

**FACTORS AFFECTING EMPLOYEE PERFORMANCE OF
INSURANCE COMPANIES**

A Dissertation submitted to the Office of the Dean, Faculty of Management in
partial fulfillment of the requirements for the Master's Degree

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Factors Affecting Employee Performance of Insurance Companies** " The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

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REPORT OF RESEARCH COMMITTEE

Ms. Nilam Khadgi has defended research proposal entitled "**Factors Affecting Employee Performance of Insurance Companies**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Joginder Goet submit the thesis for evaluation and viva-voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled "**Factors Affecting Employee Performance of Insurance Companies**" Presented by Nilam Khadgi Candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Table of Contents

Certification of Authorship.....	ii
Report of Research Committee.....	iii
Approval Sheet.....	iv
Acknowledgements.....	v
List of Tables	vi
List of figures	ix
Abbreviations.....	x
Abstract.....	xi
CHAPTER I INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Problem Statement	5
1.3 Objective of the study	6
1.4 Research Hypothesis.....	7
1.5 Rationale of the study	7
1.6 Limitations of the Study.....	8
CHAPTER II LITERATURE REVIEW	11
2.1 Conceptual Review	12
2.1.1 Concept of Performance of Employee of Insurance Company	15
2.1.2 Factors Affecting Performance of Employee	17
2.1.3 Performance of Employee of Insurance Companies of Nepal and Factors Affecting It	20
2.2 Theoretical Review	21
2.3 Empirical Review.....	23
2.4 Research Gap	36

CHAPTER III RESEARCH METHODOLOGY	38
3.1 Research Design.....	38
3.2 Population and Sampling	38
3.3 Nature and Sources of Data Collection.....	39
3.4 Methods of Analysis	40
3.5 Research framework and definition of variables	41
CHAPTER IV RESULT AND DISCUSSION.....	43
4.1 Demographic Statistics	43
4.2 Descriptive Statistics.....	46
4.3 Correlation Analysis	52
4.4 Regression Analysis.....	54
4.5 Discussion.....	56
CHAPTER V SUMMARY, CONCLUSION AND IMPLICATIONS	59
5.1 Summary.....	59
5.2 Conclusion	60
5.3 Implications.....	61
References	
Appendix	

List of Tables

Table 1: Review Table	31
Table 2: Gender classification	43
Table 3: Age classification	44
Table 4: Marital status classification	45
Table 5: Education qualification classification	45
Table 6: Years at service classification	46
Table 7: Descriptive statistics of Monetary Incentives	47
Table 8: Descriptive Statistics of Job Training	48
Table 9: Descriptive statistics of Job Enrichment	49
Table 10: Descriptive statistics of Employee performance	50
Table 11: Descriptive statistics of overall response	51
Table 12 Correlation Matrix	53
Table 13: Model Summary	54
Table 14 ANOVA	55
Table 15: Coefficient	55

List of Figure

Figure 1 Conceptual Framework	41
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Abbreviations

ANOVA - Analysis of Variance

HR - Human Resources

JE - Job Enrichment

JT - Job Training

MBS - Masters of Business Studies

MI - Monetary Incentives

Ph.D. - Doctor of Philosophy

ROI - Return on Investment

SD - Standard Deviation

SPSS - Statistical Package for Social Sciences

Abstract

This study explores the dynamic factors influencing employee performance within the insurance sector in Nepal, with a specific focus on identifying the roles of monetary incentives, job training, and job enrichment. Amidst the challenges posed by evolving market demands and a complex regulatory environment, the ability of insurance companies to maintain a motivated workforce is critical. Through a mixed-methods approach combining quantitative data analysis and qualitative interviews, this research evaluates how different motivational factors correlate with enhanced employee performance.

The research utilizes a sample of 400 employees from various insurance companies in Kathmandu, employing statistical tools like SPSS for data analysis. The findings reveal that job enrichment and training significantly impact employee performance more profoundly than monetary incentives. This insight suggests that while financial rewards are essential, they are not as effective as job-related enhancements and skill development in fostering long-term employee productivity and satisfaction.

These results underscore the necessity for insurance companies to adopt more holistic human resource strategies that balance financial rewards with opportunities for professional growth and job satisfaction. By focusing on comprehensive training and job enrichment programs, companies can enhance their organizational effectiveness and adapt more rapidly to industry changes.

Keywords: *Employee Performance, Insurance Sector, Monetary Incentives, Job Training, Job Enrichment, Nepal.*

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Motivation is one of the most important factors affecting human behaviour. Motivation affects other cognitive factors like perception, learning, and organizational setting. This is the reason why managers should attach great importance to motivation in an organization (Prasad, 2005). Motivation is one of the most important tools for retaining employees and increasing productivity not only in insurance companies but all the companies. Organizations design motivation system to encourage employees to perform in most effective way and attracts potentials candidate. One of many ways to motivate employees is to give rewards and incentives for good performance (Stein, 2021).

It is commonly agreed that there are two types of motivation, namely extrinsic and intrinsic. Intrinsic motivation is the behaviour that an individual produce because of the pleasant experiences associated with the behaviour itself (Mosley et al., 2014). They stem from motivation that is characteristic of the job itself. Examples are receiving positive recognition, appreciation, a sense of achievement and meeting the challenge. According to Ludwig et al. (2014), intrinsic rewards accrue from performing the task itself and may include the satisfaction of accomplishment or a sense of influence. Mosley et al. (2014) describe extrinsic motivation as the behaviour performed, not for its own sake but for the consequences associated with it. Examples include salary, benefits and working conditions. Extrinsic rewards come from the organization as money, perquisites or promotions from supervisors and co-workers as recognition (Ludwig et al., 2014). Employees are motivated by a combination of both factors at any given point in time.

The responsibility for motivation is three-fold: it falls on the senior leadership, the direct manager and the employee (Bhuvanaiah, 2015). Numerous factors are involved, from trust, engagement and values (individual and organizational) to job satisfaction, achievement, acknowledgement and rewards. Motivation is essential for working autonomously, as well as for collaboration and effective teamwork (Lencho, 2020). Motivating employees for better

performance encompasses these critical factors: employee engagement, organizational vision and values, management acknowledgement and appreciation of work well done, and overall authenticity of leadership (Larralde, 2022).

Employee turnover is a universal problem that all organizations around the world face (Lencho, 2020). One of the factors that contribute to high employee turnover is demotivation (Mosley et al., 2014). There is a growing consensus among managers and leaders about the significance of combining effective motivation incentives to encourage good performance (Ochola, 2018). In order for organizations to meet their objectives, they must have a workforce that is motivated and works towards achieving the said objectives (Workforce Development Strategies in the Future of Work, n.d.).

Motivating employees is a challenge, and keeping employees motivated is an even greater challenge (Asif, 2021). Today, organizations are under intense pressure to identify and implement programs that will prove effective in improving employee productivity (Government Transformations in Times of Extraordinary Change: Key Considerations for Public-sector Leaders, 2021). It is no longer enough to increase salaries and expect increased performance; it is more complex than that (Kropp, 2023).

Employee motivation affects productivity, and a poorly motivated labour force will be costly to the organization in terms of lower productivity and performance, excessive staff turnover, increased expenses, frequent absenteeism and a negative effect on the morale of colleagues (Okine et al., 2021). It is a well-known fact that the success of an organization largely depends on the quality of its human resource, irrespective of the industry within which it operates. It is with this in mind that leaders and managers must strive to ensure that their workforce is motivated and, therefore, productive.

This study is related to the insurance company sector and to find out the impact of different factors, including financial motivations, personal characteristics, high salary plan, supervision and job design, on employee motivation, specifically in the insurance company sector in Nepal.

These variables affect the motivation at what extent or level. Motivation also has great importance in organizational performance (Lee & Raschke, 2016). These factors determine the motivational impact on employees. This study also checks how these variables affect the motivation either positively or negatively.

It was evident that the employees' priority was to have satisfying wages as they first sought to satisfy their physiological/basic needs, after which they went for non-monetary motivations. Therefore, from this research, we realize that non-monetary incentives are only effective when money is not an issue, that is, only if employees are satisfied with their salaries (Imbahale, 2016).

Therefore, motivation needs differ from one organization to another and from region to another depending on so many factors such as the country of operation, the inflation rate, age, preferences, and education level, among other factors. Lindner (1998) recommended that companies should also consider the following factors in motivating the employees; tailored motivation systems that cover cash and non-cash compensation, job enlargement and enrichment, job promotions, and internal and external stipends. For motivation to be effective, managers need to understand what motivates employees and match them to the roles they perform, and this can clearly be done by linking employee incentives to their levels in the organization so that their needs are clearly represented.

Nowadays, an organization's achievement depends on employees' performance. The performances of employees play an important role in the customer's perception of the company. So, it is most important for a company to find out what factors that influence employees' performance. According to Hafiza et al. (2011), the way to monitor employee performance is through Performance Appraisal. By performance appraisal, the employer can monitor the quality of performance of an employee. Monitoring performance can be conducted by using a broader performance management system that links organization objectives, day-by-day performance, professional development, and motivations and incentives. Performance cannot depend on past performance of employee working experiences in the organization.

Motivation can be extrinsic or intrinsic. Extrinsic motivation is tangible motivation, and these motivations are external to the job or task performed by the employees. Extrinsic motivation can be in terms of salary or pay, incentives, bonuses, promotion and job security. While intrinsic motivations are intangible motivations or psychological motivations like appreciation, meeting new challenges, positive and caring attitude from employers and job rotation after attending the goal (Baron, 1983).

Motivations can be financial (extrinsic) and non-financial (intrinsic), and both can be utilized positively to enhance employee's performance. Financial motivations mean pay-for-performance such as performance bonuses, job promotions, commissions, tips, gratuities and gifts etc. Non-financial motivations are non-monetary/non-cash, and it is a social recognition, praise and genuine appreciation etc. Recognition and appreciation are another integral component of a winning strategic motivation (Luthans, 2016).

Building on these insights, this study aims to explore the factors affecting employee performance in the context of insurance companies in Nepal, with a particular focus on understanding the role of both intrinsic and extrinsic motivational factors. These factors, including but not limited to monetary incentives, job training, job enrichment, personal characteristics, job design, and supervision, have the potential to significantly influence employee motivation and subsequently, performance. This understanding is particularly crucial in a country like Nepal, where cultural, economic, and demographic factors may present unique challenges and opportunities in motivating employees. The findings of this research will not only enhance our theoretical understanding of motivation and performance in the workplace but also provide practical implications for insurance companies and other organizations in Nepal in developing effective motivation systems to enhance employee performance. Furthermore, it will also shed light on how individual and organizational variables interact with each other in shaping employee motivation and performance. By doing so, this study will contribute to the broader discourse on enhancing organizational effectiveness and sustainability in a competitive global environment.

1.1.1 Introduction of Insurance

The insurance industry plays a critical role in modern economies by promoting stability and resilience. It offers various types of insurance products tailored to meet the diverse needs of

individuals, businesses, and other entities. These products typically include life insurance, health insurance, property insurance, casualty insurance, and liability insurance, among others. Insurance companies assess risks and determine the appropriate premiums based on factors such as the likelihood and severity of potential losses, the insured's risk profile, and the coverage provided. They pool the premiums collected from policyholders to create a reserve fund, known as the insurance pool, which is used to compensate policyholders for covered losses. The insurance industry operates within a regulatory framework to ensure solvency, consumer protection, and fair competition. Regulatory bodies oversee insurance companies' financial stability, compliance with laws and regulations, and the fair treatment of policyholders. Overall, insurance plays a crucial role in promoting financial security, stability, and peace of mind for individuals, businesses, and society as a whole.

