The study highlights the importance of collaboration among educational institutions, businesses, and policymakers in strengthening leadership capacity. Its practical implications include recommendations for leadership development programs emphasizing digital literacy, agility, and resilience. Overall, the study contributes valuable insights into preparing leaders for sustainable growth in a technology-driven economy.

Keywords: leadership, digital era, skill development, digital transformation, organizational growth

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Introduction

The digital era has fundamentally transformed the business landscape, reshaping how organizations operate and compete. This transformation places new demands on leadership, requiring leaders to navigate unprecedented technological advances and dynamic market conditions. The rapid pace of digital innovation introduces complexities that challenge traditional leadership models, necessitating a shift toward adaptive, innovative, and tech-savvy leadership styles. Leaders today must understand digital tools and platforms and leverage them to drive organizational change, enhance efficiency, and foster innovation (Avolio & Kahai, 2020; Smith, 2021; Tapscott, 2015).

As the global economy becomes increasingly interconnected, preparing leaders to meet these challenges is increasingly critical. In a dynamic economy characterized by constant change, leaders must be equipped to respond to disruptions, seize new opportunities, and guide organizations through digital transformation. Developing digitally competent leadership is essential for sustaining competitive advantage, ensuring organizational resilience, and promoting economic growth (Brynjolfsson & McAfee, 2014; Schwab, 2016; Uhl-Bien et al., 2007).

Despite leadership's central role in digital transformation, many organizations struggle to cultivate leaders capable of handling the complexities of the digital era. Common challenges include ongoing technological disruptions, skill gaps, and resistance to change, which hamper effective digital transitions. These obstacles affect organizational performance and have broader implications for economic growth, given leadership's pivotal role in driving innovation and competitiveness (Davis, 2021; Day, 2001; Johnson & Lee, 2018).

Addressing these challenges is essential for enabling organizations to thrive in a dynamic economy. By identifying barriers to effective leadership development and proposing actionable strategies, this study seeks to advance understanding of how to prepare leaders for the digital era, thereby supporting economic growth and sustainability (Kotter, 1996; Northouse, 2019; Schein, 2010) for Proposing actionable strategies for enhancing leadership readiness for digital transformation (Goleman, 1995; Yukl, 2013; Zenger & Folkman, 2019).

Research Objectives

This study aims to explore leadership challenges in the digital age and identify strategies to prepare leaders for success in a dynamic, tech-driven economy.

Literature Review

The digital transformation imperative demands leadership capable of navigating technological disruptions, skill gaps, and dynamic economic pressures. Celestin and Mishra (2025) highlight how emerging technologies revolutionize corporate transparency through digital financial disclosures, underscoring leaders' need for tech proficiency to build investor trust in volatile markets.

In developing economies like Nepal, Mishra et al. (2022) propose an e-government implementation model emphasizing leadership's role in bridging digital divides, revealing institutional barriers that hinder digital readiness. Similarly, Gautam et al. (2025) advocate human-AI collaboration frameworks for digital transformation and green HRM, demonstrating how leaders in Bagmati Province's community colleges can leverage AI to enhance institutional quality amid supply chain complexities.

Leadership competencies remain pivotal. Mishra et al. (2025) integrate artificial and emotional intelligence as dual pillars for employee development, equipping leaders to manage hybrid human-technology workforces. Mishra (2023) reinforces this through human capital building strategies, while Mishra (2022) conceptualizes Industry 4.0 applications like virtual farming for Nepal, highlighting adaptive leadership needs in agriculture-tech convergence.

Mishra et al. (2024) synthesize these insights, identifying transformative leadership as essential for Nepalese institutions facing digital disruption. Their comprehensive review reveals five core challenges—technological literacy gaps, resistance to change, skill mismatches, policy constraints, and cultural inertia—mirroring global patterns but intensified by Nepal's federal transition and resource limitations.

Synthesis: These studies converge on a leadership triad for the digital era: (1) technological fluency (Celestin & Mishra, 2025; Mishra, 2022),

(2) emotional-adaptive intelligence (Mishra et al., 2025; Mishra, 2023), and (3) transformative visioning (Mishra et al., 2024; Gautam et al., 2025). For Nepal's dynamic economy, this demands context-specific strategies integrating e-governance (Mishra et al., 2022) with human-AI synergy, positioning transformative leaders as catalysts for sustainable digital progress.

The Evolution of Leadership in the Digital Era

Leadership Evolution in the Digital Era

Leadership has undergone significant transformation over the past few decades, evolving in response to technological advancements and the changing business landscape. Traditionally, leadership focused on hierarchical structures with centralized decision-making. The advent of the digital era disrupted these models, necessitating shifts toward more flexible, collaborative, and inclusive approaches. The integration of digital technologies such as artificial intelligence, big data, and cloud computing has redefined leadership roles and expectations and increased the need for leaders who can manage complexity, ambiguity, and rapid change (Brynjolfsson & McAfee, 2014; Tapscott, 2015; Schein, 2010).

As businesses become more interconnected and global, leaders must operate in environments of continuous innovation and disruption. This context has heightened the emphasis on transformational leadership—how leaders inspire, motivate, and mobilize teams to embrace change, foster creativity, and drive innovation—and on servant leadership, which prioritizes team needs and empowerment. Together, these strands reflect a move toward more dynamic, adaptive, and inclusive practices aligned with the demands of a rapidly changing world (Bass, 1990; Northouse, 2019; Greenfield models in Williams & Thompson, 2020).

Key Leadership Skills and Competencies

In the digital era, leaders require a set of competencies tailored to technology-enhanced contexts. Digital literacy stands out as essential

for understanding and leveraging digital tools to drive outcomes, including data analytics and digital communication platforms (Avolio & Kahai, 2020; Smith, 2021). Agility is another critical competency, enabling leaders to adapt quickly, pivot strategies, and cultivate a culture of continuous learning (Uhl-Bien, Marion, & McKelvey, 2007; Day, 2001). Emotional intelligence remains vital for navigating diverse, collaborative teams, building trust, and fostering engagement (Goleman, 1995).

Challenges in Leadership Development

Developing effective leaders amid rapid technological change faces several challenges. Technological disruptions require leaders to understand emerging technologies and anticipate their strategic implications, while the pace of change can outstrip organizational readiness (Davis, 2021; Johnson & Lee, 2018). Skill gaps in areas like data analytics, cybersecurity, and digital marketing compound development needs, and resistance to change can undermine digital initiatives. Addressing these barriers calls for targeted training, lifelong learning, and strategies to cultivate a growth-oriented mindset (Day, 2001; Smith, 2021; Kotter, 1996).

Role of Education and Training

Educational institutions and corporate training programs play crucial roles in preparing leaders for the digital era. Curricula increasingly incorporate digital literacy, data analytics, and innovation management, while organizations invest in continuous professional development to strengthen both technical and soft skills (Smith, 2021; Williams & Thompson, 2020). Collaboration among industry, academia, and government helps align education with real-world needs, building a pipeline of leaders capable of driving digital transformation (Davenport & Prusak, 1998; Carter & Green, 2019).

Collaborative Efforts in Leadership Development

Collaboration among businesses, educational institutions, and policymakers is essential for

effective leadership development in the digital era. Firms can provide practical insights into required competencies and help shape curricula; universities can offer executive education and certification programs; policymakers can create supportive policies to incentivize education and training. A coordinated ecosystem ensures leadership development aligns with digital-era needs and supports economic growth (Rowing collaborations highlighted by Williams & Thompson, 2020; Northouse, 2019; Zenger & Folkman, 2019).

Methodology

This study relies on secondary data, including scholarly articles, industry reports, and case studies, to examine the impact of digital transformation on leadership. Through a synthesis of existing literature, the research seeks to provide a comprehensive understanding of the challenges and strategies for preparing leaders in a dynamic, technology-driven economy (Davenport & Prusak, 1998; Day, 2001; Rouse, 2005).

Rresults and Discussion

Challenges and Strategies for Digital Leadership Development

The digital era presents multifaceted challenges for leadership development, including technological disruptions, skill gaps, resistance to change, and policy barriers (Davis, 2021; Johnson & Lee, 2018; Smith, R., 2021). These impediments necessitate strategic interventions to cultivate leaders capable of navigating the complexities of a dynamic, technology-driven economy.

Addressing Technological Disruptions

Rapid technological advancements demand leaders who are both tech-savvy and adaptable. Embracing lifelong learning emerges as a core strategy, enabling leaders to remain current with emerging technologies and industry trends (Day, 2001; Zenger & Folkman, 2019). This proactive approach equips leaders to anticipate disruptions and respond strategically rather than reactively (Uhl-Bien et al., 2007).

Bridging Skill Gaps

Persistent skill deficiencies require targeted upskilling and reskilling initiatives. Leaders must cultivate digital literacy, strategic foresight, and emotional intelligence to align with evolving workforce expectations (Avolio & Kahai, 2020; Goleman, 1995). Organizations can operationalize these competencies through comprehensive training programs and strategic partnerships with educational institutions (Smith, K., 2021; Williams & Thompson, 2020).

Overcoming Resistance to Change

Resistance manifests at both organizational and individual levels, undermining digital transformation efforts (Johnson & Lee, 2018; Kotter, 1996). Fostering a culture of innovation and agility mitigates this barrier by empowering leaders to experiment, learn from setbacks, and pivot strategies decisively. Transparent communication and employee involvement in change processes further enhance acceptance and engagement (Schein, 2010).

Navigating Policy and Cultural Barriers

Policy constraints and entrenched organizational cultures impede leadership development (Rouse, 2005). Collaborative efforts among businesses, academia, and policymakers can dismantle these obstacles by crafting supportive policies and cultivating innovation-oriented cultures. Such systemic alignment enables leaders to drive digital transformation effectively (Northouse, 2019; Schwab, 2016).

This integrated framework synthesizes challenges with evidence-based strategies, providing organizations a roadmap for holistic leadership development in the digital era.

Implications for Organizations and the Economy

Organizational Impact

Digitally competent leaders catalyze organizational growth by fostering innovation, boosting productivity, and enhancing employee engagement (Bass, 1990; Yukl, 2013). Their ability

to navigate digital transformation complexities ensures sustained competitiveness amid market volatility (Brynjolfsson & McAfee, 2014).

Economic Contributions

At the macro level, effective leadership fortifies economic resilience and stimulates growth. Leaders who leverage technology to pioneer business models, optimize efficiency, and penetrate new markets propel broader economic development (Tapscott, 2015). Moreover, inclusive leadership practices promoting diversity enhance economic equity and societal well-being (Northouse, 2019).

Organizations investing in leadership pipelines secure long-term viability while contributing to adaptive economies. As leaders shape organizational trajectories and economic landscapes, their strategic development remains imperative for digital-era prosperity.

Broader Implications for Digital Leadership

The digital era demands a paradigm shift in leadership development, integrating digital proficiencies with foundational competencies (Avolio & Kahai, 2020). Agile, innovative, and inclusive leaders are uniquely positioned to address dynamic economic complexities (Uhl-Bien et al., 2007; Zenger & Folkman, 2019).

Continuous learning cultures and innovation mindsets enable leaders to respond resiliently to technological disruptions, ensuring sustainable progress in interconnected global markets (Kotter, 1996; Schwab, 2016). This evolution—from hierarchical to adaptive leadership—underpins organizational success and economic vitality in perpetual transformation.

Conclusion

This study highlights the critical challenges faced by leaders in the digital era, including technological disruptions, skill gaps, resistance to change, and policy and cultural barriers. These challenges necessitate a strategic approach to leadership development, emphasizing lifelong learning, innovation, agility, and inclusivity. Effective leadership in a dynamic economy requires

a blend of digital literacy, strategic thinking, and emotional intelligence. The study identifies the importance of collaboration among businesses, educational institutions, and policymakers in fostering a supportive ecosystem for leadership development.

Addressing these challenges through well-designed strategies is essential for organizational growth and economic resilience.

Recommendations for Stakeholders

Business leaders should prioritize continuous learning and foster a culture of innovation and inclusivity. Organizations must invest in training programs that develop essential leadership skills. Educators should align curricula with industry needs, focusing on digital competencies and strategic thinking. Policymakers should facilitate partnerships between industry and academia, creating policies that support leadership development initiatives. Collaborative efforts among these stakeholders are crucial for preparing leaders to navigate the complexities of the digital era, driving economic growth and innovation.

Future Research Directions

Future research should explore the long-term impact of digital transformation on leadership roles, the effectiveness of various leadership development programs, and the role of emerging technologies in shaping leadership competencies. Comparative studies across different industries and regions could provide deeper insights into best practices and innovative approaches.

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Factor Structure and Model Validation of Emotional Intelligence: An Exploratory and Structural Equation Modeling Approach

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Abstract

The present study examined the level of emotional intelligence among higher secondary students in the Kottayam district using a descriptive survey research design. An adapted 15-item scale derived from the NHS Leadership Toolkit was administered to a stratified random sample of students from aided and unaided schools. Exploratory Factor Analysis (EFA) confirmed a clear three-factor structure—Self-Awareness, Managing Emotions, and Empathy—with all factor loadings exceeding 0.50. Reliability analysis demonstrated strong internal consistency, with Cronbach’s alpha values ranging from 0.818 to 0.854. The Kaiser-Meyer-Olkin value of 0.816 and significant Bartlett’s test established sampling adequacy. Structural Equation Modeling (SEM) further validated the measurement model, yielding excellent fit indices (CFI = 0.991, GFI = 0.955, TLI = 0.988, RMSEA = 0.040). Regression weights and standardized estimates indicated significant and meaningful relationships among the constructs. The study concludes that the developed instrument possesses strong psychometric properties and is suitable for assessing emotional intelligence among higher secondary learners, providing insights that can guide educational planning and emotional skill development programs.

