Work-Life Balance, Social Exchange, and Service Performance: Insights from Nepalese Commercial Banking

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Abstract. This study examines how work-life balance (WLB) initiatives influence employee performance in Nepalese commercial banks, with a particular focus on their role in enhancing service delivery systems. Drawing on Social Exchange Theory, the study analyzes the relative impact of flexible work environments, welfare programs, family responsibilities, and leave policies. Survey data were collected from 410 employees across three government-owned commercial banks and analyzed using multiple regression models. Results indicate that all four WLB dimensions positively and significantly affect employee performance, with leave policies ($\beta = 0.413$, $p < 0.001$) exerting the strongest influence, followed by welfare programs ($\beta = 0.276$), flexible work arrangements ($\beta = 0.184$), and family responsibilities ($\beta = 0.179$). These findings highlight the centrality of formalized organizational policies in improving service quality and productivity in the Nepalese banking sector. Theoretically, the study extends the application of Social Exchange Theory by showing how culturally embedded reciprocity norms shape employee responses to organizational support. Practically, it offers decision-making insights for service organizations, suggesting that strategically designed WLB programs can optimize employee well-being, strengthen organizational commitment, and enhance service performance in resource-constrained environments.

Keywords: Employee performance, Flexible work environment, Nepalese commercial banks, Service science, Social exchange theory

1. Introduction

The optimization of employee productivity and well-being in an ever-more competitive business environment has become a significant concern for organizations that prioritize work-life balance (WLB) (Guest, 2002). WLB policies are essential in the commercial banking sector, where employees are frequently confronted with high duties and demanding job responsibilities, as they contribute to the improvement of overall performance, the reduction of burnout, and the enhancement of job satisfaction (Ghimire et al., 2024). Research on this topic remains limited in developing economies such as Nepal, where socio-cultural expectations, economic constraints, and organizational structures create unique challenges for employees, despite the growing recognition of WLB as a determinant of organizational success (Bhattarai et al., 2020; Dahal et al., 2025).

The majority of existing research on work-life balance (WLB) has been conducted in developed economies, where supportive labour policies, comprehensive welfare programs, and flexible work arrangements are well-established (Crompton, 1999; Lambert, 1990). Nevertheless, in Nepal, WLB remains an understudied aspect of human resource management, particularly in commercial banking institutions that operate under stringent regulatory frameworks and intense competition (Khadka et al., 2024; Poudel & Sthapit, 2021; Shrestha et al., 2023). Additionally, empirical evidence regarding the impact of specific factors—including flexible work arrangements, welfare programs, familial obligations, and leave policies—on employee performance in Nepal's banking sector is lacking, despite the fact that prior research has investigated the general relationship between WLB and employee performance (Karki et al., 2023). Organizations that seek to improve the efficiency, job satisfaction, and overall performance of their workforce must address this gap (Rai & Dahal, 2024).

This study is theoretically underpinned by Social Exchange Theory (SET), which posits that employees are more inclined to exhibit commitment and superior performance levels when they perceive organizational support for managing their professional and personal obligations (Blau, 1964). From this standpoint, WLB initiatives can be interpreted as reciprocal agreements in which employees contribute increased productivity and engagement in exchange for the flexibility and support provided by the employer (Helmle et al., 2014). The theoretical framework of SET has not been extensively applied to Nepal's organizational context, despite its relevance in elucidating employer-employee relationships regarding WLB. This presents an opportunity for academic inquiry.

To address this research gap, the objective of this study is to examine the determinants of work-life balance (WLB)—primarily flexible work arrangements, welfare programs, familial obligations, and leave policies—and their impact on employee performance in Nepali Commercial Banks (NCBs). The following primary research topics serve as the foundation for the investigation:
  a. What is the impact of flexible work arrangements on employee performance in NCBs?
  b. In what ways do welfare programs contribute to improving productivity and work-life balance?
  c. In what ways do familial obligations impact the ability of employees to maintain a work-life balance and job efficiency?
  d. To what degree do leave policies influence employee job satisfaction and performance?