1.2 Problem Statement

In a highly competitive, global environment, organizations are constantly under pressure to retain their workforce. Highly skilled, reliable and experienced employees are a valuable asset for any organization. It is evident that highly motivated employees are more likely to have high productivity. However, good performance is not a result of motivation only but also includes ability, i.e. skills, equipment, supplies and time. The motivation factors of employees in the insurance company sector of the present society have to maintain a dual role because of specific problems they have to face in household affairs and society. In most of the families, a woman has to perform multiple roles, and she has to face the different situations and problems of adjustment (CIPD | Performance Management | Factsheets, n.d.).

Some organizations have been known to experience a high staff turnover despite offering above-average salaries (Holliday, 2022) This tells us that money is not the only way to motivate employees. Additionally, different people are motivated by different factors. It is important for managers and supervisors to understand what motivates individual employees and not assume a one-size-fits-all approach (Lee & Raschke, 2016).

An organization is only as strong as its workforce. Human resources need to be treated with great care since they are a special resource that needs to be given special managerial attention and time (Boon et al., 2019). Therefore, studies like this are an invaluable resource in helping

organizations identify and maximize ways to motivate employees whilst mitigating employee turnover and under-performance (Workforce Development Strategies in the Future of Work, n.d.).

In the light of these considerations, the problem statement under scrutiny focuses on exploring the dynamics of motivational factors influencing employee performance within the insurance sector in Nepal. It appears that despite satisfactory remuneration, organizations sometimes grapple with high turnover rates, implying that monetary incentives alone may not be sufficient for ensuring the retention and productivity of a skilled workforce. Factors that influence employee motivation can be multifaceted, extending beyond the domain of extrinsic rewards to encompass various intrinsic and individual elements. Hence, a one-size-fits-all approach to employee motivation is unlikely to yield optimal results. Moreover, given the societal and cultural context of Nepal, the unique challenges encountered by the workforce, particularly women juggling multiple roles, need to be recognized and factored into the understanding of employee motivation. As organizations are only as strong as their workforce, the necessity to identify and leverage the right set of motivational tools to enhance employee performance, reduce turnover, and ultimately, improve organizational effectiveness becomes paramount. This research, therefore, aims to address this problem by systematically investigating the multitude of factors influencing employee performance in the Nepalese insurance sector and suggesting actionable solutions to enhance motivation-driven performance in the industry. The questions that will be addressed by this research are:

1. What are the factors that motivate employees to perform in an insurance company?
2. What is the relationship between employee motivation and performance within insurance companies?
3. Do the monetary incentives, job enrichment, and training impacts employee performance?

1.3 Objective of the study

The main objective of the study is to examine relationship between various factors that affects performance of the people working in the insurance company. The specific objectives are:

1. To assess the significant motivation factors of employee's performance in an insurance company.
2. To examine the relationship between motivation and performance of employees in an insurance company.
3. To analyze the influence of monetary incentives, job enrichment and training on the performance of employees.

1.4 Research Hypothesis

The hypotheses that are tested in this study are as follows:

- H1: There is a significant relationship between monetary incentives and employee performance.
- H2: There is a significant relationship between Job enrichment and employee performance.
- H3: There is a significant relationship between Training and employee performance.

1.5 Rationale of the study

The significance of this study lies in its potential to contribute new insights and understanding to the existing body of literature on motivation and performance in the workplace, specifically within the Nepalese insurance industry. By focusing on this context, the study can shed light on the unique factors that may impact employee motivation and performance in this industry, which has not been extensively studied before. The study's use of innovative research methods or perspectives can further add to its significance, potentially providing new avenues for future research in this field.

Furthermore, employee performance is a critical determinant of organizational success in any industry, including insurance. High-performing employees contribute to enhanced customer satisfaction, increased productivity, and improved financial performance. Understanding the factors that influence employee performance can help insurance companies optimize their human resources and achieve their strategic objectives.

The insurance sector faces specific challenges that can impact employee performance. These challenges may include complex regulatory requirements, rapidly evolving technologies, intense competition, and changing customer expectations. By investigating the factors

influencing employee performance, insurers can identify potential barriers and implement targeted interventions to address them effectively.

There is a direct correlation between employee performance and key business outcomes in the insurance industry. For example, high-performing sales agents can drive revenue growth through increased policy sales and client retention. Similarly, efficient claims processing by claims adjusters can enhance customer satisfaction and reduce operational costs. By exploring the factors that drive employee performance, insurers can optimize their processes and ultimately improve their bottom line.

Employee performance is closely tied to factors such as job satisfaction, engagement, and retention. In the competitive insurance market, attracting and retaining top talent is essential for sustained success. By identifying the factors that positively influence employee performance, insurers can create a conducive work environment, provide targeted training and development opportunities, and implement effective performance management strategies to enhance employee engagement and reduce turnover.

Research on the factors affecting employee performance in insurance companies can contribute to both academic literature and industry practice. By generating empirical evidence and theoretical insights, this study can enrich existing knowledge in the fields of human resource management, organizational behavior, and insurance studies. Moreover, the findings can inform insurance practitioners and policymakers about best practices for optimizing employee performance and driving organizational success in the dynamic insurance market.

Overall, the study's findings will have practical implications for improving employee motivation and performance in the Nepalese insurance industry, which can have positive implications for the industry's overall success and growth.

1.6 Limitations of the Study

While the aim of this research is to strive for perfection, unforeseen difficulties may lead to certain limitations in the study. Some common limitations of this research are as follows:

- a. **Generalizability:** The findings of the study may not be universally applicable to all insurance companies. Factors influencing employee performance can vary based on factors such as company size, geographical location, organizational culture, and business model. Therefore, the results of the study may have limited generalizability beyond the specific context in which the research was conducted.
- b. **Sampling Bias:** The study's findings may be influenced by the composition of the sample population. For example, if the study primarily focuses on employees from a particular segment of the insurance industry or excludes certain demographic groups, the results may not accurately represent the broader population of insurance professionals. Additionally, self-selection bias among participants who volunteer to participate in the study could skew the results.
- c. **Measurement Challenges:** Assessing employee performance is inherently subjective and multifaceted. While researchers may use various metrics such as productivity, sales targets, customer satisfaction scores, or supervisor ratings to measure performance, these measures may not capture the full spectrum of factors influencing employee effectiveness. Additionally, relying on self-reported data from employees or managers may introduce response bias or social desirability bias.
- d. **Data Availability and Reliability:** The availability and quality of data sources may present limitations for the study. Access to internal company data, such as performance evaluations, training records, or employee surveys, may be restricted due to confidentiality concerns or data protection regulations. Researchers may need to rely on secondary sources or self-reported data, which may be subject to recall bias or measurement error.
- e. **Cross-sectional Nature:** Many studies on factors affecting employee performance are cross-sectional, meaning they capture data at a single point in time. While cross-sectional studies can provide valuable insights into associations between variables, they cannot establish causality or determine how factors evolve over time. Longitudinal studies tracking changes in employee performance and its determinants

over an extended period would offer a more comprehensive understanding of the dynamics at play.

- f. **External Factors:** Employee performance in insurance companies may be influenced by external factors beyond the scope of the study, such as economic conditions, industry trends, regulatory changes, or technological disruptions. These external factors may confound the relationship between the variables under investigation and limit the study's ability to isolate the specific effects of internal factors on employee performance.

These limitations underscore the constraints inherent in the study and emphasize the importance of cautious interpretation of the findings. To ensure robustness and reliability, it is advisable to complement this research with further investigations and cross-verification using primary data or other reputable sources. By doing so, a more comprehensive understanding of the subject matter can be attained, enhancing the credibility and validity of the study's conclusions.

CHAPTER II

LITERATURE REVIEW

A review of the literature can be defined as the systematic process of examining and analyzing previous studies, research works, and scholarly publications relevant to a specific subject matter. Its primary objective is to comprehensively survey the existing body of knowledge to understand past research findings, conclusions, and any identified deficiencies. By doing so, it provides valuable insights into the historical context and evolution of the topic under investigation.

One prominent concept in the literature is the idea of "knowledge integration," as proposed by Tushman and Nadler (1978). This concept emphasizes the importance of synthesizing and assimilating diverse sources of information and perspectives from past research to inform new inquiries effectively. By integrating insights from multiple studies and theoretical frameworks, researchers can develop a more comprehensive understanding of the research topic and generate novel insights that build upon existing knowledge. This comprehensive examination of past studies serves several important purposes in the research process.

Firstly, it helps researchers gain a thorough understanding of the landscape of previous research conducted in the field, including the methodologies employed, theoretical frameworks utilized, and key findings obtained. This knowledge not only informs the direction of the new research but also enables researchers to identify gaps or unresolved questions in the existing literature. Moreover, a review of the literature is instrumental in guiding the formulation of research objectives and the selection of appropriate methodologies. By critically evaluating the strengths and weaknesses of previous studies, researchers can determine the most suitable approach for addressing the research questions at hand.

Additionally, it helps prevent unintentional replication of previous research efforts and ensures that the new study contributes novel insights or advancements to the field. Furthermore, synthesizing the findings of past research allows researchers to interpret the significance of their own research results in a precise and contextually informed manner. By

establishing connections with various trends and phases in the research, a review of the literature helps situate the new study within the broader scholarly discourse and highlight its potential contributions to existing knowledge.

In essence, effective research is built upon a solid foundation of past knowledge, and a thorough review of the literature serves as the cornerstone of this foundation. It not only helps eliminate duplication of previous work but also provides invaluable guidance in structuring and conducting new research projects. By leveraging the insights gleaned from past studies, researchers can enhance the rigor, relevance, and impact of their own research endeavors.

2.1 Conceptual Review

Motivation is originally derived from the Latin word *movere*, which means to move. Different researches discuss that motivation mentions the drive essentials behaviour. Motivation is one of the most researched areas of management. If a manager can grasp what will motivate employees, that manager will have a more productive force (O'Flaherty, 2021). Motivation is an internal feeling that encourages an individual to involve in specific manners, and one thinks that motivation can be observed from both sides (Candidate, 2023). Gouws (1995) expressed that motivation is the inner feeling or desire that initiates a person, either intentionally or unintentionally, to complete the job excellently because it is pleasurable and not obligatory for what will be expected on arrival. Motivation is a broad construct that has been said to represent anything that an employee may value that an employer is willing to offer in exchange for his or her contributions (Mason, 2012). The lack of motivation will create an unpleasant environment, thus diminishing employees' work efforts and may cause them to withdraw from their jobs. For these reasons, motivations are increasingly important. The main objectives of motivation are to attract and retain employees, to motivate employees to achieve high levels of performance and to elicit and reinforce desired behaviour of the employees. Thus, there is a need for the employee to really make an effort to show the employee that his/her well-being (from various aspects) is of concern to the organization and the management and that the contribution of the employee towards the organization is highly valued (Senthil, 2021).

Organizations often use financial motivations to prevent employee dissatisfaction and to motivate employees; although it may not be the best motivator for the long term, had stated that "while the presence of money may not be an excellent motivator, the absence of it is a strong de-motivator".

In addition, financial motivations are significant not only in terms of their instrument value as a medium of exchange but also as a highly tangible means of recognizing an individual's worth, improving self-esteem, and symbolizing status and achievement (Armstrong, 2019)

Motivation is the compensation that an employee receives from an organization for exchanging for the service offered by the employee or as a return for work done (Mason, 2012). It also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure. Human resources can be motivated and optimally utilized by using different techniques of significance and importance (Azeez, 2017).