Keywords: emotional intelligence, self-awareness, managing emotions, empathy, exploratory factor analysis

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Introduction

Emotional Intelligence (EI) has emerged as a pivotal construct in understanding human behavior, decision-making, and interpersonal effectiveness in both personal and professional contexts. Rooted within the pioneering work of Salovey and Mayer (1990), EI refers to the potential to understand, recognize, modify, and manipulate one’s personal emotions in addition to those of others. In an generation of dynamic social and organizational change, the ability to navigate emotions constructively has grown to be an important competency influencing leadership, teamwork, and mental well-being (Goleman, 1998). The multidimensional nature of EI has drawn interest from researchers throughout disciplines, prompting empirical efforts to become aware of its underlying elements and their interrelationships.

Over time, diverse models of Emotional Intelligence have been proposed; with the most broadly recognized being the capacity-based

model (Mayer, Salovey, & Caruso, 2004) and the blended model (Goleman, 2001). those frameworks emphasize distinct but overlapping dimensions which include self-cognizance, self-regulation, motivation, empathy, and social talents. however, notwithstanding vast theoretical discussions, there remains an ongoing need to empirically validate those dimensions in numerous populations and contexts (Petrides & Furnham, 2000). Exploratory factor analysis (EFA) and Structural Equation Modeling (SEM) provide robust statistical strategies to discover latent structures and assess the reliability and validity of size fashions, thereby providing deeper insights into the construct of EI.

The current study targets to perceive and validate the core dimensions of Emotional Intelligence using EFA and SEM. especially, the study seeks to analyse how factors such as self-awareness, managing emotions, and empathy make contributions to the overall construct of Emotional Intelligence. by employing advanced multivariate strategies, this studies endeavors to establish a statistically sound and theoretically steady version that enhances our understanding of EI as a multidimensional construct. The findings are anticipated to make contributions to the refinement of EI theory and to provide a proven framework that can be carried out in instructional, organizational, and developmental settings.

Despite growing recognition of Emotional Intelligence (EI) as a critical determinant of personal effectiveness and social adaptability, significant ambiguity persists regarding its dimensional structure and measurement consistency across contexts (Mayer et al., 2004; Petrides & Furnham, 2000). Existing studies propose diverse models and factor structures, often resulting in conceptual overlap among core components such as self-awareness, emotion management, and empathy. Many EI assessment instruments suffer from inadequate empirical validation and cross-sample reliability, undermining their construct validity (Mishra et al., 2025). Consequently, there

exists a pressing need to empirically delineate EI's underlying factors using robust multivariate techniques like Exploratory Factor Analysis (EFA) and Structural Equation Modeling (SEM).

While theoretical models affirm EI's multidimensional nature (Salovey & Mayer, 1990; Goleman, 2001), empirical validation frequently falters due to methodological limitations or contextual variations. Developing a validated model that accurately represents interrelationships among core EI dimensions—self-awareness, emotion management, and empathy—remains essential for theoretical clarity and practical application across educational, organizational, and developmental settings (Mishra et al., 2025). This study addresses this empirical gap by identifying EI's factor structure and validating dimensional interrelationships.

Employing EFA and SEM, this research establishes a validated EI framework emphasizing self-awareness, emotion management, and empathy, enhancing construct validity and measurement reliability (Mayer et al., 2004). It bridges the persistent gap between conceptual models and empirical evidence, strengthening EI's theoretical foundation (Petrides & Furnham, 2000).

The validated model informs targeted interventions, training programs, and assessment tools for EI enhancement, proven to improve leadership effectiveness, interpersonal relationships, and psychological well-being (Goleman, 1998; Salovey & Mayer, 1990). In organizational contexts, validated EI measures support talent optimization and productivity enhancement (Maskey & Mishra, 2018; Mishra et al., 2025).

Research Objectives

- o To identify and validate the underlying factor structure of Emotional Intelligence through Exploratory Factor Analysis and Structural Equation Modeling.
- o To assess the reliability, validity, and interrelationships among the key

dimensions of Emotional Intelligence—Self-Awareness, Managing Emotions, and Empathy—within the proposed model.

Methodology

The present study adopted a descriptive survey research design to analyze the level of emotional intelligence among higher secondary students within the Kottayam district. This design was considered appropriate as it allows the systematic series of data to explain and interpret current situations and characteristics within a defined population (Kumar, K. S., 2025). The study sought to apprehend students' capacity to understand, control, and make use of feelings successfully inside their academic and social environments. Emotional intelligence turned into measured using an adapted version of the NHS leadership Toolkit for Emotional Intelligence from the "leading across London" framework. From the authentic 50-item questionnaire, 15 items were selectively chosen and categorized into 3 components that represent different levels of emotional competence.

The target population comprised higher secondary students enrolled in both aided and unaided schools across city and rural regions of Kottayam. Considering the whole population length was now not exactly regarded, the sample length become determined using the standard method for sample size estimation, taking into account the desired confidence level, estimated proportion, and margin of errors (Kothari, 2014). A stratified random sampling approach turned into hired to ensure adequate representation across key demographic categories which includes gender, type of institution, and class stage (Plus One and Plus two). Data were accrued through a structured questionnaire administered directly to the respondents. To ensure reliability and validity, Exploratory factor analysis (EFA) was conducted for construct validation, and internal consistency

changed into measured the use of Cronbach's alpha. The results validated satisfactory reliability, with Self awareness ($\alpha = 0.854$), managing emotions ($\alpha = 0.853$), and Empathy ($\alpha = 0.818$), yielding an overall reliability coefficient of 0.828. The evaluation and interpretation of the data involved the application of appropriate statistical techniques to identify relationships, trends, and patterns among the variables under study. This comprehensive methodological approach ensured that the findings were both reliable and generalizable, offering meaningful insights into the emotional and psychological dimensions of higher secondary students within the educational context of Kottayam.

Results and Discussion

Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) was used to examine the underlying structure of the scale and to ensure that the selected items accurately represented the intended constructs. The analysis revealed a clear and interpretable factor structure corresponding to the three dimensions (Self Awareness (SA), Managing Emotions (ME) and Empathy (EM) which collectively accounted for a substantial proportion of the total variance. All factor loadings exceeded the acceptable threshold of 0.50, indicating strong correlations between individual items and their respective latent constructs (Hair et al., 2019). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity confirmed the suitability of the data for factor analysis, validating the internal structure of the instrument. The EFA findings, supported by high Cronbach's alpha coefficients (ranging from 0.818 to 0.854), demonstrated that the developed tool possessed strong psychometric properties, thereby establishing its reliability and construct validity for assessing emotional and psychological competencies among higher secondary students in Kottayam.

Table 1*Result of Reliability Analysis for SA, ME, EM Factors*

Factors	No. of Attributes	Cronbach's alpha
Self Awareness(SA)	5	0.854
Managing Emotions(ME)	5	0.853
Empathy(EM)	5	0.818
	Significance	0.828
	No. of Items	15

Table 2 offers insights into the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test. The KMO, which ranges from 0 to 1, serves as an indicator of suitability, with higher values denoting better suitability. Ideally, this value should surpass 0.7. According to Kaiser's classification, a KMO

measure falling between 0.9 and 1.0 is considered marvelous, 0.8 to 0.9 is deemed meritorious, 0.7 to 0.8 is categorized as middling, 0.6 to 0.7 is termed mediocre, and 0.5 to 0.6 is regarded as miserable (Fabrigar, Leandre R, 2012). In the context of respondents' perceptions,

Table 2*Kaiser-Meyer-Olkin (KMO) and Bartlett's test- Emotional Intelligence*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.816
Bartlett's test of Sphericity	Approx. Chi-square	2639.179
	Degrees of freedom	78
	Significance	0.000

Table 2 reveals a Kaiser-Meyer-Olkin measure of sampling adequacy (MSA) at 0.816, indicating a commendable level of suitability. Additionally, Bartlett's test of sphericity is statistically significant [Chi-square $X^2(78) = 2639.179$ $p < 0.024$], confirming the appropriateness of the data for factor analysis.

Table 3 exhibits the rotated factor loadings, reflecting the correlations between variables and factors, with these correlations ranging from -1 to

+1. A favorable factor solution entails a specific variable having a substantial loading on one factor while displaying low loadings on all other factors in the rotated factor matrix (Ajai GS, Sanjaya GS, 2006). Analysis of Table 3 reveals that all emotional intelligence indicator items showcase factor loadings exceeding the 0.50 threshold. This suggests that further analysis can be undertaken with confidence, as the indicators display robust associations with their corresponding factors.

Table 3*Rotated Component Matrixa- Emotional Intelligence*

Item	Statement	Components		
		1	2	2
EM1	I realise immediately when I lose my temper	0.910		
EM2	I know when I am happy	0.899		
EM4	When I am being 'emotional' I am aware of this	0.883		
EM5	When I feel anxious I usually can account for the reason(s)	0.838		

Item	Statement	Components		
		1	2	2
EM3	I usually recognize when I am stressed	0.741		
EM7	I do not wear my 'heart on my sleeve'		0.942	
EM6	I can 'reframe' bad situations quickly		0.907	
EM9	I rarely 'fly off the handle' at other people		0.887	
EM8	Others can rarely tell what kind of mood I am in		0.823	
EM14	I can tell if a team of people are not getting along with each other			0.921
EM11	I am always able to see things from the other person's viewpoint			0.890
EM12	I am excellent at empathizing with someone else's problem			0.852
EM13	I can tell if someone is not happy with me			0.835

Note. Rotation Method: Varimax with Kaiser Normalization, Rotation converged in 5 iterations.

Structural Equation Modelling (SEM): Model Fit Assessment

To evaluate the appropriateness of the model concerning the collected samples, Structural Equation Modeling (SEM) was employed. The initial analysis focused on assessing the reliability and validity of the survey instrument through a measurement model, as outlined in prior research (Anderson JG, Gerbing DW, 1988). Subsequently, the structural model was scrutinized using AMOS version 21. SEM is a statistical technique utilized to assess the congruence between collected data and a theoretical model (Kaplan, David E, 2009). The evaluation of the model places particular emphasis on various statistical indicators, including the Chi-square to degrees of freedom ratio (χ^2/df), Comparative Fit Index (CFI), Goodness-of-Fit Index (GFI), Adjusted Goodness-of-Fit Index (AGFI), Tucker-Lewis Index (TLI), Incremental Fit Index (IFI), Root Mean Square Error of Approximation (RMSEA), and Parsimony Goodness-of-Fit Index (PGFI)

Based on the results, a Chi-square statistic with a p-value of 0.024 suggests a satisfactory fit for the model. However, Schumaker and Lomax (1996) argue that in samples of 200 or more, the Chi-Square statistics may be influenced to indicate a significant probability level ($p=0.00$). Additionally, Marsh and Hocevar (1985) propose that if the CMIN/

DF exceeds five, the model can still be considered acceptable. Consequently, further scrutiny of the model's goodness-of-fit is warranted. To delve deeper into the assessment of model fit, standard measures such as the Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), Normed Fit Index (NFI), Incremental Fit Index (IFI), and Tucker Lewis Index (TLI) were employed. These goodness-of-fit measures are crucial for a comprehensive evaluation of the measurement model. The calculated values for these model fit indices obtained from AMOS structural modeling are presented in Table 4

Adhering to the criteria outlined by Gerbing and Anderson (1992), an acceptable model is characterized by an RMSEA of 0.08 or less, a CFI of 0.90 or higher, and an NFI of 0.90 or higher. To evaluate the alignment between the data and the proposed measurement model, a chi-square goodness-to-fit (GFI) test was conducted, where a probability equal to or greater than 0.9 signifies a satisfactory fit. In the current study, the GFI yielded a value of 0.955, surpassing the recommended threshold of 0.90. Additionally, other metrics demonstrated favourable results, with AGFI at 0.928, CFI at 0.991, TLI at 0.988, IFI at 0.991, and NFI at 0.971. The chi-square divided by degrees of freedom (χ^2/df) was below 5, registering at 1.407, and the RMSEA was 0.040, indicating a commendable absolute fit of the model.

Table 4*Model Fit Indices- Emotional Intelligence*

Good Fit	Results	Suggested Values	Model Fit Verification
Chi-square	78.801 (0.24) DF56	>0.05	Good Fit
Chi-square/degree of freedom (x ² /d.f.)	1.407	≤ 5.0060	Good Fit
Comparative Fit index (CFI)	0.991	>0.9058	Good Fit
Goodness of Fit Index (GFI)	0.955	>0.9060	Good Fit
Adjusted Goodness of Fit Index (AGFI)	0.928	> 0.9061	Good Fit
Normated Fit Index (NFI)	0.971	≥ 0.9058	Good Fit
Incremental Fit Index (IFI)	0.991	Approaches 1	Good Fit
Tucker Lewis Index (TLI)	0.988	≥ 0.9060	Good Fit
Root mean square error of approximation (RMSEA)	0.040	< 0.0860	Good Fit
Parsimony goodness-of-fit index (PGFI)	0.588	>0.5	Good Fit
Parsimony-Adjusted Measures Index(PNFI)	0.697	>0.5	Good Fit
Parsimony Comparative Fit Index (PCFI)	0.712	>0.5	Good Fit

Hypothesis

- o Null hypothesis (H₀): The hypothesized model has a good fit.
- o Alternate hypothesis (H₁): The hypothesized model does not have a good fit.