This study contributes to the existing body of research by providing empirical insights into the influence of work-life balance (WLB) determinants on employee performance in a developing economy. The results will enhance the current corpus of knowledge on human resource management in Nepal, providing practical implications for HR practitioners, business leaders, and policymakers interested in developing effective work-life balance (WLB) policies.

This paper is organized into the following sections: The literature review provides a critical analysis of pertinent theories and empirical findings; the methodology section outlines the research design and data collection process; the results section presents key findings; and the discussion section integrates these findings with the existing literature. The study's key contributions, limitations, and directions for

future research are summarized in the conclusion.

2. Literature Review

2.1 Social interactions between organizations and employees

The Social Exchange Theory (SET), based on the foundational works of Thibaut and Kelley (1959), Gouldner (1960), and Blau (1964), argues that relationships between individuals and organizations are maintained through reciprocal exchanges of tangible and intangible resources. A critical lens for comprehending employee-organization dynamics is provided by Gouldner's (1960) emphasis on reciprocity as a moral imperative and Blau's (1964) distinction between social exchange (long-term, trust-based obligations) and economic exchange (short-term, transactional agreements). Although economic exchanges are predicated on explicit, immediate reciprocity (e.g., wages for labour), social exchanges involve implicit, deferred reciprocity, such as organizational support that fosters employee loyalty.

Blau (1964) emphasizes the importance of intangible resources, such as emotional support, guidance, and approval, in maintaining social exchange. Nevertheless, the application of SET to modern work-life balance (WLB) initiatives necessitates more comprehensive contextualization. For example, Bloom and Van Reenen (2006) contend that flexible work arrangements (FWAs) have a minimal impact on organizational success. However, this conclusion may be due to methodological constraints (e.g., cross-sectional data) or contextual factors (e.g., industry-specific norms) that have not been adequately addressed in previous research. FWAs may have a distinctive impact on reciprocity in the banking sector, where high-pressure environments and rigid schedules are prevalent. Employees who perceive organizational investments in work-life balance (WLB) (e.g., parental leave or flexible hours) may reciprocate through increased commitment, which is consistent with Mayer et al.'s (1995) conceptualization of trust as risk-taking in anticipation of mutual benefits.

Mediating mechanisms are the critical determinant of SET's relevance to WLB. Yadav and Dabhade (2014) assert that personal well-being mediates the relationship between work-life balance (WLB) policies and performance; however, the banking context introduces distinctive moderators. For instance, Ghimire et al. (2024) observed that the perceived reciprocity of commercial banks may be compromised if policies are inconsistently implemented due to institutionalized hierarchies. This emphasizes the necessity of broadening SET's framework to incorporate variables such as managerial trust and cultural norms, which influence how employees interpret and reciprocate organizational support.

2.2 Factors Influencing Work-Life Balance

A multifaceted interplay of social, organizational, and individual factors influences work-life balance (WLB). Early research characterized WLB as a gendered issue, with women disproportionately affected by unpaid domestic labour (Crompton, 1999). However, the traditional norms of the workforce have been challenged by evolving workforce demographics, such as the increasing participation of women and the presence of dual-income households (Lambert, 1990). This has revealed systemic deficits in organizational support. For instance, institutional buy-in is crucial, as weak organizational cultures may undermine the efficacy of policies (Obiageli et al., 2015), despite commercial banks' increasing adoption of FWAs (Mmakwe & Ukoha, 2018).

Individual differences further complicate WLB. Rosenman's (1990) Type A/B personality typology illustrates how adaptability (Type B traits) fosters resilience, whereas workaholism and perfectionism (Type A traits) may erode work-life balance (WLB). However, recent research has prioritized structural factors over individual variables. Helmle et al. (2014) and Shahi et al. (2022) noted that managerial support and childcare access are more significant predictors of reduced work-family conflict than personality. This implies that organizations must address systemic barriers to maintain balance.