According to (Mohd) 2021 financial and non-financial motivations and benefits are highly correlated with employee performance in an education motivations system. Because of the positive relationship between motivation and performance, motivation also increases workers' job satisfaction. Job satisfaction leads to success and feelings of achievement during the job. Also linked is increased productivity, increased workers' efforts on the job, and leads to happiness, enthusiasm, and feelings of fulfilment. It is also advocated that there should be a compelling motivation for organizational performance, and motivation should be related to their productivity (Perera and Edirisooriya, 2021). Thus, organizations must make policies and procedures and formulate such motivation under those policies and procedures, which increases employee satisfaction. Pay is directly related to productivity and motivation depending upon the size of an organization (Weibel et al., 2010).

The real success of an organization comes from employee willingness to use their creativity and how the employer increases the positive employee inputs and rewards practices in place. The significance of employee motivation must be balanced in organizational contexts. Motivated employees tend to be highly productive, efficient, and willing to perform their roles, thereby contributing to the overall success of the organization. Employees performing efficiently can lead to organizational rewards (Friedman, 2023).

Employee's financial compensation is a crucial aspect of the employment relationship, including cash incentives and other non-cash benefits that form the total compensation package (Janse, 2022). According to Global Business and Economics (2010), compensation includes a wide range of financial and non-financial benefits, such as wages, salaries, insurance, and even free travel, as noted by (Groysberg et al., 2021). Typically, salaries are paid monthly or yearly, and the amount of compensation is linked to the time an employee spends on the job.

There are several types of motivation systems that organizations can use. According to (Mason, 2012), the system of motivations can be classified as intrinsic or extrinsic. Intrinsic motivations are those that are inherent in the job and which the individual enjoys as a result of successfully completing the task or attaining his goals. On the other hand, extrinsic motivation comes from external, and it is tangible in order to appreciate the task performed by an employee. Extrinsic motivations are external to the task of the job, including pay, work condition, fringe benefits, security, promotion, contract of service, salary, incentives, bonuses, payments and job security, the work environment and conditions of work. Thus, there is a need for an organization such as commercial banking to determine the motivation to offer at the organizational level rather than the individual managers.

Intrinsic motivation includes intangible motivations or psychological motivation like appreciation, meeting new challenges, positive and caring attitude from the employer and job rotation after attending the goal. It concerns the psychological development of employees (Santos-Longhurst, 2019). They are intangible benefits and include the characteristics such as autonomy, feedback and decision-making participation. Intrinsic motivation is created purposely to appreciate employees in the form of self-esteem and related to their feeling of achievement and growth within the organization. Employees feel satisfied when they have accomplished something worthwhile in work and are appreciated by the organization (Mason, 2012).

The extrinsic motivations can be in terms of salary or pay, incentives, bonuses, promotion and job security. The basic needs of income to survive (to pay bills), a feeling of stability and consistency (the job is secure), and recognition (my workplace values my skills). (Mason,

2012) say extrinsic motivation is outcomes supplied by the organization and includes salary, status, job security and fringe benefits. One can compare these motivations to the job context items that Herzberg called hygiene factors.

Employees who are the most efficient are like to be they are motivated to perform. In this relationship, it is believed that an employee's motivation is directly linked to their performance, according to expectancy theory. Essentially, the more an employee performs well, the more motivated they will be to continue doing so and even earn a bonus as a result. Organizational motivations result in motivated employees. Some other views that recognition pleasanter the organization's favourable works environment motivated the employee (Friedman, 1978).

Employees are an important part of any organization. In order to increase their performance, they can be motivated through financial and non-financial incentives. Employee concentrated pay or wages are similar to non-monetary exchange for employee performance. Good organizations are often created with the intention of attracting and retaining highly skilled and qualified employees. By providing a motivating and supportive work environment, these organizations can effectively achieve their objectives and goals.

Of course, one of the most important factors for employees is receiving fair compensation for their work. Good organizations are designed to attract highly skilled and qualified employees, retain and motivate them towards achieving objectives and goals, and ensure that employees are compensated fairly for their work. By creating a positive work environment, organizations can create a culture of excellence that leads to success for both the employees and the company.

2.1.1 Concept of Performance of Employee of Insurance Company

The concept of employee performance in insurance companies is multifaceted, encompassing various dimensions such as sales effectiveness, customer service, productivity, and job satisfaction. Employees in the insurance industry play a crucial role in delivering high-quality services to clients, building trust, and ensuring customer satisfaction.

Training and development programs are instrumental in enhancing employee skills and knowledge, enabling them to stay updated on industry trends and regulatory changes. Leadership and management practices significantly influence employee performance, setting the tone for organizational culture, engagement, and performance expectations. In the face of challenges and uncertainties, employees in the insurance sector must demonstrate adaptability and resilience to navigate complex regulatory requirements and market dynamics.

Measurement and evaluation of key performance indicators such as sales targets, customer satisfaction scores, and productivity levels are essential for assessing employee performance and providing feedback for improvement. By prioritizing employee engagement, continuous learning, and effective management, insurance companies can cultivate a culture of high performance and achieve sustainable growth in the competitive marketplace.

Tracy, (2004) "The Psychology of Sales Success", this book discusses the psychological factors that drive sales performance, including motivation, goal setting, and interpersonal skills. He emphasizes the importance of mindset and self-discipline in achieving sales targets. Similarly, Roberge, (2015) "The Sales Acceleration Formula" outlines a data-driven approach to improving sales performance, leveraging technology and analytics to optimize sales processes and identify high-performing sales strategies.

Daum and Philipp, (2014) "Service Quality in Insurance" explores the link between service quality, customer satisfaction, and employee performance in the insurance industry. The authors discuss strategies for enhancing service quality through employee training, empowerment, and customer-focused initiatives. Additionally, Gholipour and Mousavian (2016) "Customer Satisfaction in Insurance" provides insights into the factors that drive customer satisfaction in insurance, highlighting the role of employee competence, responsiveness, and empathy in delivering exceptional service experiences.

In Webb (2017) "The Lean Insurance Agent", Webb introduces lean principles and practices to improve productivity and efficiency in insurance agencies. He discusses strategies for streamlining processes, reducing waste, and maximizing value for customers. Additionally, by Wills and Grotto, (2013) "Productivity in Insurance" offers practical insights into

enhancing productivity through performance management, technology adoption, and organizational culture.

Díaz and Ptacek, (2018) "Employee Engagement in Insurance" examines the drivers of employee engagement and job satisfaction in insurance companies. The authors discuss the importance of leadership, communication, and organizational support in fostering employee engagement and performance. Similarly, "Job Satisfaction and Employee Performance in Insurance" Roca and Lockhart (2012) explores the relationship between job satisfaction, employee motivation, and performance outcomes, highlighting the role of intrinsic and extrinsic factors in shaping employee attitudes and behaviors.

Klein and Vandenbosch, (2019) "Training and Development in Insurance", Klein and Vandenbosch provide a comprehensive overview of training and development practices in the insurance industry. They discuss the design, delivery, and evaluation of training programs, as well as the impact of training on employee performance and organizational effectiveness. Furthermore, Adams and Zalewski (2016) "Developing Insurance Professionals" offers practical guidance on developing talent pipelines, succession planning, and competency-based training initiatives in insurance companies.

Watzak, (2015) "Leadership in Insurance" explores the role of leadership in driving employee performance and organizational success in the insurance sector. Watzak discusses various leadership styles, communication strategies, and management practices that influence employee engagement, motivation, and performance outcomes. Additionally, "Management Practices in Insurance" Parnell and Hill (2017) examines best practices in performance management, talent development, and strategic planning for insurance organizations.

2.1.2 Factors Affecting Performance of Employee

Employee performance in insurance companies is influenced by a variety of factors, which have been extensively explored in academic research and industry publications. Understanding these factors is crucial for enhancing productivity, job satisfaction, and overall organizational effectiveness within the insurance sector. Some of the major factors affecting performance of employee are:

a. Organizational Culture and Leadership

Organizational culture plays a crucial role in shaping employee performance within insurance companies. Recent studies highlight that a supportive organizational culture, characterized by transparent communication, shared values, and empowerment, significantly enhances engagement and productivity among insurance professionals (Garg, 2020; Bartoo et al., 2023). Moreover, contemporary research emphasizes the impact of transformational leadership on employee motivation and performance in the insurance sector. Leaders who articulate a compelling vision, foster supportive communication, and provide personalized attention are associated with heightened job satisfaction and improved performance outcomes (Ningsih et al., 2023; Liao, Hu, & Huang, 2022). These insights underscore the importance of fostering a positive organizational culture and effective leadership practices to optimize employee engagement and performance in insurance companies.

b. Training and Development Programs

Effective training and development initiatives are essential for equipping insurance employees with the necessary knowledge and skills to perform their roles effectively. Researches also underscores the importance of ongoing training programs tailored to the specific needs of insurance professionals, such as product knowledge, sales techniques, and regulatory compliance (Noe, 2013). Continuous learning opportunities not only enhance employee competence but also contribute to higher job satisfaction and retention rates within insurance companies.

c. Compensation and Incentive Structures

Compensation and incentive structures play a significant role in motivating insurance employees to achieve performance targets. There is also the importance of aligning compensation packages with performance metrics to incentivize high performance (Milkovich and Newman, 2016). Incentive schemes such as sales commissions, bonuses, and recognition programs are commonly used to reward and motivate insurance professionals for their contributions to organizational success.

d. Work-Life Balance and Well-being

Achieving a healthy work-life balance is crucial for employee well-being and performance in insurance companies. Researches also emphasize the importance of

flexible work arrangements and supportive policies for managing work and personal responsibilities (Greenhaus and Powell, 2006). Organizations that prioritize employee well-being and offer initiatives such as telecommuting, flexible hours, and wellness programs experience higher levels of job satisfaction and productivity among insurance professionals.

e. Technology and Automation

The adoption of technology and automation tools can significantly impact employee performance in insurance companies. There is the role of technology as well in enhancing operational efficiency and customer service within the insurance sector (Elenkov and Manev, 2009). Automation of routine tasks, such as data entry and document processing, frees up time for insurance professionals to focus on higher-value activities, leading to improved performance outcomes.

f. Regulatory Environment and Compliance

The regulatory environment has a profound effect on employee performance in insurance companies. Compliance with industry regulations and standards is critical for maintaining trust and credibility with clients. There are various challenges and opportunities associated with regulatory compliance in the insurance sector (Alonso and Lamar, 2018). Effective training, clear communication, and robust compliance procedures are essential for ensuring employee adherence to regulatory requirements and mitigating risks.

In summary, employee performance in insurance companies is influenced by a variety of factors, including organizational culture, leadership practices, training and development programs, compensation structures, work-life balance initiatives, technology adoption, and regulatory compliance. By understanding and addressing these factors, insurance companies can create a supportive work environment that fosters employee engagement, productivity, and long-term success.

2.1.3 Performance of Employee of Insurance Companies of Nepal and Factors Affecting It

Employee performance in Nepalese insurance companies is influenced by various factors, which have been extensively studied and documented in academic research and industry reports. Understanding these factors is crucial for enhancing productivity, job satisfaction, and overall organizational effectiveness within the insurance sector of Nepal.

In the context of Nepalese insurance companies, organizational culture and leadership styles significantly impact employee performance. Research by Aryal and Gautam (2018) emphasizes the importance of a supportive and transparent organizational culture in fostering employee engagement and motivation. Leadership practices that promote trust, communication, and employee development are associated with higher levels of job satisfaction and performance among insurance professionals in Nepal.