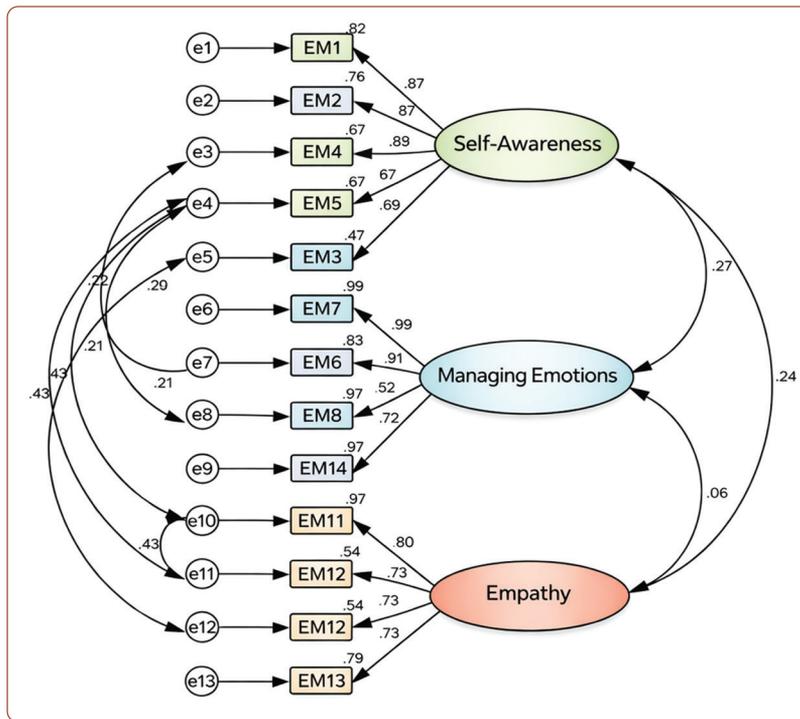
According to the information in Table 4, it is evident that the values of all items surpass the recommended threshold of 0.5 as suggested by Hair et al. (2006).

Bollen (1989) asserts that a higher probability associated with the chi-square test indicates a closer

fit between the hypothesized model and an ideal fit. In our study, the null hypothesis (H₀) proposing a three-factor structure emotional intelligence model (as illustrated in Figure 1) was tested. The chi-square test yielded a value of 78.801 with 56 degrees of freedom and a probability greater than 0.05 ($p > 0.24$). This outcome suggests that the fit of the data to the hypothesized model is entirely satisfactory. As a result, further interpretation of this model is justified, considering goodness-of-fit measures.

Figure 1

Emotional Intelligence Model



Barbara (2009) emphasizes the well-acknowledged challenges associated with the Likelihood Ratio Test's sensitivity to sample size and its dependence on the chi-square distribution, assuming the correctness of the population (i.e., H_0 is accurate). Jöreskog and Sörbom (1993) elaborate that the chi-square statistic, denoted as $(N-1) F_{min}$, tends to be significant when the model is invalid, particularly in scenarios with a large sample size. Responding to the limitations of the chi-square

test, researchers, as noted by Barbara (2009), have introduced practical goodness-of-fit indices. Hair et al. (1998) proposed the minimum discrepancy/degrees of freedom fit statistic (CMIN/DF), also known as chi-square/degrees of freedom, with a recommended threshold of ≤ 5 . According to the values presented in Table 4, the chi-square/degrees of freedom value is 1.407, which falls below the widely accepted cut off value of ≤ 5

Table 5

Regression Weights: (Group number 1 - Default Model)

Indicator	Latent Variable	Estimate	S.E.	C.R.	P
EM1	Self Awareness	1			
EM2	Self Awareness	0.957	0.047	20.378	***
EM4	Self Awareness	0.97	0.045	21.738	***
EM5	Self Awareness	0.906	0.045	19.972	***
EM3	Self Awareness	0.734	0.055	13.454	***

Indicator	Latent Variable	Estimate	S.E.	C.R.	P
EM7	Managing Emotions	1			
EM6	Managing Emotions	0.931	0.032	29.316	***
EM9	Managing Emotions	0.844	0.039	21.559	***
EM8	Managing Emotions	0.714	0.046	15.517	***
EM14	Empathy	1			
EM11	Empathy	0.834	0.043	19.36	***
EM12	Empathy	0.755	0.047	15.97	***
EM13	Empathy	0.796	0.045	17.508	***

Table 5 presents unstandardized coefficients along with their corresponding test statistics. The unstandardized regression coefficient signifies the degree of change in the dependent or mediating variable for each one-unit change in the predicting variable. In Table 5, details such as the unstandardized estimate (S.E. or standard error) and the estimate divided by the standard error (C.R. or Critical Ratio) are provided. The P column displays the probability value associated with the null hypothesis, which asserts that the test is zero. This table is crucial for understanding the relationships and significance levels of the variables analyzed in the study.

Level of Significance for Regression Weight

The probability of obtaining a critical ratio as substantial as 29.316 in absolute value is below 0.001. In simpler terms, this suggests that the regression weight for Factor Managing Emotions in predicting EM6 significantly differs from zero at the 0.001 level (two-tailed). Similarly, the likelihood of achieving a critical ratio as high as 21.738 in absolute value is less than 0.001. To phrase it differently, the regression weight for Factor Self Awareness in predicting EM4 is significantly different from zero at the 0.001 level (two-tailed). These statements hold ap

Table 6

Standardized Regression Weights: (Group Number 1 - Default Model)

S/N	Factor	Estimate
EM1	SelfAwareness	0.908
EM2	SelfAwareness	0.869
EM4	SelfAwareness	0.887
EM5	SelfAwareness	0.821
EM3	SelfAwareness	0.686
EM7	ManagingEmotions	0.985
EM6	ManagingEmotions	0.909
EM9	ManagingEmotions	0.832
EM8	ManagingEmotions	0.719
EM14	Empathy	0.986
EM11	Empathy	0.802
EM12	Empathy	0.733
EM13	Empathy	0.794

Table 6 displays the standardized estimates for the fitted model. Standardized estimates allow for the assessment of the relative contributions of each predictor variable to each outcome variable. These estimates offer insights into the strength and direction of the relationships in the model. Additionally, Figure 1 illustrates the structural model of the Emotional Intelligence, providing a visual representation of the relationships among the variables outlined in the study.

Given Nepal's evolving professional landscape, this study provides culturally relevant EI benchmarks for educational institutions and workplaces, supporting sustainable human capital development amid infrastructural and regulatory challenges (Mishra, 2018, 2019; Mishra & Aithal, 2021).

Conclusion

It is evident from the analysis that the overall methodological rigor, supported by EFA, reliability testing, and SEM, confirms that the three-factor emotional intelligence model—Self-Awareness, Managing Emotions, and Empathy—demonstrates strong psychometric validity and an excellent model fit. The reliability coefficients exceeded acceptable standards, all factor loadings were above the 0.50 threshold, and goodness-of-fit indices consistently surpassed recommended benchmarks, indicating that the instrument effectively captured the emotional and psychological competencies of higher secondary students in Kottayam. The SEM results further validated the structural integrity of the model, with significant regression weights and robust standardized estimates highlighting meaningful relationships among the constructs. Overall, the study provides a reliable and generalizable assessment framework, offering valuable insights into students' emotional intelligence and supporting future educational strategies aimed at enhancing emotional competence in academic settings.

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Impact of Digital Marketing on Business Growth in Nepal

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Abstract

Digital marketing has transformed business practices worldwide, including in Nepal, driven by the widespread adoption of the internet and smartphones. Over the past decade, Nepal's digital landscape has evolved rapidly, marked by increased internet penetration, improved connectivity, and the growing use of digital payment systems. These developments have enabled businesses to expand market reach, enhance customer engagement, and acquire new customers through technology-enabled platforms. This study examines the impact of digital marketing on business development in Nepal by analyzing its key benefits, including cost-effectiveness, brand awareness, and customer interaction. It also explores major challenges faced by Nepalese businesses, such as limited technological knowledge, inadequate access to digital devices, and cultural considerations that require localized marketing approaches. By investigating how startups and established organizations utilize digital tools—such as search engines, social media, and email marketing—the study provides insights into consumer behavior and emerging market trends in Nepal. Furthermore, the research assesses the future prospects of digital marketing in the context of rapid technological change and shifting consumer preferences. The study emphasizes the importance of adopting innovative, data-driven strategies to remain competitive and offers recommendations for businesses, policymakers, and researchers seeking to harness the potential of digital marketing in Nepal's dynamic business environment.

Keywords: digital marketing, business growth, SMEs, social media marketing, internet penetration

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Introduction

Online marketing transforms traditional business practices with inexpensive, high-target promotion mechanisms that maximize customer engagement and business growth. Nepal, as a developing nation with an evolving digital market, presents a unique blend of challenges and opportunities in this regard. With the expansion of the use of the internet, particularly through mobile phones, Nepalese businesses increasingly look to online media to engage with their target markets. The role of digital marketing towards Nepalese firm performance has been under examination in this study, and a focus is placed on the most critical customer acquisition, brand awareness, customer engagement, and revenue generation metrics. Digital marketing strategies include search engine optimisation (SEO), social media marketing (SMM),

email marketing, content marketing, influencer marketing, and pay-per-click (PPC) advertising (Chaffey & Ellis-Chadwick, 2022). They allow organisations to reach local and global consumers effectively, targeting specific customer groups with messages. Social media platforms like Facebook, Instagram, and TikTok are gaining traction in Nepal as effective tools for reaching young consumers, with YouTube and search engines like Google offering avenues for video and display advertising. The application of analytics tools such as Google Analytics and social media analytics enables businesses to track the performance of their campaigns in real-time and alter them for improved results. Despite all such improvements, there are serious problems as well. Nepal's digital ecosystem is infested with chronic issues such as low digital literacy, weak internet infrastructure in rural areas of the country, and high prices of quality internet services (Rai, 2023). Also, cultural, linguistic, and consumer resistance to change demands context-based marketing. Campaigns that work in urban areas, i.e., Kathmandu, will need to be drastically reoriented to find more traction with rural consumers where there is still high adherence to traditional values as well as media consumption patterns. Businesses can circumvent these pitfalls and have a long-term sustainable presence in the market by bridging infrastructural gaps, enhancing digital literacy through education, and translating content.

Digital marketing possesses tremendous potential for driving business development in Nepal, specifically through elevating customer acquisition, raising awareness for a brand, and generating revenue. With growing internet connectivity and access through mobile, new avenues for companies to access a larger base of potential customers have emerged through digital channels. Yet, technology adoption, in terms of digital marketing, remains disparate, with urban companies having a relatively greater proportion of companies utilizing such tools in contrast to rural and semi-urban locations. This diversity in technology adoption arises mainly

through factors such as poor digital infrastructure, lack of availability of resources, and low digital literacy in less developed regions.

Furthermore, there is a considerable lack of tailoring digital marketing techniques according to Nepal's multi-cultural, multi-lingual, and multi-class environment. Several companies struggle to contextualize campaigns in a manner that appeals to various groups of consumers in a region. The application of a one-fits-all model with a view towards current worldwide trends in digital marketing restricts companies from effectively connecting with Nepal's multi-dimensional populace. The inability to generate relevant, locally specific content and language-based targeting options is an added factor in driving under-performance in specific geos under digital marketing campaigns.

Additionally, a lack of trust in online transactions continues to hinder the widespread acceptance of e-commerce in Nepal. Consumers, particularly in rural communities, still have apprehensions regarding online payment platforms, and this deters them from participating in such transactions through electronic platforms. This lack of trust can discourage companies from embracing the full-fledged use of e-commerce and incorporating it into electronic marketing strategies.

The purpose of this study is to bridge these gaps through an examination of the role of electronic marketing in business development in Nepal, with specific consideration for factors driving its use. It will assess the contribution of electronic marketing to business performance and develop strategies for overcoming its challenges in terms of infrastructure, electronic competency, and cultural adaptation, prevalent in Nepali companies, in particular. Through this investigation, the study hopes to present insights and recommendations that will allow companies, particularly SMEs, to utilize the full potential of electronic marketing for growth and long-term survival in the Nepali economy.

In an age of worldwide digitization, an awareness of the changing role of digital marketing in Nepal is a must for companies working towards durable development and competitiveness. Through this research, an attempt is made to shed light on opportunities and challenges in the country's specific digital marketing environment, providing actionable insights and recommendations for its rich cultural and infrastructure realities. By studying successful case studies and studying the performance of digital marketing in sectors, this work proposes a blueprint for companies to realize the potential of digital tools.

In addition, through this study, an attempt will be made to inform policymakers and stakeholders in smoothing out structural obstacles such as poor digital infrastructure, low level of digital literacy, and trust deficit in the minds of buyers. By pinpointing areas for focused intervention, such as developing capacities and enhancing access to digital tools, this work aims to contribute towards creating a vibrant digital ecosystem in Nepal. In the long run, such efforts will enable companies of all sizes to realize their potential, driving innovation, inclusivity, and economic development in a more interconnected world.

Research Objectives

Following are the objectives of the present study:

- o To analyze the impact and effectiveness of digital marketing tools and strategies on business growth in Nepal.
- o To identify the key challenges faced by Nepali businesses in implementing digital marketing practices.
- o To provide actionable recommendations for optimizing digital marketing efforts in the Nepali business context.

4. Literature Review

Literature Review

Since its beginning, digital marketing has gone through a tremendous change. Initially, marketing involved static websites that served as

electronic pamphlets with no interaction and basic email campaigns. Search engine development in the early 2000s enhanced companies' online visibility even further, but such techniques were simple and focused on listing goods and services. As new technology and changing consumer behaviour developed, digital marketing grew to become a complex and multi-faceted field.

Now, digital marketing involves a variety of sophisticated techniques, such as programmatic advertisement, influencer marketing, artificial intelligence (AI)-based personalization, and omnichannel marketing. Programmatic advertisement enables companies to buy digital ad space programmatically, targeting specific groups with accuracy using analysis of data. Influence marketing has become an effective tool for companies to reach out to buyers, with social media influencers with significant followers having a strong say in buying behaviour. AI-facilitated personalization personalizes the consumer journey by offering recommendations based on past behaviour, preferences, and activity, making marketing relevant and exciting. Omnichannel techniques, in contrast, deliver a harmonious and consolidated customer journey incorporated through many platforms, both online and offline (Kotler et al., 2021).