Theoretical uncertainties continue to exist. Although Parasuraman and Greenhaus (2002) define

WLB as role integration, Higgins et al. (2006) argue that this is overly simplistic and instead advocate for a "work-life sense of balance" that recognizes subjective well-being. Also, there are still gaps in the evidence. Allen (2001) and Schutte et al. (2014) both indicate that there is mixed evidence regarding the impact of work-life balance (WLB) policies on performance, particularly in high-stress industries such as banking. For example, Bartel et al. (2023) found that paid parental leave does not have a negative impact on performance evaluations, which contradicts the assumptions regarding absenteeism.

Emerging post-pandemic research introduces new variables. The autonomy of remote work enhances work-life balance (WLB) and performance (Khotimah et al., 2021); however, technological overreach can obscure work-life boundaries (Dahal et al., 2022). Similarly, the necessity of comprehensive support systems is underscored by the fact that mental health mediates the impact of WLB on performance (Faisal et al., 2022). These results present a challenge to commercial banks to rethink WLB in a manner that extends beyond the implementation of policies to encompass cultural changes, such as the promotion of psychological safety and the destigmatization of leave.

2.3 Work-Life Balance, Job Performance and Well-Being

The universal benefits of work-life balance (WLB) in enhancing job satisfaction, life satisfaction, and mental health, as well as reducing anxiety and depression, have been highlighted in research conducted across diverse cultures. The positive effects of work-life balance (WLB), such as work-family facilitation and reduced conflict, are underscored in studies undertaken by Haar et al. (2014) and Frone (2003). However, cultural factors like individualism/collectivism and gender egalitarianism moderate these effects, resulting in more significant advantages for individualistic and gender-equal societies. Beauregard & Henry (2009) also contend that WLB practices can enhance organizational performance by reducing turnover, increasing productivity, and fostering social exchange. However, their effectiveness is contingent upon contextual factors such as national culture and managerial support.

2.4 Challenges and Opportunities in Nepalese Banking Institutions

WLB initiatives are essential for enhancing the well-being and job performance of employees in Nepal, where the banking sector is confronted with high stress and extended working hours. Shrestha and Parajuli (2020) emphasize the importance of sophisticated HRM practices in Nepalese commercial banks, positing that WLB strategies could further enhance employee retention and satisfaction. Oludayo and Omonijo (2020) emphasize the importance of social support initiatives in achieving work-life balance (WLB), particularly in collectivistic cultures such as Nepal. In addition, Na and Kim (2023) highlight the need for holistic mental health approaches, focus on happiness and life satisfaction. For Nepalese banking institutions, adopting culturally tailored work-life balance (WLB) strategies that address local challenges could significantly enhance employee productivity and organizational success. This is why WLB is crucial for individuals and businesses. Managers must look beyond HR measures due to rising turnover and the pursuit of Work-Life Balance (WLB). This research aims to assess work-life integration as a determinant of employees' job performance in NCBs. In this study, flexible work environments, welfare programs, family responsibilities, and leave policies are independent variables, and employee performance is the dependent variable.
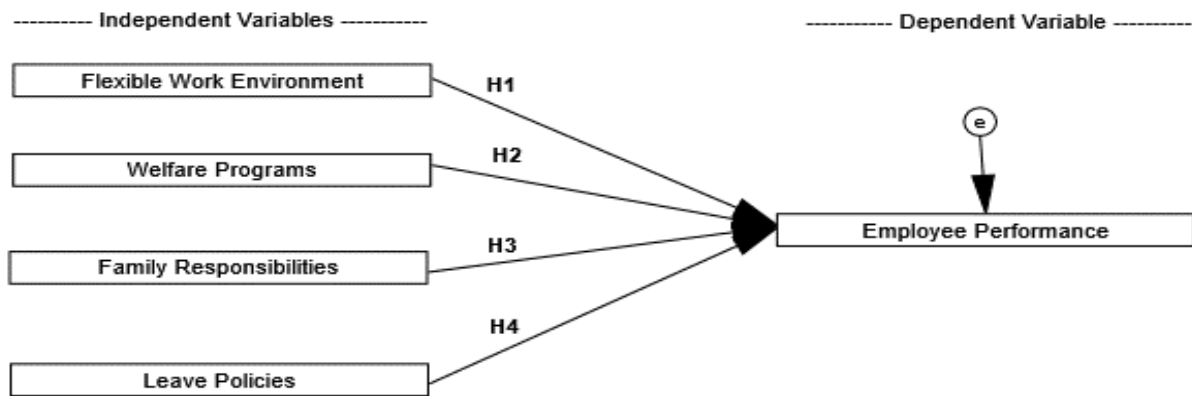
Figure 1 Conceptual Framework