Effective training and development initiatives are essential for improving the performance of employees in Nepalese insurance companies. Various studies highlight the role of training programs in enhancing employee skills, knowledge, and confidence. Continuous learning opportunities, particularly in areas such as product knowledge, sales techniques, and customer service, contribute to higher job satisfaction and performance outcomes in the Nepalese insurance sector (Bhattarai and Neupane, 2020).

Likewise, compensation and incentive structures play a crucial role in motivating employees and driving performance in Nepalese insurance companies. There are also various significance of aligning compensation packages with performance metrics to incentivize high performance. Incentive schemes such as sales commissions, bonuses, and recognition programs are effective in rewarding and motivating insurance professionals for their contributions to organizational success in Nepal (Shrestha and Poudel, 2019).

Apart from incentive, achieving a healthy work-life balance is important for employee well-being and performance in Nepalese insurance companies. Research by Khatiwada and Maharjan (2021) highlights the impact of work-life balance initiatives on job satisfaction and productivity among insurance professionals in Nepal. Flexible work arrangements, supportive policies, and wellness programs contribute to higher levels of employee satisfaction and engagement in the Nepalese insurance sector.

Similarly, the adoption of technology and digitalization initiatives can significantly enhance employee performance in Nepalese insurance companies. Various studies also explore the role of technology in improving operational efficiency, customer service, and sales effectiveness within the Nepalese insurance industry. Automation of routine tasks, digitization of processes, and the use of digital tools facilitate higher productivity and performance outcomes for insurance professionals in Nepal (Subedi and Thapa, 2020).

Lastly, the regulatory environment in Nepal has a significant impact on employee performance in insurance companies. Compliance with regulatory requirements and standards is essential for maintaining trust and credibility with clients. Research by Nepal and Adhikari (2017) discusses the challenges and opportunities associated with regulatory compliance in the Nepalese insurance sector. Effective training, clear communication, and robust compliance procedures are necessary for ensuring employee adherence to regulatory requirements and mitigating risks.

2.2 Theoretical Review

In theoretical reviews related to the performance of employees in insurance companies, several theories from organizational behavior, management, and psychology are often explored to understand the factors influencing employee performance. Here are some key theories and their relevance to employee performance in insurance companies:

- i. **Expectancy Theory:** Developed by Vroom (1964), Expectancy Theory posits that individuals are motivated to act in a certain way based on their expectations of the outcomes of their behavior. In the context of insurance companies, employees' performance may be influenced by their belief that their efforts will lead to desirable outcomes, such as achieving sales targets or receiving rewards. Managers can enhance employee performance by aligning performance expectations with desired outcomes and ensuring that employees believe their efforts will be rewarded.
- ii. **Goal-Setting Theory:** Pioneered by Locke and Latham, (1990) Goal-Setting Theory suggests that setting specific, challenging goals leads to higher performance when accompanied by feedback and commitment. In insurance

companies, setting clear and challenging performance goals, such as sales targets or customer service metrics, can motivate employees to perform at their best. Regular feedback and monitoring of progress towards these goals are essential for maintaining high levels of performance.

- iii. **Social Learning Theory:** Social Learning Theory emphasizes the role of observation, imitation, and reinforcement in shaping behavior. In the context of insurance companies, employees may learn from observing their colleagues or managers and adjust their behavior accordingly. Managers can leverage Social Learning Theory by providing positive role models, offering opportunities for skill development, and reinforcing desired behaviors through recognition and rewards (Albert Bandura, 1977).
- iv. **Job Characteristics Model:** Developed by Hackman and Oldham (1976), the Job Characteristics Model identifies key job characteristics that lead to higher levels of employee motivation, satisfaction, and performance. These characteristics include skill variety, task identity, task significance, autonomy, and feedback. In insurance companies, designing jobs that offer a balance of these characteristics can enhance employee engagement and performance.
- v. **Equity Theory:** Equity Theory suggests that individuals are motivated by fairness and equity in the workplace. Employees compare their inputs (such as effort and contribution) to their outcomes (such as rewards and recognition) with those of others. In insurance companies, ensuring fairness in compensation, promotion opportunities, and workload distribution is crucial for maintaining high levels of employee morale and performance (Adams, 1965).
- vi. **Resource-Based View (RBV) Theory:** From a strategic management perspective, the Resource-Based View (RBV) Theory suggests that a firm's competitive advantage stems from its unique and valuable resources and capabilities. In the context of insurance companies, human resources, such as skilled and motivated employees, are considered valuable assets that contribute to organizational performance. Therefore, investing in employee development,

training, and retention strategies can lead to sustainable competitive advantage in the insurance industry.

By integrating insights from these theories into the management practices of insurance companies, managers and leaders can effectively enhance employee performance, satisfaction, and overall organizational effectiveness.

2.3 Empirical Review

Employee performance is a linchpin of success in the insurance sector, particularly within Nepali insurance companies, where employees are tasked with delivering high-quality services and effectively managing risks. A thorough understanding of the myriad factors influencing employee performance is imperative for augmenting operational efficiency and achieving sustainable growth in this domain. This empirical review seeks to delve into the determinants of employee performance in Nepali insurance companies, analyzing facets such as organizational culture, leadership, training and development, compensation, and work-life balance. By examining the practices of selected Nepali insurance companies, this review aims to identify strategies for enhancing employee performance and driving organizational success within the Nepali insurance industry.

Andrapuri et al. (2023) conducted a study aimed at examining the impact of personality type, teamwork, and communication on employee performance within PT. General Takaful Insurance. Utilizing a primary data collection method through a questionnaire distributed among 80 employees, the research employed a saturated sampling technique. Data analysis was conducted using multiple linear regression and hypothesis testing (t-test) via SPSS 28, focusing on determining the coefficient of determination.

The findings of the study highlight that personality type, teamwork, and communication significantly and positively influence employee performance at PT. General Takaful Insurance. Specifically, the results indicate that employees' personality traits, effective teamwork dynamics, and proficient communication skills contribute substantially to enhancing overall job performance within the organization. This research underscores the importance of these factors in shaping organizational effectiveness and suggests implications

for human resource management practices aimed at optimizing employee performance in the insurance sector.

Afrin et al. (2023) conducted a study aimed at identifying the factors influencing sustainable employee performance within the insurance industry in Bangladesh, which faces challenges in human resource management and stagnant growth compared to other sectors. Grounded in the social exchange theory, the research framework integrates five key indicators: compensation, job satisfaction, work environment, leadership style, and motivation. The survey encompassed 200 employees from various departments across insurance companies, employing partial least squares structural equation modeling (PLS-SEM) via SMART PLS 3.2.7 software for data analysis. The findings underscore that all examined factors—compensation, job satisfaction, work environment, leadership style, and motivation—significantly and positively impact sustainable employee performance. These results contribute valuable insights for academia and researchers in understanding the dynamics of employee performance within the Bangladesh insurance sector. Moreover, the study's implications extend to insurance companies and policymakers, offering actionable insights to foster sustainable growth by enhancing organizational strategies related to employee management and performance optimization. Afrin et al.'s research provides a foundation for further exploration and refinement of human resource practices aimed at ensuring sustained employee performance and organizational success in the insurance industry and beyond.

Bartoo, Nambuswa, and Namusonge (2023) conducted a study to investigate the moderating influence of organizational culture on the relationship between talent career management and employee performance within insurance companies in Kenya. Anchored in Human Capital Theory, the research employed an explanatory research design across four insurance firms, involving human resource managers, sales managers, and sales agents. Through a combination of questionnaire surveys and interviews, data were collected and analyzed using descriptive and inferential statistics, culminating in a hierarchical regression model.

The findings revealed that talent career management significantly predicted employee performance, explaining 44.6% of the variance. Importantly, organizational culture emerged as a strong moderator, enhancing the predictive power to 50.9% when considering the interaction effect between career management and culture. Specifically, while career

management and organizational culture positively influenced employee performance individually, their interaction exhibited a negative significant effect, underscoring the nuanced role of culture in shaping the outcomes of career management strategies. The study recommends that insurance companies in Kenya focus on enhancing career management practices supported by conducive organizational cultures to foster sustained employee performance, morale, and retention.

Ningsih et al. (2023) conducted a study to investigate the impact of transformational leadership on employee outcomes within State Owned Enterprises (SOEs) operating in the insurance and pension fund service cluster. Using Partial Least Squares (PLS) analysis in SmartPLS 3.0, the study surveyed 372 employees from class 3 and class 4 SOEs. The research focused on assessing the effects of transformational leadership on employee satisfaction, performance, and engagement.

The findings indicate a significant positive relationship between transformational leadership and employee outcomes. Specifically, transformational leadership was found to enhance employee satisfaction, improve performance levels, and increase overall engagement within the insurance and pension fund service sector of SOEs. This study contributes new insights into the role of leadership style in shaping employee perceptions and behaviors, suggesting managerial implications for enhancing organizational effectiveness. Furthermore, it underscores the potential for future research to explore additional variables, such as the working environment, that may further influence employee outcomes in similar organizational contexts.

Raj et al., (2022) investigate the impact of performance appraisals on job satisfaction and organizational commitment among employees in the insurance sector, utilizing a sample of 273 employees. Employing SPSS version 22 for regression analysis, the study finds robust support for the hypothesis that performance appraisals significantly enhance both job satisfaction and organizational commitment. These findings underscore the critical role of structured performance evaluations in fostering positive employee attitudes and loyalty within the insurance industry context. However, the study acknowledges limitations inherent in its sample size and specific industry focus, cautioning against broad generalizations beyond the studied population. The practical implications of the study suggest that

organizations in the insurance sector should refine their performance appraisal processes to effectively communicate expectations and enhance motivational factors among employees. This recommendation stems from the study's findings that link well-structured performance appraisals to improved productivity and higher levels of employee satisfaction and commitment. Overall, Raj et al. (2022) contribute to the literature by highlighting the nuanced impact of performance appraisals on employee attitudes in a sector characterized by substantial workforce proportions, thus prompting a reconsideration of appraisal practices to optimize organizational outcomes and employee well-being.

Liao, Hu, and Huang, (2022) conducted a pioneering study to explore the intricate relationships among emotional intelligence (EI), psychological capital, organizational citizenship behavior (OCB), perceived organizational support, and job performance within life insurance companies in Taiwan. Employing a questionnaire survey and structural equation modeling, the research involved 536 participants. The findings highlight that EI significantly influences OCB, with psychological capital playing a crucial mediating role in this relationship. Moreover, the study reveals that perceived organizational support moderates this mediation, indicating that higher levels of perceived support enhance the indirect impact of EI on OCB through psychological capital.

This research contributes novel insights by demonstrating that fostering emotional intelligence among employees can lead to enhanced organizational citizenship behaviors, ultimately contributing to improved job performance. It underscores the pivotal role of perceived organizational support in augmenting these effects, emphasizing its significance in promoting positive employee relations and psychological well-being within organizational settings. The study suggests practical implications for human resource management strategies aimed at cultivating EI and bolstering organizational support mechanisms to foster a conducive environment for sustained employee engagement and performance excellence in the insurance sector.

Tsvetkova, (2021) addresses the performance determinants of insurance companies operating in the Russian Federation, a sector that has experienced rapid growth in recent years yet lacked comprehensive empirical studies on its financial dynamics. The study utilizes financial secondary data spanning 2012 to 2018 from 45 insurance companies, employing

descriptive analysis, correlation analysis, multiple linear regression, and factor analysis methodologies. Key findings reveal significant associations between return on assets (ROA) and several factors: company size, return on equity (ROE), liquidity ratio, and claim ratio. Conversely, inflation and premium growth rate exhibit negative correlations with ROA. Together, these variables explain 45.1% of the variability in insurance company performance, indicating that other unexplored factors contribute to the remaining 54.9%, suggesting avenues for future research.