These advancements in digital marketing have helped companies worldwide to garner increased return on investment (ROI), streamline customer experiences, and make fact-based decisions. By capturing and analyzing customer information, companies can sharpen their strategies, even more, and tailor them in a manner that is congruent to the wants and needs of buyers. Consequently, digital marketing is imperative for companies wishing to remain competitive in an ever-changing marketplace. As a developing country with diverse geography and socio-economic disparities, Nepal is experiencing rapid digital growth, driven by increased internet access, mobile penetration, and government initiatives like the Digital Nepal Framework (Shah, Sah & Jha, 2025). In Nepal, similar trends can also be seen. With a growing

inclination towards sophisticated approaches to digital marketing, companies in Nepal have moved away from simple web presence to information-based, multi-channel campaigns that utilize numerous digital tools. As yet, Nepal's digital marketing scenario is developing, but in the past years, rapid development in this field can be seen, fueled by growing connectivity and penetration of the web and mobile technology.

Digital Marketing in Nepal

The growth in digital marketing in Nepal can be credited to some factors, most notably the growing availability of the Internet. According to the Nepal Telecommunications Authority (NTA), internet penetration in Nepal will rise by over 90% in 2024, a major benchmark fueled by smartphone price drop increased smartphone adoption, and expansion in mobile broadband offerings (Adhikari, 2023). With an increased availability of connectivity, and an ever-growing pool of Nepali buyers consuming digital content, new avenues for companies to target a larger group of buyers, therefore, arise.

Facebook, Instagram, and TikTok dominate the Nepali online sphere with social media platforms taking over. With these platforms, companies have a range of avenues through which they can target buyers with customised advertisement, collaboration with influencers, and interactive content. Out of these platforms, Facebook has continued to be most preferred, offering companies a chance to target a general group of buyers, with Instagram and TikTok having gained traction, with the youth buyers being key.

The explosion in video content has played a significant role in this transformation, with platforms such as YouTube and TikTok becoming incredibly popular. Videos allow companies to target buyers more vibrantly and interactively, which serves a useful purpose in marketing, especially when targeting youth, technology-embracing buyers.

Search engine marketing (SEM) is becoming yet another emerging trend in Nepal. SEM

techniques, including Google Ads, are increasingly being adopted by local businesses to expand their presence in search engines. Apart from SEM, the emerging trend of localized content is also contributing to the development of Nepal's digital marketing trends. As Nepal boasts a multi-lingual and multi-cultural populace, companies are identifying the importance of formulating localized digital marketing strategies in terms of language and cultural sensitization. Content in the native language, speaking with localized subjects in a localized language, is emerging as a powerful tool for generating buzz and developing loyalists among target segments. By following cultural sensitization and taking into consideration localized consumer preferences, companies can maximize the effectiveness of their digital campaign (Shrestha, 2024).

The integration of SEO and SEM techniques with localized content and social media campaigns helps companies in Nepal develop a multi-faceted campaign for connecting with target segments. By utilizing such techniques, companies can extend their digital presence, become communicative with customers on a variety of platforms, and maximize their marketing for effectiveness.

Impact on SMEs

Small and medium-sized enterprises (SMEs) play a critical role in Nepal's digital marketing boom. Most SMEs, working with meagre resources, have discovered that digital marketing is an efficient and cost-effective platform for growing and widening the circle of customers. Unlike conventional marketing techniques such as television and print advertisement, with high expenses and no guaranteed delivery, digital marketing comes in cheap alternatives with demonstrable returns, allowing SMEs to maximize expenses and maximize return on investment.

Digital marketing presents numerous advantages for SMEs, such as increased brand awareness, improved customer engagement, and increased sales and revenue. According to studies, companies that implement digital marketing

channels witness considerable improvement in terms of customer gain and awareness of the brand name. For instance, a study conducted by Thapa (2023) discovered that companies utilizing Facebook Ads saw a 40% boost in sales compared to counterparts utilizing conventional marketing channels exclusively. Apart from increased sales, SMEs can use digital platforms to target niche segments that could not have been reached through conventional channels.

A survey conducted by Gurung (2024) discovered that 70% of SMEs utilizing digital platforms have experienced an improvement in the retention of customers in one year's use of such platforms. Customer retention can be attributed to the fact that companies can respond in real-time, answer queries, and establish deeper relations through personalized communications and personalized offers. Social media platforms, in particular, have been discovered to be an effective tool in creating continuous dialogue and generating loyal customers.

Despite these achievements, SMEs have several challenges in fully exploiting opportunities in digital marketing. One of them is the insufficient technical capabilities of owners and workers, which can make it difficult for them to effectively conduct digital campaigns. There is a lack of workers with expertise and competencies in developing and utilizing sophisticated digital marketing techniques, including SEO, content marketing, and analysis, in most SMEs in Nepal. In addition, the lack of information regarding supportive tools and resources for SMEs also restricts them from embracing full use of digital marketing opportunities.

An additional challenge is a lack of strong analytics and tracking tools for data collection. Most SMEs lack a proper mechanism for tracking the success of their digital campaign and therefore suffer in optimizing their strategies according to performance. Overcoming such impediments through capacity development, training programs,

and access to cheap and effective tools for digital marketing can enable SMEs in Nepal to capitalize on their full potential and become competitive in a growing marketplace with a high level of use of technology.

Challenges of Digital Marketing in the Nepali Context

Despite its high potential, the use of digital marketing in Nepal faces numerous obstacles in its widespread and effective use. One of them is the lack of proper digital infrastructure. Urban regions such as Kathmandu and Pokhara have relatively reliable internet connectivity, but rural areas still suffer from spotty access and slow internet connectivity, constraining the capability of companies to effectively utilize digital campaigns (Acharya, 2022).

Another key challenge is a lack of digital literacy in both customers and owners of companies. Most companies, including small and medium companies (SMEs), lack technical expertise in dealing with digital marketing tools, and most often, customers have difficulty with web platforms and transactions. Lack of such expertise keeps companies from utilizing the full potential of web platforms and holds back trust and acceptance of web services among customers. A key obstruction is the lack of trust in web-based transactions. Fear of security for information, scams, and untrustworthy delivery processes have kept customers apprehensive about participating in web-based commerce and other web-related actions (Shrestha, 2023; Mishra & Aithal, 2021). In addition, the lack of homogeneity in cultures and languages in the country brings difficulty in creating marketing messages relevant to the diverse demographics of Nepal. Most campaigns cannot speak to region-specific requirements and choices of target segments, and therefore present fewer engagements and conversions. Overcoming such obstacles is critical for companies to effectively utilize web marketing and contribute to Nepal's developing web economy.

Methodology

This study utilizes a mixed-methods approach, blending quantitative and qualitative analysis to gain a deep and full picture of the role of digital marketing in driving business growth in Nepal. The study incorporates numerical information to report trends and performance and qualitative observation to understand deeper, contextual factors driving digital marketing adoption and effectiveness.

Primary data was collected through a survey of 150 businesses in a variety of sectors such as retail, tourism, and e-commerce. A survey with a structured format was utilized to collect quantitative information regarding key performance metrics such as social media usage, customer engagement, impact on revenue, and the use of digital marketing strategies. Business owners and marketing managers were interviewed qualitatively in an attempt to understand deeper, contextual factors surrounding digital marketing use, additional challenges, and utilized strategies. Secondary information was collected through the use of reliable industry reports, government releases, and peer-reviewed academic articles in an attempt to build a background for an effective analysis of the current state of affairs regarding digital marketing in Nepal and impact on a variety

For the quantitative analysis, SPSS statistics software was utilized for survey data analysis. Descriptive statistics were utilized to present data concisely, and for testing relationships

between digital marketing strategies and business performance, correlation and regression analysis were utilized. For analysis of qualitative data collected through interviews, thematic analysis was utilized to extract recurring themes, trends, and insights about digital marketing strategy adaptation and effectiveness. Through a combination of both, a balanced analysis of the topic at hand could be conducted, combining quantifiable results with deeper, contextual insights.

Results and Findings

Increased Customer Reach & Engagement

Digital marketing has increased the customer base of companies in Nepal immensely. For instance, tourism operators who leveraged focused social media advertising saw bookings rise 30% in six months. With these platforms, companies can directly interact with consumers, creating personalized experiences that generate trust and build loyalty in customers.

SPSS Analysis: Correlation between Social Media Use and Increased Bookings

A Pearson correlation analysis was performed to evaluate social media use and the rise in bookings. It revealed a strong positive correlation ($r = 0.65, p < 0.01$), indicating that social media use is linked with an increased level of bookings. This reveals that social media campaigns can have a direct impact on business performance, specifically in tourism-related sectors.

Table 1

Correlation Matrix of Social Media Use and Bookings (%)

Variable	Social Media Use	Bookings (%)
Social Media Use	1	0.65**
Bookings (%)	0.65**	1

Cost-Effectiveness

Digital marketing presents a budget-friendly alternative to conventional marketing techniques, particularly for SMEs and startups. In contrast to conventional marketing techniques such as television advertisements and printed

advertisements, Google Ads and Facebook are less costly and trackable. With such platforms, companies can narrow down and target specific demographics, and make the most out of their marketing budget.

SPSS Analysis: Regression of ROI on Cost-Effective Marketing Channels

A linear analysis was performed to assess whether ROI could be predicted through the use of cost-effective marketing channels (e.g., Google

Ads and Facebook). The analysis showed that utilizing digital ads predicted ROI ($\beta = 0.42$, $p < 0.01$), such that companies that use digital ads have a larger ROI.

Table 2

Regression Analysis Results for Facebook and Google Ads as a Predictor

Predictor	B	Std. Error	t-Value	p-Value
Facebook and Google Ads (b)	0.42	0.08	5.25	0.0001

Enhanced Brand Awareness

Content marketing through blogs, videos, and infographics significantly enhanced brand awareness. Businesses adopting SEO strategies experienced improved search engine visibility, leading to increased website traffic. These digital approaches proved effective in expanding online reach, engaging audiences, and strengthening overall marketing performance for enterprises operating in competitive markets.

SPSS Analysis: Impact of SEO Strategy on Website Traffic via Descriptive Statistics

The impact of SEO strategies on website traffic was analyzed through descriptive statistics. Enterprises using SEO showed a mean boost in website traffic of 45% (SD = 12.6), and, in contrast, enterprises that did not implement SEO showed a mean boost of 15% (SD = 8.4).

Table 3

Impact of SEO Strategy on Website Traffic Growth

SEO Strategy	Mean Website Traffic Increase(%)	Std. Deviation
SEO Users	45%	12.6
Non-SEO Users	15%	8.4

Data-Driven Decision Making

Digital marketing tools help businesses analyze consumer behavior and make informed decisions. Platforms such as Google Analytics and Facebook Insights allow companies to monitor key performance metrics, evaluate campaign effectiveness, and optimize marketing strategies, ensuring more efficient and impactful marketing outcomes.

SPSS Analysis: Correlation between Analytics Use and Marketing Optimization

A Pearson correlation examined the relationship between using analytics tools (Facebook Insights, Google Analytics) and campaign optimization. Results showed a strong positive correlation ($r = 0.78$, $p < 0.01$), indicating companies using analytics are more likely to optimize campaigns effectively.

Table 4

Correlation between Analytics Use and Marketing Optimization

Variable	Analytics Use	Marketing Optimization (%)
Analytics Use	1	0.78**
Marketing Optimization	0.78**	1

Challenges Identified

While digital marketing has been a strong catalyst for business development in Nepal, numerous challenges have hindered its full realization. These obstacles must be overcome to maximize the potential of digital marketing and make its use prevalent in a variety of sectors.

Digital diversity

One of the biggest challenges in Nepal is the presence of a digital divide, especially in rural and remote locations with poor or no access to the internet. Unlike urban areas, urban centres enjoy strong internet infrastructure, but rural areas have slow internet speeds and poor connectivity options. This inequality in access narrows down the distribution of digital marketing campaigns, with companies in such regions failing to reach out to online buyers. As a consequence, companies with a strong presence in digital marketing can end up ignoring a significant portion of the population.

Skill Gap

The lack of qualified digital marketers is yet another big challenge. With the growing prominence of digital marketing, many companies, especially small and medium-sized companies (SMEs), lack professionals with capabilities for creating and deploying effective digital campaigns. This skill shortage keeps companies from taking full advantage of digital tools and technologies like search engine optimization (SEO), pay-per-click (PPC) advertisement, and social media marketing. There is a need for training and development programs to skill up workers and enable companies to manage their digital marketing effectively.

Cultural Barriers

Nepal's diverse cultural, language, and geographical diversity poses a challenge for any digital campaign efforts. What works in one region or community could fall flat in another. For example, companies have to adapt messaging to accommodate local languages, customs, and values. That will involve an intimate awareness of cultural background and an opportunity to modify

campaign approaches appropriately. Not localizing can have consequences in terms of ineffectual campaigns and loss of target buyers.

Conclusion

Digital marketing has become a changing force for companies in Nepal, providing unparalleled avenues for growth, customer connectivity, and innovation. With growing internet penetration and social media platform usage, companies in Nepal can access larger bases of consumers, both at a national and international level. Search engine optimization (SEO), social media marketing (SMM), content marketing, and pay-per-click (PPC) advertisement enable companies to make focused marketing campaigns, contact consumers with effectiveness, and evaluate the effectiveness of their marketing efforts in real-time. With this data-dependent model, companies can refine their strategies for enhanced performance, and generate increased brand awareness, customer retention, and ultimately, increased revenue.