Study Hypotheses

H1: A flexible work environment has a significant positive effect on employee performance.

H2: Welfare programs have a significant positive effect on employee performance.

H3: Family responsibilities have a significant positive effect on employee performance.

H4: Leave policies have a significant positive effect on employee performance.

3. Materials and Methods

This research used a quantitative, cross-sectional methodology to examine the correlation between employee performance and work-life balance variables in Nepalese commercial banks (NCBs). The approach was meticulously enhanced to address deficiencies in sample transparency, equipment validation, and analytical rigor.

Population, Sample, and the Respondents

The target demographic comprised full-time employees from three government-owned national commercial banks: Agriculture Development Bank (ADB), Rastriya Banijya Bank (RBB), and Nepal Bank Limited (NBL), chosen for their uniform HR policies and extensive national reach. A convenience sample of 410 employees was gathered from branches in Kathmandu between January and March 2024. This method, although pragmatic, presented risks of self-selection and geographic bias. In order to get around these problems, the sample was divided into groups based on job level (assistants: 29.5%, officers: 50.2%, managers: 20.3%), people were kept anonymous to avoid social desirability bias, and data was gathered both during the week and on the weekends to account for different workloads. The sample demographics indicated a male-dominated banking sector in Nepal (57.8% male), characterized by a predominantly younger workforce (35.4% aged ≤25 years, 40.7% aged 26–35 years), and a majority possessing undergraduate degrees (58.8%). These variables were regulated in the studies to mitigate potential confounding influences. Table 1 presents the demographic distinctiveness of the participants who voluntarily engaged in the study.

Table 1. The Respondents' Demographics

	Nos	%		Nos	%
Job position:			*Level of Education:*		
Assistant	121	29.5	Undergraduates	241	58.8
Officers	206	50.2	Graduates	139	33.9
Manager	83	20.3	Above Graduates	30	7.3
Gender:			*Experience in Years:*		
Male	237	57.8	Less than 1 Yrs.	56	13.6
Female	173	42.2	1 – 4 Yrs.	137	33.4
Age group:			4 – 7 Yrs.	159	38.8
25 Yrs. and below	145	35.4	7 – 10 Yrs.	36	8.8
26 – 35 Yrs.	167	40.7	10 Yrs. and above	22	5.4
36 – 45 Yrs.	65	15.9			
46 Yrs. and above	33	8.0			
Total of each section	410	100.0	Total of each segment	410	100.0

Survey Instrument

The survey tool consisted of a 36-item questionnaire based on well-established scales, including the Flexible Work Environment (FWE), Welfare Programs (WPs), and Family Responsibilities (FRs). The questions were modified to align with Nepalese culture and customs.