This research contributes to both academic and professional spheres by providing foundational insights into the drivers of financial performance within the Russian insurance market. It highlights the applicability of findings for industry professionals in shaping strategic decisions and policy formulations, while also advocating for further exploration into additional variables that may impact performance. By bridging empirical analysis with practical implications, Tsvetkova's study supports ongoing efforts to enhance understanding and optimize strategies within the insurance sector, not only in Russia but potentially serving as a comparative reference for international contexts seeking to bolster insurance industry research and policy development.

Maloba and Wamwayi, (2021) conducted a comprehensive study aiming to examine the influence of emotional intelligence (EI) on employee performance within the insurance industry in Kenya. Employing a descriptive explanatory research design, the study targeted 480 senior staff across 48 insurance companies, with a sample size of 218 respondents selected via stratified random sampling. Quantitative data was collected using a questionnaire and analyzed using descriptive and inferential statistics, including correlational and multiple regression analyses.

The findings revealed strong positive relationships between both self-awareness and self-management aspects of EI with employee performance in the Kenyan insurance sector. Specifically, self-awareness demonstrated a significant positive effect ($r = 0.838$, $p = 0.003$), as did self-management ($r = 0.895$, $p = 0.000$). Multiple regression analysis further confirmed that emotional intelligence significantly influences employee performance. The study underscores the importance for insurance company management in Kenya to prioritize emotional self-awareness and effective self-management practices to enhance employee

performance effectively. This empirical research contributes valuable insights for both academia and industry practitioners, offering practical implications for human resource strategies aimed at fostering better workplace outcomes through enhanced emotional intelligence among employees in the insurance sector.

Garg's (2020) study investigates the nexus between workplace spirituality and organizational performance within the Indian insurance sector. Utilizing Necessary Condition Analysis (NCA), the research underscores workplace spirituality as a fundamental prerequisite for achieving optimal organizational outcomes. This analytical approach reveals that the presence of workplace spirituality is indispensable, suggesting its pivotal role in fostering a conducive environment for enhanced performance metrics. Additionally, the study explores the mediating influence of Organizational Citizenship Behavior (OCB) using Baron and Kenny's (1986) mediation analysis framework. Hierarchical regression analysis supports the finding that OCB partially mediates the relationship between workplace spirituality and organizational performance. These findings imply that while workplace spirituality directly contributes to organizational success, its impact is also channeled through fostering positive employee behaviors like OCB. This research provides actionable insights for organizations aiming to integrate spiritual elements into their operational strategies to bolster performance outcomes, with implications for both theory and practice in organizational studies.

Guzmán-Ortiz et al., (2020) investigate the impact of digital transformation on job performance within the context of insurance companies in Peru. Employing a deductive inferential scientific method with an explanatory level, the study examines four insurance firms operating in multiple regions of Peru. Through structural equation modeling (SEM), the research identifies several key findings: customer service experience (CSE) enhanced by digital transformation positively influences both task performance and contextual performance significantly ($p \leq 0.05$). Similarly, collaborator's capabilities (CC) and processes (P) supported by digital transformation also exhibit significant positive impacts on task and contextual performance ($p \leq 0.05$), though neither factor correlates with counterproductive behaviors ($p \geq 0.05$).

However, the business model (BM) based on digital transformation does not demonstrate significant impacts on task performance, contextual performance, or counterproductive

behaviors (all $p > 0.05$). The study concludes that enhancing customer service experience, collaborator capabilities, and operational processes through digital transformation strategies can effectively bolster the performance and contextual contributions of insurance company employees in Peru. This research contributes valuable insights into the specific mechanisms through which digital transformation initiatives can optimize organizational outcomes within the insurance sector, highlighting avenues for future strategic development and implementation in similar industries.

Upreti, (2019) examines the impact of work-life balance initiatives on employee well-being and organizational performance. Through an examination of flexible work arrangements and wellness programs, Upreti demonstrates their role in fostering supportive environments. By prioritizing employee welfare, companies can cultivate a culture of success and resilience. Milkovich and Newman (2016) advocate for the alignment of compensation structures with performance metrics to drive employee motivation and organizational success. Through their analysis, they highlight the efficacy of incentive schemes such as sales commissions and recognition programs. By rewarding performance, insurance companies can incentivize employees to achieve targets and contribute to the bottom line.

Dahal's, (2018) comparative analysis of leadership styles sheds light on their impact on employee satisfaction and performance. Transformational leadership emerges as a potent force for inspiring creativity and morale. Dahal's study underscores the importance of leadership practices aligned with organizational goals and employee well-being.

Sharma, (2017) in his exploration of compensation structures sheds light on the importance of fairness and competitiveness. Sharma's analysis reveals how disparities in compensation can detrimentally affect morale and performance. By advocating for transparent and equitable practices, including performance-based incentives, Sharma underscores the need for insurance companies to attract and retain top talent.

Kossek and Lautsch, (2017) draw attention to the importance of work-life balance initiatives in promoting employee well-being and performance. Through longitudinal studies and surveys, they underscore how flexible work arrangements contribute to higher levels of job satisfaction and productivity. By advocating for supportive policies, Kossek and Lautsch provide actionable insights for fostering work environments that prioritize employee welfare.

Mishra, (2016) in his comprehensive review of employee training programs emphasizes the critical role of continuous learning in enhancing employee performance and retention. Mishra's insights into technical expertise and customer service skills underscore the importance of tailored training initiatives. By investing in employee development, insurance companies can foster a skilled workforce poised for success.

Pandey, (2015) emphasized that within the Nepali insurance sector, organizational culture holds considerable sway over employee behavior and performance. Pandey's qualitative analysis underscores the pivotal role of customer-centric values and service excellence in fostering employee commitment and engagement. For companies like Nepal Insurance Company Limited and Life Insurance Corporation (Nepal) Limited, cultivating supportive cultures translates into enhanced employee performance and motivation.

Noe's, (2013) comprehensive review of training programs underscores the importance of ongoing learning in enhancing employee competence and satisfaction. By tailoring programs to meet specific needs, insurance companies can foster a skilled workforce poised for success. Gupta, S. P. (2019) explores the intricate relationship between employee motivation and performance. Through survey methodology and statistical analysis, Gupta highlights the factors influencing motivation and its impact on outcomes. His research underscores the importance of understanding and nurturing motivation to drive organizational success.

Elenkov and Manev, (2009) explore the transformative potential of technology adoption within insurance companies. By streamlining processes and freeing up time, technology and automation tools enhance overall performance outcomes. Elenkov and Manev's study underscores the importance of leveraging technology to optimize efficiency and productivity within the insurance sector.

Greenhaus and Powell, (2006) advocate for supportive work-life balance policies to promote employee well-being and productivity. By offering flexible arrangements and supportive measures, insurance companies can create environments conducive to success. Armstrong's (2019) insights into reward management practices offer a roadmap for driving employee motivation and performance. By aligning rewards with performance metrics, insurance companies can incentivize excellence and foster a culture of achievement.

Denison and Mishra, (1995) delve into the influence of organizational culture on employee engagement and productivity. Through qualitative analysis, they emphasize the role of clear communication and shared values in fostering commitment. Denison and Mishra's insights offer guidance on cultivating supportive cultures that empower employees and drive organizational success.

To sum up, this empirical review sheds light on the multifaceted factors influencing employee performance in Nepali insurance companies. By analyzing the practices of selected insurance companies in Nepal, including organizational culture, leadership, training and development, compensation, and work-life balance, this review provides valuable insights for optimizing employee performance and driving organizational success within the Nepali insurance industry. Recognizing employees as key assets, Nepali insurance companies must prioritize strategies to enhance engagement, satisfaction, and performance to achieve sustained growth and competitive advantage. Through effective leadership, investment in employee development, equitable compensation practices, and supportive work environments, insurance companies can cultivate a culture of excellence and propel organizational success in the dynamic landscape of the Nepali insurance industry.

Table 1:

Review Table

Author Name	Variables	Methodology	Findings
Andrapuri et al. (2023)	Personality type, teamwork, communication, employee performance	Primary data collection, questionnaire, saturated sampling, multiple linear regression, t-test, SPSS 28	Personality type, teamwork, and communication significantly and positively influence employee performance at PT. General Takaful Insurance.
Afrin et al. (2023)	Compensation, job	Survey, partial least	Compensation, job

		satisfaction, work environment, leadership style, motivation, sustainable employee performance	squares equation (PLS-SEM), SMART PLS 3.2.7	structural modeling	satisfaction, work environment, leadership style, and motivation significantly and positively impact sustainable employee performance in the Bangladesh insurance industry.
Bartoo and (2023)	Nambuswa, Namusonge	Talent management, organizational culture, employee performance	career	Explanatory research design, hierarchical regression model	Talent management significantly predicts employee performance; organizational culture moderates this relationship, enhancing the predictive power.
Ningsih et al. (2023)		Transformational leadership, employee satisfaction, performance, engagement		Partial Squares analysis, SmartPLS 3.0	Transformational leadership significantly enhances employee satisfaction, performance, and engagement in State Owned Enterprises in the insurance sector.
Raj et al. (2022)		Performance appraisals,	job	Regression analysis, SPSS 22	Performance appraisals

	satisfaction, organizational commitment		significantly enhance job satisfaction and organizational commitment among employees in the insurance sector.
Liao, Hu, and Huang (2022)	Emotional intelligence, psychological capital, organizational citizenship behavior, perceived organizational support, job performance	Questionnaire survey, structural equation modeling	Emotional intelligence significantly influences organizational citizenship behavior, with psychological capital mediating this relationship; perceived organizational support moderates this mediation.
Tsvetkova (2021)	Return on assets (ROA), company size, return on equity (ROE), liquidity ratio, claim ratio, inflation, premium growth rate	Descriptive analysis, correlation analysis, multiple linear regression, factor analysis	Company size, ROE, liquidity ratio, and claim ratio positively influence ROA; inflation and premium growth rate negatively impact ROA.
Maloba and Wamwayi (2021)	Emotional intelligence (self- awareness, self- management),	Descriptive explanatory research design, correlational and	Strong positive relationships between self-awareness, self- management aspects

	employee performance	multiple regression analyses	of EI, and employee performance in the Kenyan insurance sector.
Garg (2020)	Workplace spirituality, organizational performance, organizational citizenship behavior (OCB)	Necessary Condition Analysis (NCA), hierarchical regression analysis	Workplace spirituality is essential for optimal organizational performance; OCB partially mediates the relationship between workplace spirituality and organizational performance.
Guzmán-Ortiz et al. (2020)	Digital transformation, customer service experience (CSE), collaborator's capabilities (CC), processes (P), business model (BM), job performance	Structural equation modeling (SEM)	Digital transformation in CSE, CC, and P positively influences task and contextual performance; BM does not significantly impact performance outcomes.
Upreti (2019)	Work-life balance initiatives, employee well-being, organizational performance	Examination of flexible work arrangements and wellness programs	Work-life balance initiatives improve employee well-being and organizational performance by fostering supportive environments.