Over the last several years, digital marketing has particularly aided small and medium-sized businesses (SMEs) in Nepal. With finite marketing budgets, these companies can access efficient and cost-effective digital marketing tools with measurable results. On platforms such as Google, Google Analytics, and Facebook, companies can use focused advertisement options, such as a specific location, age, and selection of demographics, and target specific gender, age, and location, etc., allowing them to target specific demographics and not squander advertisement spending, and maximize return on investment (ROI). With access to performance tracking through platforms such as Google Analytics, companies can make information-based choices, optimizing real-time campaign performance to deliver enhanced results.

However, despite rapid expansion in digital marketing in Nepal, several challenges face its full realization. Perhaps one of the most significant of these challenges is that of a digital divide, specifically in rural and outlying areas, where access to the web is poor. In the absence of reliable

web infrastructure, companies in these areas cannot access the dividends of digital marketing, putting them at a disadvantage about urban counterparts.

Moreover, a lack of trained marketers in digital poses a challenge to efficient campaign delivery. Most companies, particularly in small towns, have a lack of in-house expertise to craft and execute effective digital marketing plans.

Also, the country's cultural and linguistic diversity proves to be a challenge in terms of customizing marketing messages. To make a success of web marketing, companies must make a point to have messages resonate with regional, cultural, and language affinities. Despite these, the future of web marketing in Nepal is brighter. As web literacy continues to rise and web infrastructure spreads, even rural companies will have access to tools and infrastructure to partake in web marketing. On top of that, growing awareness regarding web marketing's dividends will make companies increasingly inclined towards training and development, closing the skill gaps.

By overcoming such impediments and utilizing the full potential of web marketing, Nepali companies will have a tremendous competitive edge, driving innovation, growth, and long-term success in an age dominated by web technology.

Limitations of the Study

There are a few limitations of this study that should be taken into account when making conclusions based on the results. One of the main limitations is the use of self-reported business data, which can be subjective. Business owners or marketing managers might report higher results than they have achieved, or they might not have precise information about some details of their digital marketing campaign, so their strategy effectiveness might be overestimated. Also, as the study is specifically interested in the current situation of digital marketing in Nepal, the findings may not be transferable to other countries or regions where the market situation, infrastructure, or cultures are varied.

Moreover, the study examines a snapshot of digital marketing practice at a single point in time. This means that the dynamism of digital marketing-especially with the pace of technological advancements-has the potential to introduce changes in trends and practices that were not captured in this study. To cover these gaps, future research can employ a longitudinal study design to track how digital marketing practices evolve and explore how emerging technologies, such as artificial intelligence, machine learning, and augmented reality, impact digital marketing performance. These polls can provide further information on long-term trends and the evolving role of online marketing in business growth.

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The Role of Fintech in Enhancing Financial Inclusion in Emerging Economies

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Abstract

The purpose of this research is to investigate the role of financial technology (Fintech) in promoting financial inclusion in emerging economies, focusing on how innovative digital solutions can address the financial access gap. The study employs a secondary data methodology, drawing insights from scholarly articles, industry reports, and case studies to assess the impact of Fintech services such as mobile banking, digital payments, and online lending platforms. Findings reveal that Fintech has significantly enhanced financial inclusion by providing accessible, affordable, and efficient financial services to previously underserved populations, including rural communities and women. However, the study also identifies challenges, including regulatory constraints, limited technological infrastructure, and socio-economic barriers that hinder the full potential of Fintech. Practical implications include the need for supportive regulatory frameworks, public-private partnerships, and targeted initiatives to overcome these challenges. This research contributes to the existing literature by providing a comprehensive analysis of the transformative role of Fintech in financial inclusion, highlighting its value in driving economic growth and reducing poverty.

Keywords: fintech, financial inclusion, emerging economies, mobile banking, digital payments, regulatory challenges

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Introduction

Financial inclusion, defined as ensuring access to essential financial services for all individuals and businesses, plays a crucial role in economic development, particularly in emerging economies where a significant portion of the population remains unbanked or underbanked (Demirgüç-Kunt et al., 2017; World Bank, 2018). Barriers such as limited banking infrastructure, low financial literacy, and socio-economic constraints not only hinder individual economic potential but also impede broader growth (Beck, Demirgüç-Kunt, & Levine, 2007; Cull et al., 2014). The rise of fintech—integrating technology into financial services like mobile banking, digital payments, and peer-to-peer lending—has transformed this landscape by offering cost-effective, efficient solutions to reach marginalized groups (Arner et al., 2016; Philippon, 2016). In developing contexts, fintech bridges access gaps, fosters inclusive growth, and reduces poverty, as evidenced by its impact on mobile banking usage and

SME financing (Asongu & Odhiambo, 2019; Chen et al., 2019; Ozili, 2018).

Despite fintech's promise, challenges persist in its adoption across emerging economies, including regulatory hurdles, digital divides, and infrastructure limitations (Claessens et al., 2018; Frost, 2020; Gabor & Brooks, 2017). While studies highlight fintech's role in enhancing financial access and stability (Bollaert, Lopez-de-Silanes, & Schwienbacher, 2021; Khera, 2019; Maiti, 2020), gaps remain in understanding its specific mechanisms for underserved populations and policy implications for inclusive growth (Kumar & Mishra, 2020; Mader, 2016). This research addresses these voids by synthesizing evidence on fintech's effectiveness, drawing on global and regional insights to inform strategies that align technology with development goals (King & Levine, 1993; Sahay et al., 2015). Such analysis is timely for policymakers and institutions seeking to leverage fintech amid rapid digital transformation (Loonam, McAfee, & Treacy, 2018).

Research Objective

The primary objective of this study is to examine the role of fintech in promoting financial inclusion in emerging economies, identifying its benefits, adoption barriers, and potential for driving inclusive economic growth.

Literature Review

Existing research underscores fintech's transformative role in advancing financial inclusion, particularly in emerging economies where traditional banking often fails to reach underserved populations. Studies document how fintech innovations—such as mobile banking, digital payments, and online lending—reduce transaction costs, enhance service efficiency, and boost financial literacy among marginalized groups (World Bank, 2018; Ozili, 2018; Khera, 2019). For instance, mobile money services have dramatically expanded access in sub-Saharan Africa, integrating millions into the formal financial system (Asongu

& Odhiambo, 2019). In Asia and Latin America, fintech platforms have facilitated credit access for small businesses, spurring entrepreneurship and growth (Chen et al., 2019; Bollaert et al., 2021).

Recent scholarship further links fintech to financial sustainability and risk management. Kushwaha, Mishra, Katel, and Aithal (2025) highlight measures to detect and prevent bank fraud through technology-driven solutions, emphasizing their role in fostering long-term financial stability and inclusion. Similarly, Celestin and Mishra (2025a) demonstrate how AI-driven financial analytics—often powered by fintech—enhance forecast accuracy, risk management, and decision-making, thereby supporting inclusive growth in corporate finance.

Conceptual studies elucidate the mechanisms driving this impact. Digital technologies lower entry barriers, enabling outreach to remote areas, while supportive policies and regulations create enabling environments for innovation (Arner et al., 2016; Claessens et al., 2018; Philippon, 2016). Overall, the literature highlights fintech's capacity to foster inclusive economic development (Demirgüç-Kunt et al., 2017; Sahay et al., 2015; Maiti, 2020).

Key Theories and Frameworks

Several theories frame the fintech-financial inclusion nexus. The Technology Acceptance Model (TAM) posits that perceived ease of use and usefulness drive adoption of fintech services like mobile banking (Davis, 1989, as applied in Frost, 2020; Loonam et al., 2018). Diffusion of Innovations (DOI) theory explains adoption variations through factors like relative advantage, compatibility, and observability, accounting for regional and demographic differences (Rogers, 2003; Gabor & Brooks, 2017).

The World Bank's Financial Inclusion Framework emphasizes access, usage, and quality as core pillars, with fintech enhancing each, especially access for the unbanked (Cull et al., 2014; World Bank, 2018). Stakeholder Theory

highlights collaborative roles of governments, institutions, and tech providers in scaling fintech for underserved communities (Freeman, 1984; Kumar & Mishra, 2020).

Gaps in the Literature

Despite robust evidence, key gaps persist. Longitudinal studies tracking fintech's sustained impact over time remain scarce, with most research relying on cross-sectional data (Mader, 2016; Maiti, 2020). Limited attention addresses risks like data privacy, cybersecurity, and digital divides, though emerging work on fraud prevention begins to fill this void (Claessens et al., 2018; Frost, 2020; Kushwaha et al., 2025). Cultural and socio-economic influences on adoption are underexplored (Gabor & Brooks, 2017; Kumar & Mishra, 2020).

Moreover, while AI-fintech intersections show promise for analytics and risk management (Celestin & Mishra, 2025a), their application to employee-facing tools like emotional intelligence in finance remains nascent (Mishra et al., 2025). Performance-based budgeting studies indirectly relate through fiscal responsibility but overlook fintech's direct role (Celestin & Mishra, 2025b). Targeted analyses of fintech's effects on women, youth, and rural populations are needed to ensure truly inclusive growth (Beck, Demirgüç-Kunt et al., 2007; King & Levine, 1993).

Methodology

Description of the Research Design Based on Secondary Data

This research employs a descriptive design based on secondary data to examine the role of Fintech in enhancing financial inclusion in emerging economies. The study synthesizes existing literature, including empirical studies, theoretical frameworks, and industry reports, to provide a comprehensive understanding of Fintech's impact. By analyzing secondary data, the research aims to identify patterns, trends, and key factors contributing to financial inclusion through Fintech solutions.

Sources of Data

The data for this study is collected from various secondary sources, including peer-reviewed journals, industry reports, government publications, and case studies of Fintech initiatives in emerging economies. Key sources include academic articles on financial inclusion and Fintech, World Bank and IMF reports, industry analyses from consulting firms, and case studies of successful Fintech companies. These sources provide a rich dataset for examining the relationship between Fintech and financial inclusion across different contexts.

Data Analysis Methods

The data analysis involves a qualitative approach, utilizing thematic analysis to identify recurring themes and insights from the collected literature. The study systematically reviews and categorizes data to highlight the key contributions of Fintech to financial inclusion, challenges encountered, and best practices. Comparative analysis is also employed to assess the differences in Fintech adoption and impact across various emerging economies. This method allows for a nuanced understanding of how Fintech influences financial inclusion in diverse settings.

Results and Discussion

The Role of Fintech in Financial Inclusion

Overview of Fintech Services

Fintech (financial technology) encompasses a wide array of digital services that aim to revolutionize traditional financial systems, improving access, efficiency, and affordability. Some of the core Fintech services driving financial inclusion are mobile banking, digital payments, peer-to-peer (P2P) lending, and crowdfunding, along with innovations in block chain and cryptocurrencies.

Mobile Banking

Mobile banking allows individuals to conduct financial transactions directly through their smartphones, significantly improving access to banking services in both urban and rural settings. This service has enabled millions of unbanked

individuals to access basic banking functions such as money transfers, balance inquiries, bill payments, and savings. Mobile banking is particularly transformative in regions where traditional banking infrastructure is scarce or non-existent, such as rural areas in emerging economies. By reducing the need for physical bank branches, mobile banking lowers transaction costs and provides a convenient, user-friendly solution for underserved populations.

Digital Payments

Digital payments, often facilitated through mobile apps or online platforms, have become one of the most influential components of Fintech. Services such as mobile wallets, digital currencies, and contactless payment systems enable individuals and businesses to make seamless and secure payments, bypassing the need for physical cash. This is especially important in emerging economies where cash-based economies are prevalent, and access to banking services is limited. Digital payments not only provide a more efficient way to manage financial transactions but also enhance security, reduce fraud, and enable financial participation for individuals without bank accounts.

Mobile wallets like Paytm, Google Pay, and M-Pesa in Africa have bridged the gap between consumers and businesses, providing easy-to-use platforms that support payments for goods, services, utilities, and even government transfers. These services are not limited to consumer-to-business transactions but also include consumer-to-consumer transfers, further driving financial inclusion in remote areas. In countries like India and Kenya, where mobile payment systems have become the cornerstone of digital finance, digital payments contribute to increasing economic activity while simultaneously lowering transaction fees.

Peer-to-Peer Lending

Peer-to-peer lending platforms have disrupted traditional lending models by allowing individuals to borrow and lend money directly through digital platforms, often without the need for intermediaries like banks. In emerging economies, where access to

formal credit is limited, P2P lending has proven to be a vital source of capital for individuals and small businesses. By eliminating the high operational costs and stringent requirements of traditional lending, P2P lending platforms enable people who are typically excluded from formal financial systems to access affordable loans.

Platforms like Funding Circle Prosper, and Lending Club have gained traction in many emerging markets by offering lower interest rates compared to banks and providing more flexible lending conditions. These platforms use innovative methods such as credit scoring based on non-traditional data sources (like mobile phone usage and social media activity), making it easier for individuals without formal credit histories to access credit. As a result, P2P lending contributes to the financial inclusion of underserved segments by enabling them to borrow for personal, business, or educational purposes.

Crowdfunding and Microfinance

Crowdfunding platforms allow individuals and businesses to raise capital for their projects from a large number of small investors via online platforms. Crowdfunding democratizes access to capital by enabling entrepreneurs in emerging markets to secure funding without relying on traditional financial institutions. This has been particularly impactful in sectors such as healthcare, education, agriculture, and renewable energy, where traditional financing sources may be unavailable or too costly. Notably, crowdfunding can serve as a means of financial inclusion by providing microloans to people and businesses that lack access to formal banking services.

Block chain and Crypto-currencies

Block chain technology, the foundation for cryptocurrencies like Bitcoin and Ethereum, offers decentralized and secure transaction mechanisms. Although still in its early stages in many emerging economies, block chain has the potential to significantly impact financial inclusion by offering cheaper and faster cross-border payment solutions, ensuring greater transparency in financial

transactions, and eliminating intermediaries. Cryptocurrencies, especially in countries with unstable currencies or high remittance flows, can provide a stable alternative, offering unbanked individuals the opportunity to store and transfer value securely without relying on traditional financial institutions.