Table 2. Survey Instrument

Section	No of Questions	Theme	References	Measurement Scale	Remarks
A	5	The Respondents' General Information	-	Various	-
B	7	Flexible Work Environment (FWE)	Albion, 2004		
C	6	Welfare Programs (WPs)	Waititu et al., 2017	Five Point Likert-type Scale	1 = strongly disagree To 5 = strongly agree
D	6	Family Responsibilities (FRs)	Karatepe & Sokmen, 2006		
E	7	Leave Policies (LPs)	Obiageli et al., 2015		
F	5	Employee Performance (EP)	Albion, 2004; Karatepe & Sokmen, 2006; Obiageli et al., 2015; Waititu et al., 2017		
Total	36				

Data Screening

Pilot research involving 35 NCB employees evaluated clarity, reliability, and face validity, resulting in modifications such as rewording terminology for cultural appropriateness and eliminating unclear items. The reliability of the psychometric qualities was checked, and all of them met the requirements (± >

0.70), except for FRs (± = 0.573), which is in line with findings in collectivist societies. Convergent and discriminant validity were established using average variance extracted and inter-construct correlations.

Table 3. Data Screening

Constructs	Before, if the item deleted			After, if the item deleted		
	Observed Variables	Cronbach's Alpha	Av. Correlation Coefficient	Retained Variables	Cronbach's Alpha	Av. Correlation Coefficient
FWE	7	0.731	0.291	7	0.731	0.291
WPs	7	0.810	0.384	7	0.810	0.384
FRs	5	0.538	0.201	4	0.573	0.264
LPs	7	0.823	0.406	6	0.824	0.450
EP	5	0.822	0.483	5	0.822	0.483
Total	31			29		

Table 3 shows that the latent variables FWE, WPs, LPs, and EP had good alpha values, higher than the 0.70 level recommended by Hair et al. (2018) for accurate estimates. Additionally, the average inter-item correlation coefficients for all constructs ranged from 0.15 to 0.50, as suggested by Clark and Watson (1995). This means that observed variables were suitable for judging the reliability of the construct.

Internal Validity

It retrieved the standardized regression weights of all the variables that could be seen using confirmatory factor analysis (CFA) on the associated latent construct. According to Hair et al. (2006), variable loadings of 0.50 or more were considered in the study. Confirmatory factor analysis (CFA) was employed to examine the measurement structures, yielding good fit indices (χ^2/df = 2.81, CFI = 0.92, TLI = 0.90, RMSEA = 0.06). Procedure controls and statistical analyses helped mitigate common method bias, and the variance inflation factor (VIF) and tolerance metrics were employed to assess multicollinearity. We evaluated proposed correlations using structural equation modelling (SEM) and bootstrapping (2,000 resample), presenting standardized route coefficients and p-values for significance assessment. Table 4 illustrates how the convergent and discriminant strengths of the independent latent variables were utilized to assess internal validity.

Table 4. Internal Validities Insights

Constructs	Convergent validity			Discriminant validity			
	Retained variables	Average Variance Extracted (AVE)	Construct Reliability (CR)	The square root of AVE (indicated in bold) and Inter-construct association			
				FWE	WPs	FRs	LPs
FEW	3	0.472	0.729	0.687			
WPs	5	0.439	0.795	0.662	0.663		
FRs	3	0.406	0.701	0.584	0.552	0.637	
LPs	4	0.451	0.451	0.632	0.642	0.597	0.672
Cut-off values	-	≥ 0.400	≥ 0.400	AVE's Square Root > Inter-construct			

				Association
Suggested by:		Bagozzi & Baumgartner, 1994	Fornell & Larcker, 1981	Fornell & Larcker, 1981

Table 4 presents the results of the internal validity assessment, demonstrating that the criteria for convergent and discriminant validity of the independent latent variables were met, hence facilitating further advancement. Multi-collinearity was not an issue, as all variance inflation factor (VIF) values remained below the threshold of 4, thereby maintaining the model's robustness.

Normality

The absolute values of skewness and kurtosis of the observed variables (-0.846 to -0.029 and -0.876 to +0.529, respectively) suggest normality, as they fall within the recommended range of ±2, according to the guidelines established by George and Mallery (2010).