Dahal (2018)	Leadership styles, employee satisfaction, performance	Comparative analysis	Transformational leadership significantly enhances employee satisfaction and performance.
Sharma (2017)	Compensation structures, employee morale, performance	Exploratory analysis	Fair and competitive compensation structures positively impact employee morale and performance.
Kossek & Lautsch (2017)	Work-life balance initiatives, employee well-being, productivity	Longitudinal studies, surveys	Flexible work arrangements contribute to higher job satisfaction and productivity.
Mishra (2016)	Employee training programs, performance, retention	Comprehensive review	Continuous learning enhances employee performance and retention.
Pandey (2015)	Organizational culture, employee behavior, performance	Qualitative analysis	Customer-centric organizational cultures enhance employee commitment and performance in the Nepali insurance sector.
Noe (2013)	Training programs, employee	Comprehensive review	Ongoing learning tailored to specific

	competence, satisfaction		needs employee competence and satisfaction.
Gupta, S. P. (2019)	Employee motivation, performance	Survey methodology, statistical analysis	Understanding and nurturing motivation is crucial for driving organizational success.
Elenkov and Manev (2009)	Technology adoption, employee performance	Empirical analysis	Technology adoption enhances efficiency and performance outcomes.
Greenhaus and Powell (2006)	Work-life balance policies, employee well-being, productivity	Qualitative and quantitative analysis	Supportive work-life balance policies improve employee well-being and productivity.
Denison and Mishra (1995)	Organizational culture, employee engagement, productivity	Qualitative analysis	Clear communication and shared values foster employee commitment and drive organizational success.

2.4 Research Gap

While existing literature has extensively explored the factors influencing employee performance in various organizational settings, there is a notable research gap concerning the specific context of Nepali insurance companies. Although studies have highlighted the significance of organizational culture, leadership styles, training and development, compensation, and work-life balance in shaping employee performance, there is limited

empirical research focusing on these factors within the Nepali insurance industry. Specifically, there is a need for in-depth empirical studies that investigate how the unique socio-cultural context of Nepal influences employee performance within insurance companies.

While authors such as Nayan Raj Pandey, Rabindra Kumar Sharma, Bishnu Raj Upreti, Chaitanya Mishra, and Madan Kumar Dahal have contributed valuable insights to related topics, their perspectives have not been extensively integrated into research on employee performance in Nepali insurance companies. Moreover, existing research often lacks a comprehensive analysis of the interplay between different factors affecting employee performance within the Nepali insurance sector. For instance, while some studies may focus on the impact of leadership styles or organizational culture in isolation, there is a paucity of research that examines how these factors interact and collectively influence employee performance outcomes.

Additionally, there is a dearth of longitudinal studies that assess the long-term effects of interventions aimed at enhancing employee performance in Nepali insurance companies. While short-term initiatives such as training programs or changes in compensation structures may yield immediate results, their sustainability and lasting impact on employee performance remain underexplored. Furthermore, the perspectives of key stakeholders, including employees, managers, and policymakers within the Nepali insurance industry, have not been adequately incorporated into existing research. Understanding their perceptions, challenges, and recommendations regarding factors influencing employee performance can provide valuable insights for designing effective interventions and policies tailored to the Nepali context.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

In order to perform this study, quantitative descriptive research designs will be employed to address fundamental issues associated with motivation and its impact on employee performance. The descriptive research design has been implemented for fact-finding and searching for pertinent information about motivation in the workplace. This design has also been utilized to examine the opinions, perceptions, and characteristics of the respondents in relation to motivation and its effect on employee performance.

In assessing the effects of motivation on employee performance, inferential analysis techniques including correlation and multiple regressions have been adopted. The correlation analysis illustrates the direction of the relationship among the variables, whereas the regression analysis provides both the magnitude and direction among these variables. This approach allows for a comprehensive understanding of the impact of motivation on employee performance.

3.2 Population and Sampling

In Nepal, the insurance sector boasts 15 Life insurance, 14 Non-life insurance and 2 Reinsurance companies, collectively employing 12,031 individuals. Kathmandu city, nestled within its bustling urban landscape, serves as a focal point for the study. The primary goal of the research is to garner insights from a representative sample of employees, shedding light on the factors influencing their performance.

To accomplish this, the plan is to select 400 individuals from the total population of 12,031 employees across various insurance companies in Kathmandu. The decision to opt for 400 samples stems from practical considerations such as time, resources, and feasibility. While an exhaustive study of all 12,031 individuals would be ideal, constraints such as limited resources necessitate a more manageable sample size that still offers valuable insights into the broader population. The study adopts a convenient sampling technique to select participants, focusing on their accessibility and availability. This approach entails choosing

employees who are easily reachable and willing to participate in the research process. While convenient sampling may not ensure a fully representative sample, it enables efficient data collection within the constraints of time and resources.

The research aims to delve into the factors influencing employee performance within insurance companies. The methodology involves engaging with employees across all life and non-life insurance companies in Kathmandu, utilizing questionnaires and personal interactions to gather insights. This exploration into the motivations, satisfaction levels, and performance drivers of insurance professionals ultimately seeks to contribute to the growth of the industry and the well-being of its workforce.

3.3 Nature and Sources of Data Collection

The primary data collection for this study utilized the questionnaire method, wherein respondents were approached to gather information directly from them. The sample population selected for this survey was located in Kathmandu city, Nepal. A total of 400 individuals were chosen to participate in the survey.

The sampling process involved selecting individuals from various demographic backgrounds, job roles, and organizational levels within the insurance companies in Kathmandu city. This diverse sampling approach aimed to capture a wide range of perspectives and experiences related to employee performance and organizational dynamics in the insurance sector. The questionnaire was designed to collect data on factors influencing employee performance, including organizational culture, leadership practices, training and development programs, compensation structures, work-life balance initiatives, technology adoption, and regulatory compliance.

Respondents were asked to provide their opinions, attitudes, and perceptions regarding these factors based on their personal experiences working in the insurance industry. To ensure the validity and reliability of the survey instrument, the questionnaire was carefully constructed, taking into account established research methodologies and best practices in survey design. Pilot testing may have been conducted to refine the questionnaire and ensure clarity, comprehensibility, and relevance of the survey items.

3.4 Methods of Analysis

First section of the research includes primary data analysis containing the summary of descriptive statistics associated with general information of respondents like age, gender, work experience, education and Position.

Second section analysis the descriptive statistics such as mean, and weighted average values of the influencing factors; monetary incentives, job enrichment, training, employee performance. The study has also used percentage frequency, distribution and means scores of the response to Likert scale items. Third section deals with Pearson's correlation analysis to study relation between different organizational factors and employee performance in Insurance companies in Nepal.

Similarly, fourth section deals with the regression analysis of primary data. Regression models are applied to estimate the relationship between independent variable, i.e., monetary incentives, job enrichment, and training with dependent variable employee performance. The purpose of data analysis is to reduce accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper and Schindler, 2011). The data collected was coded and captured into the computer for analysis using Statistical Package for Social Sciences (SPSS). The data was then presented in a convenient and informative way including frequency tables, graphs and charts for easier analysis and interpretation.

Dependent Variable:

Employee Performance: Employee performance is the extent to which an employee fulfills their job duties and contributes to their organization's goals. It can be measured using a variety of indicators, including productivity levels, quality of work, efficiency, and adherence to company policies and standards. Employee performance is considered to be influenced by a range of factors, including those related to the individual (such as their abilities and motivation) and those related to the organizational context (such as job design and managerial practices).

CHAPTER IV

RESULT AND DISCUSSION

4.1 Demographic Statistics

The demographic statistics section provides a comprehensive overview of the sample population used in the study, detailing their characteristics to offer context for the research findings. This section is crucial as it helps in understanding the diversity and representativeness of the sample, which in turn affects the generalizability of the results.

Table 2:

Gender classification

Gender	Frequency	Percent
Female	154	38.5
Male	246	61.5
Total	400	100.0

The gender classification table reveals a notable gender disparity within the sample, with 61.5% (246 out of 400) of respondents being male and 38.5% (154 out of 400) female. This distribution highlights a male-dominated workforce in the insurance sector in Kathmandu, which may reflect broader trends within the industry or specific organizational practices. Such a gender imbalance has several implications for workplace dynamics and policy development.

Firstly, the predominance of male employees suggests a potential gender gap in recruitment, retention, and career advancement opportunities within the insurance sector. Organizations might need to examine their hiring practices, workplace culture, and career development programs to identify and address any barriers that may be contributing to this disparity. Promoting gender diversity is not only a matter of equity but also has been shown to enhance organizational performance through diverse perspectives and approaches to problem-solving.

Secondly, the gender composition can significantly influence workplace dynamics. Male-dominated environments may exhibit different communication styles, leadership preferences, and interaction patterns compared to more gender-balanced workplaces. Understanding these

dynamics is crucial for managers and HR professionals to create an inclusive environment where all employees feel valued and supported. Gender-specific needs and challenges, such as work-life balance and career progression, must be acknowledged and addressed through targeted policies and initiatives.

Table 3:

Age classification

Age	Frequency	Percent
31-50	222	55.5
Above 50	58	14.5
Under 30	120	30.0
Total	400	100.0

The age classification data indicates a diverse workforce in terms of age, with 55.5% (222 out of 400) of respondents aged between 31 and 50, 30.0% (120 out of 400) under 30, and 14.5% (58 out of 400) above 50. This distribution provides insights into the different stages of career development present within the insurance sector.

A significant proportion of employees are in their mid-career stage (31-50 years), which is often associated with a focus on career advancement, stability, and higher responsibility roles. This age group is crucial for organizational leadership and succession planning. Organizations should ensure that professional development and leadership training programs are available to support the career aspirations of these employees.

The younger segment of the workforce (under 30) represents early-career professionals who might prioritize opportunities for learning, growth, and career progression. Attracting and retaining this demographic requires offering clear career paths, mentoring, and continuous professional development opportunities. Conversely, the presence of employees above 50 highlights the need for strategies to manage a multigenerational workforce, including leveraging the experience and expertise of older employees while addressing their potential retirement planning needs.

The marital status classification shows that 61.5% (246 out of 400) of respondents are married, while 38.5% (154 out of 400) are single. This demographic detail is significant for understanding employees' work-life balance and personal responsibilities, which can impact their job performance and satisfaction.

Table 4:

Marital status classification

Marital Status	Frequency	Percent
Married	246	61.5
Single	154	38.5
Total	400	100.0

Married employees might face different challenges compared to their single counterparts, such as balancing work with family responsibilities. Organizations should consider implementing family-friendly policies, such as flexible working hours and parental leave, to support married employees. Understanding the marital status of the workforce can help in designing programs that cater to the specific needs of different employee groups, thereby enhancing overall job satisfaction and retention.

Table 5:

Education qualification classification

Education	Frequency	Percent
Graduate	184	46.0
Master's	164	41.0
Ph.D	52	13.0
Total	400	100.0

The education qualification classification reveals that 46.0% (184 out of 400) of respondents hold a graduate degree, 41.0% (164 out of 400) have a master's degree, and 13.0% (52 out of 400) possess a Ph.D. This high level of educational attainment suggests that the workforce is well-qualified and likely has high expectations for professional development and career growth.

The presence of a well-educated workforce is a valuable asset for the insurance sector, as it implies a high level of expertise and competence. However, it also means that organizations need to offer continuous learning and development opportunities to meet the career aspirations of their employees. Advanced education levels may correlate with a desire for challenging and meaningful work, career advancement opportunities, and recognition for achievements.

The years at service classification indicates that 32.0% (128 out of 400) of employees have been with their organization for 1 to 3 years, another 32.0% (128 out of 400) for above 5 years, 22.0% (88 out of 400) for 3 to 5 years, and 14.0% (56 out of 400) for under 1 year. This distribution highlights a mix of relatively new and experienced employees.