Case Studies of Fintech Companies in Emerging Economies

Fintech companies have proven to be pivotal in advancing financial inclusion in emerging economies, with innovative models addressing unique challenges in these regions. Several notable case studies demonstrate the transformative role of fintech in empowering underserved populations.

M-Pesa (Kenya)

One of the most successful Fintech initiatives globally, M-Pesa is a mobile money platform launched in Kenya by Safaricom in 2007. M-Pesa enables users to perform a wide range of financial activities, including money transfers, savings, microloans, and bill payments, all via mobile phones. M-Pesa has revolutionized the financial landscape in Kenya, where nearly 80% of the population is unbanked. It has helped bring over 30 million people into the financial system by offering easy access to financial services without the need for traditional bank accounts. M-Pesa's success has inspired similar initiatives across Africa, Asia, and Latin America, demonstrating how mobile money services can provide financial inclusion at scale in regions with limited banking infrastructure.

Paytm (India)

Paytm, launched in India in 2010 as a digital wallet and mobile payment platform, has played a significant role in India's financial inclusion story. The app allows users to pay for a variety of services, including utilities, shopping, and transportation, all via their mobile phones. In 2016, Paytm capitalized on India's demonetization drive by facilitating the transition from cash to digital payments. Today, Paytm boasts over 350 million registered users, many of whom are from rural or semi-urban areas.

By offering a combination of mobile payments, e-commerce, and financial services (including insurance and lending), Paytm has helped millions of Indians, especially those without access to formal banking services, engage in the digital economy.

Tala (Kenya, Philippines, Mexico)

Tala, a Fintech company operating in Kenya, the Philippines, and Mexico, uses mobile phone data to provide microloans to individuals who may not have traditional credit histories. By leveraging alternative data sources such as mobile phone usage, SMS transactions, and social connections, Tala offers loans to individuals without formal credit scores, making it accessible to populations who would otherwise be excluded from conventional financial systems. Tala's innovative lending model has proven effective in addressing the credit needs of underserved populations, especially in regions with large informal economies.

Oluwaseun (Nigeria)

Oluwaseun, a Nigerian Fintech company, uses blockchain technology to facilitate transparent and affordable remittances for migrant workers sending money back to their families in Nigeria. By bypassing traditional financial institutions, which charge high fees for cross-border transactions, Oluwaseun offers a more affordable and efficient way for Nigerians abroad to send money home. This innovation has the potential to boost financial inclusion by making remittance services more accessible to low-income individuals who rely on these funds for survival.

Impact on Different Demographic Segments

Fintech services have had a profound impact on various demographic segments, addressing the unique needs of underserved communities and fostering more inclusive financial ecosystems. The following sections explore the effects of Fintech on rural populations, urban populations, and women.

Rural Populations

Rural populations in emerging economies often face significant barriers to accessing

traditional financial services due to the lack of banking infrastructure, long distances to bank branches, and limited financial literacy. Fintech services, particularly mobile banking and digital payment platforms, have overcome many of these barriers. Mobile money services like M-Pesa have enabled rural populations to send and receive money, pay bills, access savings accounts, and even receive microloans, all from their mobile phones. This has reduced the need for individuals in remote areas to travel long distances to access financial services, thus lowering transaction costs and making financial services more accessible.

Urban Populations

While urban populations generally have better access to traditional banking services, Fintech has further enhanced the financial landscape by providing faster, more convenient, and cost-effective alternatives to cash-based transactions. Urban dwellers benefit from digital payment platforms, mobile wallets, and access to alternative lending options such as peer-to-peer lending and crowdfunding. Small businesses in urban centers have particularly benefited from these services, as they can more easily access working capital, pay employees, and manage cash flows through digital solutions.

Women and Gender Equality

Women in emerging economies have historically faced significant challenges in accessing financial services due to cultural norms, lack of financial literacy, and limited access to traditional banking. Fintech services have helped bridge this gender gap by empowering women with control over their finances. Mobile money platforms, for example, enable women to send money to family members, save, and access microloans independently. In countries like Kenya and India, women's financial participation has increased due to the accessibility and affordability of digital financial services. Furthermore, Fintech innovations have also contributed to gender equality by providing women with opportunities for entrepreneurship through platforms like crowdfunding, which allows

them to raise capital for businesses in a way that bypasses traditional financial barriers.

In conclusion, Fintech has played a critical role in improving financial inclusion, with significant benefits for rural and urban populations, as well as for women and other marginalized groups. By offering accessible, affordable, and efficient financial services, Fintech is driving economic empowerment and reducing inequality across diverse demographic segments in emerging economies.

Challenges and Barriers

Regulatory Challenges

Regulatory challenges are one of the most significant barriers to the widespread adoption of Fintech in emerging economies. Financial regulations in many of these regions are often outdated or not designed to accommodate the rapid evolution of Fintech innovations. Traditional regulatory frameworks may struggle to keep pace with the innovative business models and technologies introduced by Fintech companies, leading to legal ambiguities and uncertainty.

One of the primary concerns is the lack of clear guidelines for digital financial services, which can deter both local and international Fintech firms from entering these markets. The absence of comprehensive regulations on issues like data privacy, cybersecurity, digital currencies, and cross-border payments can pose risks for both consumers and businesses. Furthermore, stringent regulations can limit the ability of Fintech start-ups to innovate and scale, especially when compliance costs are high and resources are limited.

In some emerging economies, regulatory authorities may also lack the expertise or capacity to monitor and enforce compliance, creating gaps that can lead to financial misconduct or fraud. Additionally, the regulatory landscape often varies significantly across different regions within a single country, making it challenging for Fintech companies to offer uniform services nationwide. Addressing these challenges requires a balanced

approach that protects consumers and ensures financial stability while fostering innovation and inclusivity.

Technological Infrastructure Issues

In many emerging economies, inadequate technological infrastructure poses a significant barrier to the adoption and effectiveness of Fintech solutions. Reliable internet connectivity, essential for accessing digital financial services, remains a challenge in rural and remote areas. Limited broadband penetration, frequent power outages, and poor network coverage can hinder the ability of individuals and businesses to use Fintech platforms efficiently.

Moreover, the affordability of digital devices such as smartphones and computers is another critical issue. Many people in low-income segments cannot afford the technology needed to access mobile banking or digital payment services. Even when they have access to devices, the lack of digital literacy can prevent them from using Fintech services effectively. Additionally, the digital divide between urban and rural areas exacerbates these issues, with rural communities often having fewer resources to invest in technological infrastructure. This gap limits the potential reach of Fintech services, which are predominantly accessed via digital channels. Without adequate infrastructure, the benefits of Fintech in terms of financial inclusion cannot be fully realized.

To overcome these challenges, governments and private sector stakeholders need to invest in building robust digital infrastructure. Public-private partnerships can play a crucial role in expanding internet access, improving network reliability, and making digital devices more affordable. Additionally, initiatives aimed at increasing digital literacy can help more people understand and use Fintech services, thereby enhancing financial inclusion.

Socio-Economic Barriers

Socio-economic barriers also play a critical role in limiting the adoption of Fintech in

emerging economies. One of the primary barriers is financial literacy. Many people in these regions, particularly those in rural areas or from low-income backgrounds, lack the basic financial knowledge needed to understand and trust digital financial services. Misconceptions about the security and reliability of Fintech solutions can lead to reluctance in adopting these technologies.

Cultural and social norms can also impact the uptake of Fintech services. In some societies, there may be a preference for cash-based transactions due to historical mistrust of financial institutions or a lack of confidence in digital platforms. Additionally, gender disparities in access to financial services remain a concern, with women often facing more significant hurdles due to limited financial independence or digital literacy.

Income inequality further exacerbates these barriers, as individuals in lower-income brackets may prioritize immediate financial needs over adopting new financial technologies. Without targeted efforts to address these socio-economic challenges, the benefits of Fintech will be unevenly distributed, potentially widening the gap between different segments of the population. Addressing these barriers requires a multi-faceted approach, including financial education programs, initiatives to build trust in digital services, and policies aimed at reducing gender disparities in financial access. By tackling socio-economic challenges, Fintech can become a more inclusive tool for financial empowerment in emerging economies.

Opportunities and Future Prospects

Emerging Trends in Fintech

The Fintech industry in emerging economies is evolving rapidly, with several key trends shaping its future landscape. One of the most notable trends is the rise of block chain technology and cryptocurrencies, which offer new ways to enhance transparency, reduce transaction costs, and improve the efficiency of cross-border payments. These technologies are particularly promising for unbanked populations, providing them with access to secure and decentralized financial services.

Another significant trend is the growing use of artificial intelligence (AI) and machine learning (ML) in Fintech applications. These technologies enable more personalized financial services, such as credit scoring, fraud detection, and investment advice, making financial products more accessible and tailored to individual needs. The expansion of Fintech into rural areas through mobile technology is also noteworthy, as it bridges the gap between the unbanked and formal financial systems.

Furthermore, the integration of Fintech with other sectors like agriculture, healthcare, and education is creating new opportunities for holistic development. For example, Fintech solutions that offer microloans to farmers or digital payment systems for educational services are becoming increasingly popular, contributing to broader socio-economic development.

Potential for Policy Interventions and Partnerships

Policy interventions and partnerships are crucial for unlocking the full potential of Fintech in enhancing financial inclusion. Governments in emerging economies can play a significant role by creating regulatory frameworks that encourage innovation while ensuring consumer protection and financial stability. For instance, introducing sandbox environments allows Fintech start-ups to test new products in a controlled setting, fostering innovation and reducing entry barriers.

Public-private partnerships (PPPs) can be instrumental in expanding digital infrastructure and financial literacy. Collaborations between Fintech companies, financial institutions, and government bodies can help in building robust ecosystems that support the growth of digital financial services. For example, partnerships aimed at improving broadband access in rural areas or initiatives to promote digital literacy can enhance the reach and effectiveness of Fintech solutions.

International organizations and development agencies can also contribute by providing funding,

technical assistance, and knowledge sharing. These partnerships can help emerging economies adopt best practices and leverage global expertise in Fintech development. Moreover, fostering regional cooperation can facilitate cross-border Fintech services, enhancing financial inclusion on a larger scale.

Future Research Directions

Future research in Fintech should focus on exploring the long-term impacts of Fintech adoption on financial inclusion and socio-economic development. Studies examining the effectiveness of specific Fintech interventions in different demographic contexts can provide valuable insights. Additionally, research on the role of Fintech in addressing systemic issues like gender inequality and income disparities is crucial. Investigating the interplay between regulatory frameworks and Fintech innovation can also help policymakers design more effective regulations. Finally, assessing the environmental impact of Fintech operations and exploring sustainable practices will be increasingly important as the industry grows.

Conclusion

This research highlights the pivotal role of Fintech in enhancing financial inclusion in emerging economies. Key findings indicate that Fintech services such as mobile banking, digital payments, and peer-to-peer lending have significantly reduced barriers to financial access for underserved populations, including rural communities, women, and small businesses. Case studies from various emerging markets demonstrate how Fintech innovations are bridging the gap between the unbanked and formal financial systems, fostering economic empowerment and social inclusion. However, challenges such as regulatory hurdles, technological infrastructure limitations, and socio-economic disparities remain prevalent, requiring concerted efforts from stakeholders to overcome.

Practical Implications

The findings of this study have several practical implications for policymakers, financial

institutions, and Fintech companies. Policymakers need to develop inclusive regulatory frameworks that balance innovation with consumer protection, enabling the sustainable growth of Fintech. Financial institutions should leverage partnerships with Fintech firms to expand their reach and offer more tailored financial products. Fintech companies must focus on developing user-friendly solutions that address the unique needs of diverse

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Effect of Work Life Balance on Job Satisfaction in Nepalese Commercial Banks

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Abstract

This study examines the impact of work–life balance on job satisfaction among employees of Nepalese commercial banks. It focuses on key dimensions of work–life balance, including workplace support, work-to-family interference, family-to-work interference, and working hours, and evaluates their influence on employee satisfaction. The research adopts a descriptive and causal-comparative design, using primary data collected from 288 employees across 10 commercial banks in Nepal through convenience sampling. Correlation and regression analyses were employed to analyze the relationships between work–life balance factors and job satisfaction. The findings reveal that workplace support has a significant and positive effect on job satisfaction, while work-to-family interference, family-to-work interference, and long working hours exhibit strong negative relationships with employee satisfaction. Regression results further confirm that workplace support enhances job satisfaction, whereas interference between work and family roles and extended working hours reduce it. The study contributes to understanding work–life balance dynamics in Nepalese banks and highlights the importance of effective work–life balance policies for improving employee well-being and organizational performance.

Keywords: job satisfaction, workplace support, work-to-family interference, family-to-work interference, working hours

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Introduction

Work-life balance (WLB) has emerged as a critical component of contemporary organizational management, especially within the banking sector, where employees frequently endure extended hours in high-pressure environments. Job-life balance refers to the capacity to prioritize job commitments and personal responsibilities successfully while preserving overall well-being. It entails managing the balance between work commitments and personal life, so that people may remain productive and competitive at work while still enjoying fulfilling lives outside of the workplace. Dessler (2008) asserted that work-life balance enables employees to maintain happiness and health despite occupational constraints and obligations.