Common Method Bias

Podsakoff et al. (2003) recommended the Harman single-factor test to measure common method bias (CMB) in the 15 observed variables maintained for inquiry. As Cho and Lee (2011) stated, the CMB statistical variance should be 50%; however, it was 46.329 %. Notwithstanding these measures, the study exhibited several drawbacks, including sampling bias due to its urban focus, a cross-sectional design that limits causal inferences, and the need for additional cultural validation of scales in non-banking sectors. A future study should implement stratified random sampling and longitudinal designs to enhance generalizability and establish causality.

4. Presentation and Analysis

A multiple regression analysis examined employee performance as the dependent variable and FWE, WPs, FRs, and LPs as independent variables. Table 5 shows the employee performance model.

Table 5. Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.934[a]	0.873	0.871	0.2261

a. Predictors: (Constant), FWE, WPs, FRs, LPs

Dependent variable: EP

Table 5 presents the findings of a multiple regression analysis examining the impact of flexible work environments (FWE), welfare programs (WPs), family responsibilities (FRs), and leave policies (LPs) on employee performance (EP) within Nepalese commercial banks (NCBs). The results are analyzed using Social Exchange Theory (SET), providing comprehensive insights into effect sizes, confidence intervals, and validity statistics. The regression model accounted for 87.3% of the variance in employee performance ($R^2 = 0.873$, Adjusted $R^2 = 0.871$), indicating robust predictive capability and accuracy, as evidenced by a low standard error of the estimate (0.2261). This comprehensive model aligns with SET, indicating that organizational investments in employee well-being, including flexible work arrangements and leave policies, foster reciprocal behaviors that enhance performance. The ANOVA results validated the model's statistical significance (F = 693.625, $p < 0.001$), underscoring the critical role of comprehensive work-life balancing initiatives in enhancing employee engagement and productivity.

Table 6. ANOVA Result

	Sum of Squares	df	Mean Square	F	Sig.
Regression	141.784	4	35.446	693.625	.000[b]
Residual	20.697	405	.051		
Total	162.480	409			

a. *Dependent variable: EP*

b. *Predictors: (Constant), FWE, WPs, FRs, LPs*

Table 6 indicates that the adjusted R Square significantly deviated from zero (F = 693.625, p < 0.05), demonstrating that the dependent variables explained 87.3% of independent variable configuration variance. Table 7 shows all aspects of the evaluation model.

Table 7. Regression Coefficients

Hypotheses	Model	Unstandardized Coefficients[a]		Standardized coefficients	t-statistics	Sig.	Variance Inflation Factor	Remarks on Study hypotheses
		B	St. Error	Beta				
	(Constant)	-0.128	0.075		-1.1700	0.090		-
H1	FWE	0.187	0.025	0.184	7.357	0.000	1.985	Accepted
H2	WPs	0.275	0.035	0.276	7.964	0.000	3.806	Accepted
H3	FRs	0.183	0.026	0.179	7.154	0.000	1.992	Accepted
H4	LPs	0.394	0.032	0.413	12.171	0.000	3.668	Accepted

a. *Dependent variable: EP*

Table 7 presents the regression coefficients, indicating that all predictors—FWE, WPs, FRs, and LPs—exert a substantial positive impact on EP. Flexible work environments (FWE) demonstrated a 0.187-unit increase in employee performance (EP) per unit increase ($\beta = 0.184$, $p < 0.001$), indicating that organizational trust encourages employees to respond with enhanced performance. Welfare programs (WPs) significantly influenced employee commitment ($\beta = 0.276$, $p < 0.001$), as employees regard these activities as a form of organizational support. Family responsibilities (FRs) had a favorable impact on employee performance (EP) ($\beta = 0.179$, $p < 0.001$), indicating that employees who perceive support in reconciling work and home duties exhibit higher engagement, which, in turn, has a favorable impact on EP. Leave policies (LPs) had the most significant impact ($\beta = 0.413$, $p < 0.001$), underscoring their importance in mitigating burnout and enhancing employee performance (EP).