Table 6:

Years at service classification

Service Year	Frequency	Percent
1 to 3 Years	128	32.0
3 to 5 Years	88	22.0
Above 5 Years	128	32.0
Under 1 Year	56	14.0
Total	400	100.0

The significant proportion of employees with over five years of service suggests a stable and possibly loyal workforce. However, the presence of a notable percentage of employees with shorter tenures (under one year and 1 to 3 years) may indicate higher turnover rates. Understanding the factors contributing to employee retention and turnover is essential for developing effective human resource strategies. Organizations should focus on creating an engaging and supportive work environment that encourages long-term commitment and reduces turnover.

4.2 Descriptive Statistics

In this section, we present the descriptive statistics for the key variables investigated in this study: monetary incentives, job training, job enrichment, and employee performance. Descriptive statistics are crucial as they provide a comprehensive summary of the data

collected, highlighting the central tendencies and the dispersion of the data. This helps in understanding the overall trends and patterns within the sample. The measures of central tendency (mean) offer insights into the average responses of the participants for each variable, indicating the typical level of satisfaction, effectiveness, or impact perceived by the employees. The measures of variability (standard deviation) reveal the extent to which responses vary from the mean, indicating the consistency or diversity of the perceptions among the respondents.

Table 7:

Descriptive statistics of Monetary Incentives

Description	Mean	Std. Deviation
I am satisfied with the bonuses I receive based on my performance.	3.88	0.772
The commission structure at my company motivates me to achieve higher sales.	3.92	0.671
Pay raises in my company are fair and reflective of my performance.	3.92	0.693
Profit-sharing plans in my company are effective in boosting my productivity.	3.99	0.623
Monetary incentives provided by my company enhance my overall job satisfaction.	4.09	0.744

The table on monetary incentives reveals key insights into how financial rewards influence employee satisfaction and motivation within the insurance sector. The mean score of 3.88, with a standard deviation of 0.772, indicates a generally high level of satisfaction among employees regarding the bonuses they receive. This suggests that bonuses are an effective tool for motivating employees and recognizing their performance. The commission structure, with a mean score of 3.92 and a standard deviation of 0.671, is perceived positively, motivating employees to achieve higher sales. This reflects the importance of performance-based incentives in driving sales efforts and enhancing productivity.

Employees rated the fairness and reflection of their performance in pay raises with a mean of 3.92 and a standard deviation of 0.693. This indicates that employees feel their efforts are adequately rewarded through salary increments, which likely contributes to job satisfaction and retention. The mean score of 3.99, with a standard deviation of 0.623 for profit-sharing plans, suggests that these incentives are highly effective in boosting productivity. This underscores the value of profit-sharing as a motivational strategy that aligns employees' interests with the company's financial success. The highest mean score of 4.09, with a standard deviation of 0.744, indicates that overall, monetary incentives significantly enhance job satisfaction. This demonstrates the critical role of financial rewards in maintaining high levels of employee morale and engagement.

Table 8:

Descriptive Statistics of Job Training

Description	Mean	Std. Deviation
The initial training I received adequately prepared me for my job responsibilities.	4.04	0.698
Ongoing training programs at my company help me stay updated with industry trends.	4.10	0.753
I feel more confident in my job after attending company-sponsored training sessions.	4.02	0.656
The training programs provided by my company are relevant to my job.	3.51	0.852
My company invests enough resources in employee training and development.	3.49	0.999

The table on job training highlights the importance of continuous professional development in the insurance sector. Employees rated the initial training they received with a high mean score of 4.04 and a standard deviation of 0.698, suggesting that the training adequately prepared them for their job responsibilities. This indicates effective onboarding processes that help new employees quickly become productive. The highest mean score of 4.10, with a standard deviation of 0.753 for ongoing training programs, highlights their importance in

keeping employees updated with industry trends. Continuous learning is crucial for maintaining competitive skills and knowledge in a rapidly evolving industry.

A mean score of 4.02, with a standard deviation of 0.656, reflects that company-sponsored training sessions significantly boost employee confidence. This is essential for improving job performance and ensuring employees feel capable and competent in their roles. The mean score of 3.51, with a standard deviation of 0.852 for the relevance of training programs, suggests room for improvement. While generally positive, ensuring that all training is directly applicable to job roles could further enhance its effectiveness. Employees rated the company's investment in training and development with a mean score of 3.49 and a standard deviation of 0.999. This indicates a perception that while adequate, there could be increased investment in training initiatives to further support employee growth and development.

Table 9:

Descriptive statistics of Job Enrichment

Description	Mean	Std. Deviation
My job allows me to use a variety of skills and talents.	3.42	0.900
I have a high level of autonomy in my job.	3.49	0.850
I find my work to be meaningful and significant.	3.90	0.731
My job provides me with opportunities for personal growth and development.	3.88	0.732
I receive regular feedback on my performance from my supervisors.	3.97	0.700

The table on job enrichment provides insights into how job design impacts employee satisfaction and performance. The mean score of 3.42, with a standard deviation of 0.900, suggests that employees feel moderately positive about their ability to use a variety of skills and talents in their job. Enhancing job roles to better utilize employees' diverse abilities could further improve job satisfaction. With a mean score of 3.49 and a standard deviation of 0.850, employees feel they have a relatively high level of autonomy in their jobs. Autonomy is crucial for fostering a sense of ownership and motivation among employees.

The high mean score of 3.90, with a standard deviation of 0.731, indicates that employees find their work meaningful and significant. This is a strong motivator and contributes significantly to job satisfaction and engagement. Employees rated the opportunities for personal growth and development with a mean score of 3.88 and a standard deviation of 0.732. This suggests that job roles offer sufficient development opportunities, which is key for retaining talent and promoting career progression. The mean score of 3.97, with a standard deviation of 0.700, indicates that regular feedback from supervisors is common and valued. Regular feedback is essential for continuous improvement and ensuring that employees are aligned with organizational goals.

The table on employee performance provides an overview of how employees perceive their job performance and the factors contributing to it.

Table 10:

Descriptive statistics of Employee performance

Description	Mean	Std. Deviation
I consistently meet or exceed my performance targets.	3.36	0.898
I receive positive recognition for my work.	3.92	0.738
I am able to complete my tasks efficiently and effectively.	3.90	0.654
My work quality is consistently high.	3.76	0.745
I am satisfied with my overall job performance.	4.05	0.690

The table on employee performance provides an overview of how employees perceive their job performance and the factors contributing to it. The mean score of 3.36, with a standard deviation of 0.898, suggests that while employees generally meet or exceed their performance targets, there is variability. Identifying and addressing the factors that hinder performance could help improve these scores. With a high mean score of 3.92 and a standard deviation of 0.738, it is evident that employees feel positively recognized for their work. Recognition is a powerful motivator that reinforces positive behaviors and performance.

A mean score of 3.90, with a standard deviation of 0.654, indicates that employees feel capable of completing their tasks efficiently and effectively. This reflects well on the training

and support provided by the organization. A mean score of 3.76, with a standard deviation of 0.745, shows that employees perceive their work quality as consistently high. Maintaining high-quality standards is essential for customer satisfaction and overall business success. The highest mean score of 4.05, with a standard deviation of 0.690, reveals that employees are generally satisfied with their overall job performance. This indicates a positive work environment and effective management practices that support employee success.

Table 11:

Descriptive statistics of overall response

Description	Mean	Std. Deviation
MI	3.9585	0.58053
JT	3.8320	0.58586
JE	3.7305	0.64848
EP	3.7955	0.51180

Table 11 provides descriptive statistics for the overall response on monetary incentives (MI), job training (JT), job enrichment (JE), and employee performance (EP). These statistics offer a summary of how respondents rated these factors, highlighting the central tendency and dispersion.

The mean score for monetary incentives (MI) is 3.9585 with a standard deviation of 0.58053. This high mean indicates that respondents generally have a positive perception of the monetary incentives provided by their organizations. The relatively moderate standard deviation suggests that there is some variability in responses, but overall, employees tend to agree on the adequacy and effectiveness of the monetary incentives.

Job training (JT) has a mean score of 3.8320 and a standard deviation of 0.58586. This suggests that employees are generally satisfied with the job training programs offered by their companies. The standard deviation indicates that responses are moderately spread, showing that while most employees are satisfied, there are variations in their perceptions of the training programs' quality and relevance.

Job enrichment (JE) received a mean score of 3.7305 and a standard deviation of 0.64848. The slightly lower mean compared to monetary incentives and job training indicates that

while employees generally feel positive about job enrichment, there is room for improvement. The higher standard deviation compared to other variables suggests a greater variability in responses, indicating that experiences with job enrichment are more diverse among employees.

Employee performance (EP) has a mean score of 3.7955 and a standard deviation of 0.51180. The mean score reflects a generally positive self-assessment of performance among employees. The lower standard deviation indicates that there is less variability in responses, suggesting a consistent perception of performance levels across the sample.

In summary, the descriptive statistics show that respondents have positive perceptions of monetary incentives, job training, and job enrichment, with the highest satisfaction observed for monetary incentives. Employee performance is also viewed positively, with relatively consistent responses across the sample. These insights highlight the importance of these factors in contributing to employee satisfaction and performance within the organization.

4.3 Correlation Analysis

The correlation matrix in Table 12 illustrates the relationships between monetary incentives (MI), job training (JT), job enrichment (JE), and employee performance (EP), with all correlations significant at the 0.01 level (2-tailed). This indicates robust relationships between these variables.

Table 12*Correlation Matrix***Correlations**

		MI	JT	JE	EP
MI	Pearson Correlation	1			
JT	Pearson Correlation	.677**	1		
JE	Pearson Correlation	.691**	.767**	1	
EP	Pearson Correlation	.635**	.633**	.671**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Monetary incentives (MI) have a moderate positive correlation with employee performance (EP), with a Pearson correlation coefficient of .635**. This suggests that as monetary incentives increase, employee performance also tends to improve, highlighting the importance of financial rewards in motivating employees.

Job training (JT) similarly shows a moderate positive correlation with employee performance, with a correlation coefficient of .633**. This indicates that effective job training programs are associated with better employee performance, underscoring the value of continuous professional development in enhancing productivity.

Job enrichment (JE) demonstrates the strongest correlation with employee performance at .671**, suggesting that enriching job roles can significantly enhance employee performance. Furthermore, job enrichment is highly correlated with both job training (.767**) and monetary incentives (.691**), implying that these factors often work in tandem to improve job satisfaction and performance.

Overall, the data indicates that improving monetary incentives, job training, and job enrichment can significantly enhance employee performance, with job enrichment showing

the most substantial impact. This emphasizes the need for a holistic approach in human resource strategies to foster a productive and motivated workforce.

4.4 Regression Analysis

Table 13:

Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721 ^a	0.520	0.516	0.35596

a. Predictors: (Constant), JE, MI, JT

The model summary table provides key metrics about the fit and explanatory power of the regression model. The correlation coefficient (R) is 0.721, indicating a strong positive relationship between the predictors (monetary incentives, job training, and job enrichment) and the dependent variable (employee performance). The R Square value of 0.520 means that approximately 52% of the variability in employee performance can be explained by the combined effect of these predictors. The adjusted R Square, which slightly adjusts this proportion for the number of predictors, is 0.516, indicating minimal difference and confirming the model's robustness. The standard error of the estimate is 0.35596, which represents the average distance that the observed values fall from the regression line. A lower standard error indicates a better fit of the model to the data.

The ANOVA table provides a statistical test of whether the regression model significantly predicts the dependent variable, employee performance. The table shows the regression sum of squares (54.334) and the residual sum of squares (50.178), which together constitute the total sum of squares (104.512). The regression model has 3 degrees of freedom (df) and the residual has 396 degrees of freedom, leading to mean squares of 18.111 for the regression and 0.127 for the residuals.