When employees attain a well-maintained work-life balance, they find fulfillment not only in their professional positions but also in their personal lives, contributing to higher overall well-being (Byrne,

2005). This equilibrium results in increased job satisfaction, lower stress levels, and an improved sense of mental well-being. From an organizational standpoint, fostering such a balance helps enhance employee retention, reduce absenteeism, and elevate involvement in corporate operations. However, the influence of work-life balance on financial performance is still a subject of continuous discussion. Some studies demonstrate that while family-friendly policies may not directly enhance earnings, they surely contribute to employee satisfaction and well-being (Jones, George & Hill, 2000). Ultimately, establishing work-life balance becomes a strategic decision that benefits both employees and enterprises by boosting productivity and creating deeper professional dedication. Job happiness, intrinsically linked to the workplace environment, significantly influences organizational behavior. It comprises employees' views about their occupations, impacted by elements such as salaries, supervision, job security, and work relationships (Stone, 2005). Furthermore, workplace satisfaction is closely related to incentives, employment stability, working hours, and the general work environment. Employees that dedicate considerable hours to their jobs often find it increasingly difficult to achieve a work-life balance, resulting in stress, job discontent, and diminished motivation. To mitigate this, firms must adopt policies that actively promote work-life balance to keep people content and motivated to their work (Rapoport et al., 2002).

The equilibrium between work and personal life is ever more difficult to maintain, resulting in stress, job discontent, and diminished motivation. To address this, firms must implement policies that actively foster work-life balance to maintain employee satisfaction and commitment (Rapoport et al., 2002). This difficulty is especially pronounced in the Nepalese banking sector, which has experienced rapid expansion and increased competitiveness in recent years, leading to extended work hours and escalated workloads for staff. Nepal's commercial banks provide a range of financial services, including government payroll processing, bond issuing, and loan distribution,

necessitating personnel to handle escalating needs. The impetus to broaden banking services frequently results in coerced transfers, prolonged working hours, and restricted leave options, so obstructing employees' capacity to successfully balance their professional and personal lives. A disruption in this balance results in work discontent and increased stress among banking professionals. Global studies have examined the correlation between work-life balance and job satisfaction within the banking sector, highlighting its importance. A Dikaram and Jayatilake (2016) showed that work-life balance is crucial for improving employee job satisfaction at Sri Lanka's private sector banks. Fayyazi and Aslani (2015) established a favorable association between work-life balance and job satisfaction, whereas Arunika and Kottawatta (2015) determined that work stress and excessive workloads adversely affect job satisfaction. Subsequent research by Weerasooriyaarachchi (2016) and Rahman (2019) underscored the significant impact of work-life balance on job satisfaction, particularly within the banking sector. Malik (2020) observed that family-work conflicts and work-family conflicts affect job satisfaction in distinct ways, with work-related conflicts exerting a more pronounced influence.

Research Objective

This study aims to examine the influence of work-life balance—encompassing workplace support, the interaction between professional and familial responsibilities, and working hours—on job satisfaction and employee well-being among commercial bank employees in the Kathmandu Valley, Nepal, within the nation's unique socio-economic and cultural context, to inform enhanced workplace policies.

Literature Review

The theoretical foundation of this study draws on several classic and contemporary perspectives on the relationship between work and personal life. Structural Functionalism, which emerged in the early 20th century, conceptualized human life as divided into two fundamental domains: the work domain, oriented toward economic contribution and production, and the personal domain, centered

on family and social relations. Early formulations emphasized a clear separation between these spheres. However, as industrialization progressed and social roles evolved, particularly after World War II, scholars began to challenge this rigid distinction. Critics argued that social factors such as gender roles and economic pressures shape the interaction between work and personal life, paving the way for more nuanced theories that recognize the interdependence of these domains (Demerath, 1966).

Building on these debates, Segmentation Theory, advanced by Blood and Wolfe (1960), posits that work and personal life are distinct and relatively independent domains. According to this view, satisfaction or dissatisfaction in one domain does not necessarily affect the other. Initially applied to manual workers, the theory assumed that individuals could effectively compartmentalize work and non-work experiences. However, this perspective has been criticized for overlooking the complexity of modern work arrangements, in which professional and personal roles are increasingly interwoven. Such critiques stimulated the development of alternative frameworks that explicitly acknowledge intersections between work and personal life (Lavassani, Movahedi, & Mohavedi, 2014).

Compensation Theory, articulated by Piotrkowski (1979) and later elaborated by Lambert (1990), addresses some of these limitations by proposing a more dynamic view of cross-domain relationships. It suggests that individuals compensate for dissatisfaction in one domain by seeking fulfillment in another. Thus, employees experiencing strain or dissatisfaction at work may attempt to derive greater satisfaction from their family or social life, and vice versa. Compensation may be complementary, where positive experiences in one domain buffer negative experiences in the other, or reactive, where individuals actively enhance one domain to counterbalance adversity in the other. This theory underscores the interdependent nature of work and personal life and highlights their joint implications for overall well-being and job satisfaction (Clark, 2000; Lambert, 1990).

Work Enrichment Theory, introduced by Greenhaus and Powell (2006), provides a more optimistic perspective on work–life interactions. It posits that experiences, skills, and positive affect gained in one domain can enrich outcomes in the other. Favorable work experiences, such as supportive supervision or meaningful tasks, can enhance personal life, while positive experiences at home can improve attitudes and performance at work (Morris & Madsen, 2007). The theory assumes a reciprocal and mutually reinforcing relationship, further challenging earlier notions of strict separation between professional and personal roles.

Spillover Theory is another influential framework explaining how emotions, attitudes, and behaviors transfer between work and home. Positive spillover occurs when satisfaction or success in one sphere enhances well-being in the other, whereas negative spillover arises when stressors or conflicts in one domain adversely affect the other. This perspective emphasizes that boundaries between work and non-work are permeable rather than fixed. Edwards and Rothbard (2000) and Repetti (1987) identified mechanisms such as affective spillover, behavioral carryover, and cognitive preoccupation to explain how experiences cross domain boundaries.

Empirical research across different countries and sectors has consistently shown that work–life balance is an important determinant of job satisfaction. In the banking sector of Kenya, Mukururi and Ngari (2014) examined the relationship between work–life balance policies and job satisfaction among employees in commercial banks in Nairobi. Their findings revealed a positive association between work–life initiatives—such as flexible work arrangements and leave provisions—and employee job satisfaction, highlighting the importance of supportive policies in improving employee outcomes.

Similarly, Fayyazi and Aslani (2015) investigated work–life balance, job satisfaction, and turnover intentions in an Iranian industrial organization. Their results indicated that better

work–life balance significantly increased job satisfaction while reducing turnover intentions, underscoring the role of work–life balance in employee retention. The study also emphasized the importance of continuance commitment as a moderating factor in the relationship between work–life balance and turnover intention.

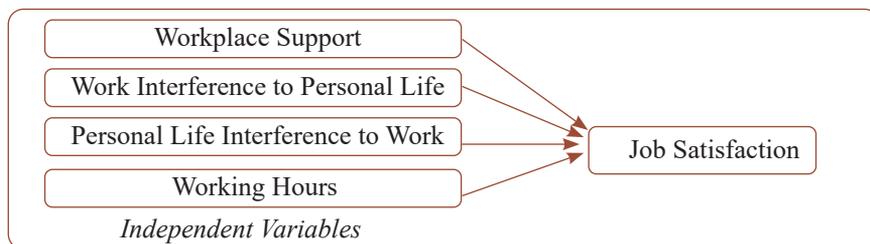
In Sri Lanka, Arunika and Kottawatta (2015) explored the public banking sector and reported a negative association between work-to-family interference, work stress, and job satisfaction, indicating that poor work–life balance adversely affects employees’ attitudes. In contrast, Weerasooriyaarachchi (2016), in a study of the private banking sector in Sri Lanka, found that work–life balance had a significant impact on job satisfaction, suggesting that bank management should prioritize work–life initiatives to enhance employee well-being.

In the Nepalese context, Manandhar (2016) demonstrated that work–life balance policies—particularly flexible working arrangements and leave facilities—positively influenced job satisfaction and performance among employees in commercial banks. Beyond banking, Mutheu et al. (2017) showed that work–life balance strategies, including flexible working hours and fringe benefits, significantly improved job satisfaction in the Kenya Wildlife Service, reinforcing the cross-sector relevance of these practices.

Other studies in Nepal have further highlighted the broader implications of job satisfaction within the changing governance and institutional context.

Figure 1

Conceptual Framework



Note. Arunika and Kottawatta (2015); Ganapathi (2016); Rahman (2019); Irma et al.(2020)

For instance, Dahal et al. (2021) examined job satisfaction in the federal structure of Nepal using a case study of Bhojpur, while Bhatta, Shrestha, and Mishra (2018) assessed job satisfaction among civil engineers in the building sector. These studies collectively suggest that institutional arrangements, work conditions, and organizational policies have important bearings on employees’ satisfaction and performance in Nepal.

Taken together, the theoretical and empirical literature indicates that the relationship between work–life balance and job satisfaction is multifaceted and context dependent. Theories such as Structural Functionalism, Segmentation, Compensation, Work Enrichment, and Spillover provide complementary lenses for understanding how work and personal life interact. Empirical findings from Kenya, Sri Lanka, Iran, Nepal, and other settings consistently show that supportive work–life balance policies and practices enhance job satisfaction and, in many cases, reduce turnover intentions and improve performance. These insights underscore the need for organizations—particularly in sectors with high job demands, such as banking—to design and implement comprehensive work–life balance strategies that are sensitive to socio-cultural and institutional contexts. Research framework and definition of the variables

Based on the theoretical and empirical literature reviewed, the researcher has developed the following research framework for the study. The independent variables, which influence the dependent variable, job satisfaction, are outlined as follows:

Job Satisfaction

Job satisfaction denotes the extent of contentment and fulfillment that an employee derives from their work, profoundly impacting their attitude and performance. Arunika and Kottawatta (2015) propose that job satisfaction includes employees' contentment with multiple facets of their employment, including the work environment, remuneration, and prospects for career advancement. Content personnel are more inclined to demonstrate enhanced performance and maintain loyalty to their firm. Moreover, Irma et al. (2020) contend that work-life balance is closely linked to job satisfaction, as employees who perceive a favorable equilibrium between their professional and personal lives exhibit greater job satisfaction. Consequently, job satisfaction reflects an employee's total well-being and job performance, shaped by several organizational and personal aspects.

Workplace Support (WPS)

Workplace support denotes employees' opinions of the assistance and resources offered by their organization to facilitate the equilibrium between professional and personal life (Mishra, A. K., & Bhattarai, T. P. (2025). Forsyth and Polzer (2007) assert that robust employer endorsement of work-life balance (WLB) correlates favorably with enhanced job satisfaction and performance. Yahya and Ying (2014) underscore the significance of workplace support in influencing work-life balance and job satisfaction. Research conducted by Ganapathi (2016) and Rahman (2019) substantiates the notion that workplace assistance significantly enhances job satisfaction, especially among women in the banking sector. Consequently, the research posits that:

HJ: Workplace support (WPS) has a positive effect on job satisfaction.

Work-to-Family Interference (WFI)

Work-to-family interference (WFI) transpires when occupational obligations disrupt personal or familial life, frequently resulting in stress and discontent. Googins (1991) emphasizes that the

escalating demands of work have intensified conflicts between professional and familial obligations. Although WFI has historically been more prevalent among male employees, it is now progressively impacting female employees as well. Kottawatta (2015) discovered that work-family interference adversely affects job satisfaction, as employees find it challenging to reconcile work and family obligations. Consequently, the research claims that:

H2: Work-to-family interference (WFI) negatively affects job satisfaction.

Family-to-Work Interference (FWI)

Family-to-work interference (FWI) occurs when familial responsibilities hinder employees' capacity to function well in their professional roles. Responsibilities related to childcare and eldercare contribute to this interference. Frone (2003) posits that FWI is a bi-directional construct, wherein family and work commitments mutually interfere with one another. Research conducted by Arunika and Kottawatta (2015) and Malik (2020) demonstrates that family-work interference adversely impacts job satisfaction, as employees find it challenging to fulfill the requirements of both their professional and familial responsibilities. Therefore, the research posits that:

H3: Family-to-work interference (FWI) negatively affects job satisfaction.

Working Hours (WH)

Working hours denote the duration employees dedicate to work-related activities, which can influence the time accessible for personal and familial obligations. Irma et al. (2020) discovered that prolonged working hours adversely impact job satisfaction, as employees have a sense of being overwhelmed by the responsibilities of their professional and personal lives. Hafeez and Akbar (2015) assert that extended working hours may diminish job satisfaction by constraining personal time. Consequently, the research claims that:

H4: Working hours (WH) negatively affect job satisfaction.

Methodology

The main things this study looks into are work-life balance (WLB) and job satisfaction in Nepalese commercial banks using descriptive

and causal-comparative research methods. The descriptive study design is employed to examine the status of various work-life balance aspects and their possible influence on job satisfaction among employees at these banks. This design seeks to detect and elucidate the impact of work-life balance on job satisfaction. The causal-comparative design is utilized to investigate the cause-and-effect relationship between work-life balance factors and job satisfaction, thereby elucidating the influence of specific elements-such as workplace support, work-to-family interference, family-to-work interference, and working hours-on employees' job satisfaction.

To guarantee that the findings are representative, the population for this study comprises personnel working in 21 commercial banks across Nepal, which include three government-owned banks, six joint venture banks, and twelve domestic private banks. The sample was acquired by a quota sampling method, guaranteeing an equitable representation of staff from each category of bank. Approximately 45% of the entire population from these banks was

selected as the sample, with respondents chosen from various places within the Kathmandu Valley. Questionnaires were manually disseminated across several bank locations, where participants were solicited upon entering the banking hall, and those who consented to participate were requested to complete the survey.