Theoretical and practical implications of the findings underscore the pivotal role of leave policies (LPs) in enhancing employee performance, aligning with the Social Exchange Theory's focus on reciprocal exchanges. NCBs should prioritize family-oriented policies, including paid parental leave and flexible scheduling, to enhance employee well-being and productivity. These findings underscore the importance of comprehensive work-life balance programs in promoting a supportive organizational environment that enhances employee engagement and performance.

5. Discussions

This study examined the impact of work-life balance (WLB) factors—flexible work environments (FWE), welfare programs (WPs), family responsibilities (FRs), and leave policies (LPs)—on employee performance (EP) in Nepalese commercial banks (NCBs). The findings were interpreted through the lens of Social Exchange Theory (SET), offering theoretical insights, a comparative analysis with prior studies, and an exploration of Nepal's cultural context. The study also highlighted unexpected findings and provided practical recommendations for organizations. The results reinforced SET by demonstrating that employees reciprocate organizational support with enhanced performance. For

instance, leave policies (LPs) had the strongest positive impact on employee performance (EP) (β = 0.413, p < 0.001), indicating that employees perceive such policies as a significant investment in their well-being, which fosters commitment and productivity. This aligns with SET's reciprocity principle, which posits that employees who feel supported are more likely to reciprocate through improved job performance. However, the findings also challenged conventional applications of SET. For example, family responsibilities (FRs) had a positive influence on EP (β = 0.179, p < 0.001), contrary to the assumption that family obligations primarily contribute to work-family conflict. This suggests that in collectivist cultures like Nepal, familial responsibilities may enhance performance by instilling a sense of duty and social obligation, extending SET to emphasize the role of cultural norms in shaping reciprocal exchanges.

Consistencies and divergences were identified through a comparative analysis of the existing literature. The strong positive relationship between employee performance (EP) and leave policies (LPs) aligns with the findings of Dahal (2021) and Obiageli et al. (2015), who reported that comprehensive leave policies lead to happier and more effective employees. In contrast, Bartel et al. (2023) reported that performance evaluations in Western contexts were adversely affected by paid family leave. This discrepancy is likely the result of cultural differences, as Nepali employees may perceive LPs as an organizational endorsement of family obligations, which in turn reinforces loyalty and effort. Similarly, the positive effect of welfare programs (WPs) on EP (β = 0.276, p < 0.001) aligns with the findings of Armstrong (2006) and Lagat et al. (2014), who reported that well-being programs can increase productivity and decrease burnout. Nevertheless, the substantial correlation between family work enrichment (FWE) and EP (β = 0.184, p < 0.001) contradicts Bloom and Van Reenen's (2006) assertion that flexible work arrangements (FWAs) have a negligible effect on organizational success. This finding is consistent with De Menezes and Kelliher (2011), who discovered that FWAs improve individual performance. This discrepancy may be indicative of contextual differences, as moderate flexibility in Nepal, where lengthy commutes and rigid workplace norms are common, can significantly enhance work-life balance and efficiency.

The universal benefits of work-life balance (WLB) in enhancing mental health, job satisfaction, and overall life satisfaction, as well as reducing anxiety and depression, have been consistently emphasized in research conducted across various cultures. Studies conducted by Frone (2003), Ghimire et al. (2023), and Haar et al. (2014) emphasized the beneficial effects of work-life balance (WLB), including reduced conflict and increased work-family facilitation. However, cultural factors like individualism/collectivism and gender egalitarianism moderate these effects, resulting in even more significant advantages for gender-equal and individualistic societies. Beauregard & Henry (2009) also argue that WLB practices can improve organizational performance by fostering social exchange, increasing productivity, and reducing turnover. The banking sector in Nepal is characterized by extended working hours and high stress levels, making it imperative to implement WLB initiatives to improve the well-being and job performance of employees. Shrestha and Parajuli (2020) underscore the importance of sophisticated HRM practices in Nepalese commercial banks, suggesting that WLB strategies could further enhance employee retention and satisfaction. Oludayo and Omonijo (2020) emphasize the significance of social support initiatives in achieving Work-Life Balance (WLB), particularly in collectivistic cultures such as Nepal. Furthermore, Na and Kim (2023) emphasize the importance of comprehensive mental health strategies that prioritize life satisfaction and happiness. The adoption of culturally tailored work-life balance (WLB) strategies that address local challenges could significantly enhance employee productivity and organizational success for Nepalese banking institutions.