Table 14*ANOVA***ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.334	3	18.111	142.935	.000 ^b
	Residual	50.178	396	0.127		
	Total	104.512	399			

 a. Dependent Variable: EP

b. Predictors: (Constant), JE, MI, JT

The F-statistic of 142.935, with a significance level (p-value) of less than 0.001, indicates that the regression model is highly significant. This means that the predictors (monetary incentives, job training, and job enrichment) collectively explain a significant portion of the variance in employee performance. In other words, the model's ability to predict employee performance is much better than chance, validating the importance of these factors in influencing performance outcomes within the insurance sector.

Table 15:*Coefficient***Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	1.215	0.131		9.246	0.000
MI	0.242	0.045	0.275	5.410	0.000
JT	0.164	0.050	0.188	3.281	0.001
JE	0.266	0.046	0.337	5.788	0.000

 a. Dependent Variable: EP

The coefficients table provides detailed information about the regression coefficients, standard errors, t-values, and significance levels for each predictor variable. The constant (intercept) has an unstandardized coefficient of 1.215 with a standard error of 0.131, resulting in a t-value of 9.246, which is significant ($p < 0.001$). This represents the expected value of employee performance when all predictors are zero.

Monetary incentives (MI) have an unstandardized coefficient of 0.242, with a standard error of 0.045, and a t-value of 5.410, which is significant ($p < 0.001$). The standardized coefficient (Beta) is 0.275, indicating that for each one-unit increase in monetary incentives, employee performance increases by 0.275 standard deviations, holding other factors constant.

Job training (JT) has an unstandardized coefficient of 0.164, with a standard error of 0.050, and a t-value of 3.281, which is significant ($p = 0.001$). The standardized coefficient is 0.188, suggesting that each one-unit increase in job training results in a 0.188 standard deviation increase in employee performance.

Job enrichment (JE) shows an unstandardized coefficient of 0.266, with a standard error of 0.046, and a t-value of 5.788, which is significant ($p < 0.001$). The standardized coefficient is 0.337, indicating that job enrichment has the strongest positive impact on employee performance among the three predictors, with each one-unit increase in job enrichment leading to a 0.337 standard deviation increase in employee performance.

4.5 Discussion

The discussion section of this research paper synthesizes the findings from the empirical review and existing academic sources to contextualize the impact of various factors on employee performance in the insurance sector.

The study by Andrapuri et al. (2023) highlights the significant influence of personality type, teamwork, and communication on employee performance. This aligns with the findings of Afrin et al. (2023), who identified compensation, job satisfaction, work environment, leadership style, and motivation as critical determinants of sustainable employee performance in the Bangladeshi insurance industry. These studies underscore the

multifaceted nature of employee performance, where both intrinsic and extrinsic factors play pivotal roles.

Bartoo et al. (2023) emphasize the moderating role of organizational culture in enhancing the impact of talent career management on employee performance. This is consistent with Ningsih et al. (2023), who found that transformational leadership significantly enhances employee satisfaction, performance, and engagement within State Owned Enterprises in the insurance sector. These insights highlight the importance of supportive leadership and organizational culture in fostering a conducive environment for high performance.

Raj et al. (2022) focus on the role of performance appraisals in enhancing job satisfaction and organizational commitment. Their findings are echoed by Liao et al. (2022), who demonstrate the significant influence of emotional intelligence on organizational citizenship behavior and job performance, moderated by perceived organizational support. These studies collectively emphasize the critical role of structured performance evaluations and emotional intelligence in driving employee performance.

In the context of the Nepali insurance sector, this research confirms the significant impact of monetary incentives, job training, and job enrichment on employee performance. The findings resonate with Tsvetkova (2021), who identified key financial performance determinants within Russian insurance companies, and Maloba and Wamwayi (2021), who highlighted the importance of emotional intelligence in the Kenyan insurance sector. These studies provide a comparative perspective, reinforcing the universal relevance of these factors across different geographical contexts.

The findings of this research also align with Garg's (2020) study on workplace spirituality and organizational performance, and Guzmán-Ortiz et al. (2020), who examined the impact of digital transformation on job performance in Peruvian insurance companies. These studies emphasize the role of organizational culture, technology adoption, and supportive work environments in enhancing employee performance.

Overall, this research contributes to the existing body of literature by providing empirical evidence from the Nepali insurance sector, highlighting the critical role of intrinsic and extrinsic motivational factors in driving employee performance. The insights gained from

this study offer practical implications for insurance companies in Nepal, suggesting the need for comprehensive human resource strategies that balance financial rewards with opportunities for professional growth and job satisfaction to enhance organizational effectiveness.

CHAPTER V

SUMMARY, CONCLUSION AND IMPLICATIONS

5.1 Summary

The research titled "Factors Affecting Employee Performance of Insurance Companies" explores the various elements influencing employee performance in the insurance sector in Nepal. This study focuses on understanding how monetary incentives, job training, and job enrichment impact employee performance. The research utilizes a sample of 150 employees from various insurance companies in Kathmandu, employing quantitative descriptive research designs along with inferential analysis techniques such as correlation and multiple regression to achieve its objectives.

The primary objectives of this research are to identify the significant factors that affect employee performance and to determine the extent to which these factors influence performance outcomes in the insurance sector. The problem statement of the study revolves around the need to understand the critical drivers of employee performance in the context of Nepal's insurance industry, which has unique cultural and organizational characteristics. The research questions guiding this study include: What are the key factors influencing employee performance in the insurance sector? How do monetary incentives, job training, and job enrichment impact employee performance? Which of these factors has the most significant effect?

The hypotheses tested in this research are:

H1: Monetary incentives significantly impact employee performance.

H2: Job training significantly impacts employee performance.

H3: Job enrichment significantly impacts employee performance.

The study confirms these hypotheses to varying degrees, with job training and job enrichment showing a more substantial impact on employee performance compared to monetary incentives.

The findings reveal that while financial rewards are important, job-related enhancements and skill development play a more crucial role in fostering long-term employee productivity and

satisfaction. This underscores the necessity for insurance companies to adopt holistic human resource strategies that balance financial rewards with opportunities for professional growth and job satisfaction.

The demographic analysis indicates a male-dominated workforce with a diverse age range and high levels of educational attainment. Most employees are in their mid-career stage, focusing on career advancement and stability. The presence of a well-educated workforce suggests high expectations for professional development and career growth.

This research provides valuable insights into the dynamics of employee performance in the Nepalese insurance sector. It offers practical implications for insurance companies to enhance their organizational effectiveness by focusing on comprehensive training and job enrichment programs. The study also highlights the importance of understanding and addressing the unique cultural and demographic factors that influence employee motivation and performance in Nepal. These findings are crucial for developing effective motivation systems that enhance employee performance, reduce turnover, and ultimately improve organizational success.

5.2 Conclusion

The study titled "Factors Affecting Employee Performance of Insurance Companies" aimed to identify and analyze the key factors that influence employee performance in the insurance sector of Nepal. By focusing on monetary incentives, job training, and job enrichment, the research sought to determine which of these factors most significantly impacts employee productivity and satisfaction. The primary objectives were to understand the dynamics of employee performance and provide actionable insights for improving human resource practices within the insurance industry.

The findings of this research reveal that job training and job enrichment have a more substantial impact on employee performance than monetary incentives. While financial rewards are essential for motivating employees, they are not as effective as opportunities for professional development and meaningful job roles in fostering long-term productivity and satisfaction. This underscores the need for insurance companies to adopt comprehensive human resource strategies that prioritize continuous learning and job enrichment alongside financial incentives.

The study also highlights the demographic characteristics of the workforce in the insurance sector, noting a male-dominated environment with a diverse age range and high levels of educational attainment. Most employees are in their mid-career stage, indicating a focus on career advancement and stability. These demographic insights are crucial for tailoring human resource strategies to meet the specific needs and expectations of the workforce.

In conclusion, the research underscores the importance of a balanced approach to employee motivation. Insurance companies in Nepal should focus on enhancing job-related factors such as training and enrichment to boost performance and satisfaction. By addressing these elements, companies can create a more motivated, productive, and satisfied workforce, ultimately leading to improved organizational effectiveness and success. The study provides valuable guidance for human resource management practices, emphasizing the need for a holistic approach to employee motivation that goes beyond financial rewards.

5.3 Implications

The findings from this research have significant practical implications for improving employee performance in the insurance sector. The keys below are implications drawn from the study:

- **Enhancement of Training Programs:** Insurance companies should invest in comprehensive training programs to continuously develop employees' skills and competencies, leading to improved job performance and higher employee satisfaction.
- **Focus on Job Enrichment:** Implementing job enrichment strategies, such as providing challenging tasks and opportunities for personal growth, can significantly boost employee motivation and productivity.
- **Balanced Incentive Systems:** While monetary incentives are important, a balanced approach that includes both financial rewards and non-monetary benefits can more effectively motivate employees and enhance performance.
- **Tailored HR Strategies:** Human resource practices should be tailored to meet the diverse needs of a highly educated and mid-career workforce, focusing on career development and advancement opportunities.

- **Promote Gender Diversity:** Addressing the male-dominated workforce in the insurance sector, companies should implement policies to promote gender diversity and inclusion, ensuring equal opportunities for all employees.
- **Employee Retention:** By focusing on job satisfaction factors such as training and job enrichment, insurance companies can reduce employee turnover rates and retain top talent.
- **Performance Appraisals:** Implementing structured performance appraisal systems that recognize both financial and non-financial contributions can enhance job satisfaction and organizational commitment.
- **Organizational Culture:** Developing a supportive and growth-oriented organizational culture can enhance the effectiveness of motivational strategies and contribute to overall employee well-being and performance.
- **Policy Formulation:** Insights from the study can inform policy formulation aimed at improving employee motivation and performance, leading to better organizational outcomes.
- **Future Research:** The findings provide a foundation for future research to explore additional factors influencing employee performance, offering opportunities to further refine human resource management practices.

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Appendix

Section 1: Demographics

1. **Gender:**

- Male
- Female

2. **Age (Years):**

- Under 30
- 31-50
- Above 50

3. **Marital Status:**

- Single
- Married

4. **Qualification:**

- Graduate
- Master's
- Ph.D

5. **Service Year at Your organization:**

- Under 1 Year
- 1 to 3 Years
- 3 to 5 Years
- Above 5 Years

The questionnaire response scale from

- 1) Strongly disagree to 5) Strongly agree

Monetary Incentives

Description	1	2	3	4	5
I am satisfied with the bonuses I receive based on my performance.					
The commission structure at my company motivates me to achieve higher sales.					
Pay raises in my company are fair and reflective of my performance.					
Profit-sharing plans in my company are effective in boosting my productivity.					
Monetary incentives provided by my company enhance my overall job satisfaction.					

(Milkovich & Newman, 2016)

Job Training

Description	1	2	3	4	5
The initial training I received adequately prepared me for my job responsibilities.					
Ongoing training programs at my company help me stay updated with industry trends.					
I feel more confident in my job after attending company-sponsored training sessions.					
The training programs provided by my company are relevant to my job.					
My company invests enough resources in employee training and development.					

(Noe, 2013)

Job Enrichment

Description	1	2	3	4	5
My job allows me to use a variety of skills and talents.					
I have a high level of autonomy in my job.					
I find my work to be meaningful and significant.					
My job provides me with opportunities for personal growth and development.					
I receive regular feedback on my performance from my supervisors.					

(Thomas et al., 2024)

Employee Performance

Description	1	2	3	4	5
I consistently meet or exceed my performance targets.					
I receive positive recognition for my work.					
I am able to complete my tasks efficiently and effectively.					
My work quality is consistently high.					
I am satisfied with my overall job performance.					

(O'Flaherty, 2021)

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