In determining the appropriate sample size, Cochran's (1977) formula was applied, a method well-suited when the population size is unknown. The formula for sample size calculation is as follows.

$$n = \frac{z^2 p(1-p)}{e^2}$$

n= sample size,
Z=1.96

From the normal area table, if there is population infinite then put the value of $p=0.5$, and $e=$ error which is 5 percent so the value of e is 0.05.

$$n = \frac{196^2 \times 0.50(1-0.50)}{0.05^2}$$

After applying the formula, the required sample size was approximately 384 respondents. To ensure adequate responses, 500 questionnaires were distributed across 10 banks (50 per bank). A total of 288 valid responses were obtained and used for this study, as summarized in the following table.

Table 1

Name of Commercial Banks Along With the Number of Respondents

S.N.	Name of Banks	Questionnaire Distributed	Valid Responses
1	Nepal Bank Limited	50	38
2	NMB Bank Limited	50	26
3	Standard Chartered Bank Nepal	50	24
4	Nabil Bank Limited	50	48
5	Global IME Bank Limited	50	30
6	Citizens Bank International Limited	50	20
7	Laxmi Sunrise Bank Limited	50	26
8	Machhapuchchhre Bank Limited	50	22
9	Kumari Bank Limited	50	36
10	Prabhu Bank Limited	50	18
	Total	500	288

In terms of data collection, this study primarily utilizes primary data gathered directly from employees to assess their perceptions of work-life balance and its impact on job satisfaction. A structured questionnaire, employing a 5-point Likert scale, was distributed to employees of the selected banks to capture the various aspects of work-life balance, including workplace support, work-to-family interference, family-to-work interference, and working hours, and to examine how these factors influence job satisfaction. To

ensure the reliability and consistency of the data, a reliability test was conducted using Cronbach's Alpha method. This test measures the internal consistency of the data and verifies whether the items in the questionnaire reliably and consistently measure the intended concepts. According to Sekaran and Bougie (2016), values of Cronbach's Alpha between 0.70 and 0.80 are considered good, between 0.60 and 0.70 are fair, and values below 0.60 indicate poor reliability.

Table 2

Reliability Analysis

Components	No. oftems	Cronbach's Alpha
Workplace Support (WPS)	3	0.716
Work to Family Interference (WFI)	3	0.665
Family to Work Interference (FWI)	3	0.674
Working Hours (WH)	3	0.640
Job Satisfaction (JS)	3	0.653
Total	15	0.670

The results indicate that all components have Cronbach's Alpha values above 0.60, which is acceptable for reliability. Thus, the data is deemed reliable and consistent, enhancing confidence in the study's findings.

Following data collection, the analysis was conducted using a range of statistical tools, including mean, standard deviation, variance, ANOVA, correlation coefficient, and coefficient of determination, to evaluate the relationships between work-life balance factors and job satisfaction. A regression analysis was then carried out to determine the strength and direction of the relationship between the independent variables (workplace support, work-to-family interference, family-to-work interference, and working hours) and the dependent variable (job satisfaction). The regression model used in this study is as follows:

$$JS = P_0 + P_1 WPS + P_2 WFI + P_3 FWI + P_4 WH + E$$

Where,

JS= Job Satisfaction

WPS= Workplace Support

WFI= Work to family interference

FWI= Family to work interference

WH= Working Hour

P₀= The intercept (constant)

P₁, P₂, P₃, P₄ = Coefficient of variables

E = Error term.

Results and Discussion

This study provides a summary of the demographic analysis of the primary data collected through questionnaires, focusing on key characteristics such as gender, age, education, income, and work tenure. The demographic profile of the respondents offers valuable insights into the composition of the workforce in Nepalese commercial banks.

Table 3*Gender Specification*

Options	No. of Respondents	Response (percent)
Male	206	71.53
Female	82	28.47
Others	0	0
Total	288	100

Note. Opinion Survey, 2024

The majority of respondents (71.53%) were male, with a smaller percentage (28.47%) female. No responses were received from other genders.

This suggests that male participants are more likely to express job satisfaction in Nepalese commercial banks.

Table 4*Age Description of Respondents*

Options	No. of Respondents	Response (Percent)
Up to 29	95	32.99
30-39	168	58.33
40 and above	25	8.68
Total	288	100

Note. Opinion Survey, 2024

The majority of respondents (58.33%) were aged between 30-39, followed by those up to 29 (32.99%). Only 8.68% were aged 40 and above,

indicating a predominantly younger workforce in Nepalese commercial banks.

Table 5*Education Level of the Respondents*

Options	No. of Respondents	Response (percent)
Up to Bachelor's	171	59.37
Master's/PHD	117	40.63
Total	288	100

Note. Opinion Survey, 2024

Most respondents (59.37%) held a bachelor's degree, while 40.63% had a master's or PhD. This indicates a highly educated respondent pool,

capable of understanding and answering survey questions accurately.

Table 6*Work Tenure of Respondents*

Options	No. of Respondents	Response (percent)
0-2 years	124	43.05
3-6 years	95	32.99
More than 6 years	69	23.96
Total	288	100

Note. Opinion Survey, 2024

Most respondents (43.05%) reported 0–2 years of work experience, followed by 32.99% with 3–6 years and 23.96% with more than six years of experience. This distribution indicates a moderately experienced workforce in Nepalese commercial banks, reflecting a balanced mix of newly recruited employees and experienced staff who contribute practical knowledge, stability, and professional expertise to banking operations.

Table 7*Summary of Variables*

Study Variables	Mean	Std. Deviation	Evaluation of Mean Score
Workplace Support	3.5718	1.00495	High
Work to Family Interference	2.5486	.98260	Moderate
Family to Work Interference	2.4120	.87286	Low
Working Hours	2.6447	1.03065	Moderate
Job Satisfaction	3.4780	.94583	High

Note. Internal data analysis, survey, 2024

Table 7 reveals that workplace support had the highest mean ($M = 3.5718$, $Std. = 1.00495$), suggesting most respondents strongly agreed that their workplace offers adequate support. Employees felt significant backing from managers and supervisors, as well as sufficient technological support. However, fewer employees felt their family and personal commitments were supported. The mean score for work-to-family interference was 2.5486 ($Std. = 0.98260$), indicating moderate agreement that work demands interfere with family responsibilities. Employees experienced

Descriptive Analysis

To examine work–life balance and job satisfaction in Nepalese commercial banks, the mean and standard deviation of each dimension were analyzed. Following Creswell (2012), mean values were categorized as very high, high, moderate, low, and very low. Based on these guidelines, the researcher evaluated and interpreted the mean scores of each study variable.

some difficulty balancing work and personal life. For family-to-work interference, the mean score was 2.4120 ($Std. = 0.87286$), indicating that most respondents disagreed with the idea that family demands significantly impacted work activities. They preferred to delay work tasks due to personal obligations. The mean score for working hours was 2.6447 ($Std. = 1.03065$), suggesting moderate agreement that working hours affect job satisfaction. Employees felt that work often took precedence over family priorities. The job satisfaction mean score was 3.4780 ($Std. = 0.94583$), indicating that

most respondents felt successful in balancing work and home life, contributing to their high satisfaction. Workplace support and working hours were considered key factors influencing job satisfaction.

Correlations analysis

Correlation analysis was conducted to examine the impact of work-life balance on job satisfaction

among employees in Nepalese commercial banks. The analysis aimed to identify the relationship between the dependent variable (job satisfaction) and independent variables (work-life balance components). The correlation coefficients were calculated using the SPSS package. The results revealed significant associations between work-life balance and job satisfaction.

Table 8

Pearson Correlation Coefficients of Study Variables

variables	WPS	WFI	FWI	WH	JS
Workplace Support (WPS)					
Work to Family Interference (WFI)	-.609**	1			
Family to Work Interference (FWI)	(0.001)	.625**	1		
	-.593**				
Working Hours (WH)	(0.001)	(0.001)			
	-.451**	.450**	.512**	1	
	(0.001)	(0.001)	(0.001)		
Job Satisfaction (JS)	.725**	-.674**	-.673**	-.576**	1
	(0.001)	(0.001)	(0.001)	(0.001)	

Note. **. Correlation is significant at the 0.01 level (2-tailed). Source: Internal data analysis, survey, 2024

The analysis shows a strong positive correlation between workplace support and job satisfaction (0.725, $p < 0.001$), and significant negative correlations between work-family interference, family-work interference, and working hours with job satisfaction (-0.674, -0.673, -0.576, respectively, $p < 0.001$).

Regression analysis

The analysis utilizes various techniques to model the relationship between the dependent variable (job satisfaction in Nepalese commercial banks) and independent variables (workplace support, work-to-family interference, family-to-workinterference, and working hours).

Table 9

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.s24a	.679	.674	.53974

Note. a. Predictors: (Constant), WH, WFI, WPS, FWI

The model indicates that 67.90% of job satisfaction variability is explained by the independent variables, with the remaining 32.10%

unexplained, suggesting other factors not included in the model. The model fits the data linearly.

Table 10*Analysis of Variance (ANOVA)*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	174.307	4	43.577	149.586	0.001
	Residual	82.442	283	.291		
	Total	256.750	287			

NOte. (a) Dependent Variable: JS, (b) Predictors: (Constant), WH, WFI, WPS, FWI, Internal data analysis

ANOVA analysis (F-value) identifies the most influential combination of predictor variables affecting the dependent variable. The results show a significant impact on job satisfaction, with an F-value of 149.586 ($p = 0.001 < 0.05$) for

workplace support, work-to-family interference, family-to-work interference, and working hours. This indicates a strong relationship between job satisfaction and the independent variables.

Table 11*Regression Coefficient of Independent Variables on Job Satisfaction*

Variables	Coefficients	t-statistics	p-value	Collinearity	Statistics
				Tolerance	VIF
(Constant)	3.802	14.233	0.001		
WPS	.352	8.181	0.001	.542	1.844
WFI	-.219	-4.839	0.001	.514	1.947
FWI	-.224	-4.336	0.001	.498	2.008
WH	-.183	-4.925	0.001	.693	1.442

Note. (a) Dependent variable: Job satisfaction

Table 11 shows the regression coefficients for independent variables-workplace support, work-to-family interference, family-to-work interference, and working hours-along with the intercept value for job satisfaction. The regression coefficient for workplace support is 0.352, indicating that a one-unit increase in workplace support leads to a 0.352 unit increase in employee job satisfaction. With a p-value of 0.001, this result is statistically significant at the 5% level, suggesting a positive effect. For work-to-family interference, the coefficient is -0.219, meaning that a one-unit

increase in work-to-family interference results in a 0.219 unit decrease in job satisfaction, with a p-value of 0.001, indicating statistical significance. Similarly, the coefficient for family-to-work interference is -0.224, meaning an increase in family-to-work interference leads to a decrease in job satisfaction by 0.224 units, also statistically significant at the 5% level. Finally, the coefficient for working hours is -0.183, indicating that an increase in working hours by one unit decreases job satisfaction by 0.183 units, with a p-value of 0.001, showing a significant negative impact.

Table 12*Summary of Hypothesis Testing*

Hypothesis	Standard Coeff (β)	t-Value	p-Value	Result
H1: There is a significant effect of workplace support on job satisfaction	3.802	14.233	0.001	Accepted

Hypothesis	Standard Coeff (β)	t-Value	p-Value	Result
H2: There is a significant effect of work-to-family interference on job satisfaction	0.352	8.181	0.001	Accepted
H3: There is a significant effect of family-to-work interference on job satisfaction	-0.219	-4.839	0.001	Accepted
H4: There is a significant effect of working hours on job satisfaction in Nepalese commercial banks	-0.224	-4.336	0.001	Accepted

Note. All p-values indicate significance at $p < 0.01$, Internal data analysis, survey, 2024

ANOVA analysis (F-value) identifies the most influential combination of predictor variables affecting the dependent variable. The results show a significant impact on job satisfaction, with an F-value of 49.586 ($p = 0.001 < 0.05$) for workplace support, work-to-family interference, family-to-work interference, and working hours. This indicates a strong relationship between job satisfaction and the independent variables.

This study examined the effect of work-life balance on job satisfaction among employees in Nepalese commercial banks, focusing on workplace support, work-to-family interference, family-to-work interference, and working hours. The findings reveal significant relationships consistent with prior research.

Data analysis showed a strong positive correlation between workplace support and job satisfaction, substantiating Rahman (2019) and Dharmawansa and Madhuwanthi (2020), who reported similar beneficial effects of workplace assistance. Conversely, a significant negative association emerged between work-to-family interference and job satisfaction, aligning with Arunika and Kottawatta (2015). Family-to-work interference also exhibited a notable negative correlation with job satisfaction, corroborating Arunika and Kottawatta (2015). Additionally, extended working hours demonstrated a negative link with job satisfaction, supporting Irma et al. (2020).

Regression analysis further confirmed these patterns. The strong positive effect of

workplace support on job satisfaction corresponds with Ganapathi (2016), Rahman (2019), and Dharmawansa and Madhuwanthi (2020). Work-family conflict negatively impacted job satisfaction, consistent with Arunika and Kottawatta (2015) and Malik (2020) in the banking sector. Family-to-work interference showed a substantial adverse effect, reinforcing Arunika and Kottawatta (2015) and Malik (2020). The inverse relationship between working hours and job satisfaction aligns with Irma et al. (2020).

Conclusion

Results of the research confirm robust correlations: workplace support enhances job satisfaction, while work-to-family interference, family-to-work interference, and prolonged hours diminish it. The findings align with existing literature and highlight the critical role of work-life balance in the Nepalese banking context.

This study underscores the pivotal role of workplace support in boosting job satisfaction while revealing the harmful effects of work-to-family interference, family-to-work interference, and extended working hours among employees in Nepalese commercial banks. Human resources departments and managers can leverage these insights to develop effective policies, such as flexible arrangements and organizational support, fostering greater employee well-being.

The research offers practical implications for banking stakeholders and serves as a foundation for future studies on work-life dynamics in high-demand sectors.

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