The findings were significantly influenced by Nepal's collectivist culture, characterized by its strong familial bonds and communal values. The positive influence of family responsibilities (FRs) on EP implies that employees derive motivation from fulfilling their social duties rather than viewing them as a burden. This contrasts with individualistic cultures, where work-life balance policies seek to separate

personal and professional spheres. The significant effect of LPs on EP also reflects cultural expectations that organizations should support employees' family commitments.

However, the relatively modest impact of FWAs highlights implementation challenges, such as managerial resistance or limited awareness of flexible work options, underscoring the need for organizational alignment with cultural values and operational feasibility. Unexpected findings included the positive influence of FRs on EP, challenging traditional assumptions that family responsibilities predominantly generate work-family conflict. Instead, the results suggest that in collectivist societies, familial obligations may enhance performance by fostering a sense of duty, stability, and intrinsic motivation. Another surprising result was the relatively modest impact of FWAs compared to LPs, suggesting that the successful implementation of flexibility requires organizational commitment and structural adaptations beyond the introduction of ordinary policies.

The study contributes to the body of theoretical discussion by applying Social Exchange Theory (SET) to a collectivist, non-western setting. It achieves this by illustrating how cultural norms influence two-way conversations at work. It also challenges the assumption that family responsibilities inherently conflict with professional performance, offering a nuanced comprehension of work-life integration in collectivist societies. Practically, the findings suggest actionable recommendations for Nepalese commercial banks (NCBs) and similar organizations, including strengthening leave policies, expanding welfare programs, implementing effective flexible work arrangements (FWAs), and recognizing cultural influences in human resource (HR) strategies. For instance, organizations could enhance paid leave provisions, offer childcare support, and incorporate family-friendly considerations into their workplace policies. By adopting culturally tailored WLB practices, Nepalese banking institutions can address local challenges and significantly enhance organizational performance.

6. Conclusion

This study examined the impact of work-life balance initiatives on employee performance in Nepalese commercial banks through the lens of Social Exchange Theory. By analyzing survey data from 410 employees, the study found that all dimensions—flexible work environments, welfare programs, family responsibilities, and leave policies—positively influenced employee performance, with leave policies exerting the most substantial effect. These results demonstrate that structured organizational policies, particularly leave provisions and welfare programs, are more effective than informal arrangements in enhancing both employee outcomes and overall service delivery.

The findings extend the Social Exchange Theory framework by illustrating how reciprocal exchanges in a collectivist culture, such as Nepal, go beyond transactional arrangements to include strong social and family-oriented norms. This explains why family responsibilities, often perceived as a source of work-life conflict in individualistic contexts, were positively associated with employee performance in the Nepalese setting.

For practice, the study highlights clear priorities for banking institutions seeking to strengthen service performance. Formalized leave policies and welfare programs should be emphasized, followed by initiatives promoting flexible work arrangements and support for family responsibilities. These insights can guide managers and policymakers in designing culturally sensitive, informatics-supported HR strategies that align employee well-being with organizational efficiency.

The study has limitations, including its cross-sectional design, reliance on government-owned banks, and focus on urban Kathmandu. Future research should extend to private institutions, rural areas, and other service industries, employing longitudinal approaches to better capture causality and change over time. Incorporating mediating and moderating factors, such as job satisfaction, organizational culture, and gender, will further enrich the analysis. Despite these limitations, the study contributes to the literature by linking WLB to employee and service performance in a developing economy context, providing actionable insights for enhancing organizational resilience and service quality through

human-centered and informatics-driven management practices.

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