IMPACT OF GENDER BASED DISCRIMINATION ON EMPLOYEE PERFORMANCE IN CASE OF NEPALESE COMMERCIAL BANKS

Jenita Nepal* Dr. Hatairat Lertjanyakit*

ABSTRACT

This study deals with the concept of gender discrimination at workplace and how such discrimination can influence the employee performance in commercial banking sector of Nepal. The independent variables are the dimensions of gender discrimination specifically promotion, recruitment and selection, compensation and benefits. Similarly, the dependent variable taken is the employee performance. Quantitative tools are applied to analyze the data such as correlation and multiple regressions. The study reveals that gender discrimination in promotion and recruitment policies contributes more for the variation in dependent variable employee performance. The gender discrimination in compensation and benefits has least and insignificant effect on employee performance. Therefore, this empirical study provides guidelines for managers and human research practitioners in deducing discriminatory practices from the organization, in order to ensure equality and fairness for increasing organization productivity.

Keywords: *Employee performance, Gender discrimination in promotion, Gender discrimination in recruitment and selection, Gender discrimination in compensation and benefits.*

1. Introduction

In the modern contemporary world, there has been tremendous development in the information, communication, and entertainment technology. Due to hype of globalization, businesses are getting complex and there has always been question about diversity management. Managers are looking out for strategies that can support diversity and inclusion.

In order to create work harmony, managers need to identify the interest of each employee and collaborate it with an organization goals. While doing so, managers need to consider each employee as valuable jewels for the company. Fair practices can actually help the organizations to sustain in the long run. One of the underlying principles that should be prevalent in almost every organization is equal treatment. Diversity and equality have become integral part of every organization. Diverse workforce includes of individuals belonging to different culture who have their own expectations and aspirations (Loden & Rosener, 1991). Employees from diverse background long for respect in their workplace. However, gender should not be a factor influencing this course of action. Thus, employees should be treated equally and appreciated irrespective

---

* MBA Student, Global College International

* Faculty, School of Management, Shinawatra University

of their gender. Discrimination on the basis of gender is detrimental to any organization.

Discrimination is defined as "different treatment of individuals or groups based on arbitrary ascriptive or acquires criteria such as sex, race, religion, age, marital or parental status, disability, sexual orientation, political opinions, socio-economic background, and trade union membership and activities" (Eurofound, 2011) Carr (2003) Studied that gender discrimination is belief and perception of the discriminator of granting rights to the employee based on his/her gender through policy, action and behavior. Such action and behavior can create hostile environment and negatively affect the employee performance. Therefore, discriminatory treatment is intimidating and can affect employee's career prospects. Effect of such discriminatory treatment can lower the opportunities to enhance work-related skills and build supportive relationships within an organization. As a result, it can have an impact on individual's ability, motivation and lessen the effectiveness of their job performance. Gender discrimination can create stress and trigger the mental health of the employee. Workforce is the combination of both the genders, i.e., males and females. Numerous studies show that men enjoy more privileged power rather than female in the workplace (Pang & Huang, 2010). Konrad & Kathy (1997) emphasized that there has been a tremendous change in the workplace with more women participation in the workforce. However, regardless of women representation they are still facing discrimination in various sectors within the organization. The stereotype thinking has led to the notion that women are less committed to the organization (Welle & Heilman, 2005). Thus, such stereotype thinking can hinder the progress of women in terms of growth in the workplace.

Even though the participation of women in the workforce is increasing, the glass ceiling still prevails in the business environment. Women are basically marginalized in areas such as salary, rewards and also when exercising authority in the workplace (Ngo, 2003). Adhikari (2014) conducted research on five IT companies of Lucknow, there is no significant difference in performance of different gender employees but however, there is discrimination at workplace where female workers are underrepresented and paid less in comparison to men. As a result, such behavior and actions decreases the motivation and morality which affect their productivity. Swimmer (1990) has analyzed that female clerical employees are discriminated in getting promotions as compare to male. Results show that promotion criteria for females' clerks is difficult and different as compare to male employees. Gender difference in promotion rate of getting promotion or higher rank is lower for female employees and also find no gender difference in salary growth attach to promotion (Blau & Jed, 2007). Bible & Hill (2007) analyzed that the equity gap between men and women in management careers appears to be closing, the glass ceiling still persists in today's business environment. Gender discrimination continues to exist, despite Equal Employment Opportunity laws which have been in place for several decades in the U.S. workplace. Evidence gathered through empirical studies showed that women were disadvantaged in comparison with men on virtually every known economic indicator (Schmitt et al., 2002).

Trentham & Larwoodn(1998) have emphasized on the work place gender discrimination rational bias theory. According to this theory, decision makers may choose to discriminate if they believe that their superiors or others having power over their careers expect or prefer it. The findings of their research showed that businessmen discriminated women and people at the top of the organization are most biased against women than people at the bottom. Their study has also confirmed that management support discrimination, though those discriminations were less than

the findings of earlier research, reflecting increasing equal opportunity.

In context of Nepal, an empirical study on private organization of Pokhara, male behavior toward female showed positive by analyzing sample of hundred females of different age group. They do not recognize sexual harassment and glass ceiling effects. Mostly female perceives that socio-cultural side is the reason for their underrepresentation (Rana, 2007). Therefore, various researches have looked at employee performance through various dimensions, but only few have focused more about the relationship between gender discrimination and employee performance. Likewise, there have been mixed findings with regard to gender discrimination and its impact on employee performance. In this aspect, this study ought to address the effect of gender discrimination on employee performance by focusing in commercial banks of Nepal.

2. Research Methodology

The study is based on Primary data. The necessary data has been collected from by distributing self-administrative questionnaires. A questionnaire was designed to explore the fact. Questionnaire contains the use of fixed questions which are presented to respondents in the same way, with no variation in question wording. The study uses the descriptive and causal- comparative research design to analyze the effect of gender discrimination on employee performance in commercial banks of Kathmandu, Nepal. In this study, descriptive study is undertaken in order to explain about the variables and its characteristics which affects the employee performance. It intends to explain more about the variables by giving descriptions about each variable (Luck & Rubin, 2001). The causal- comparative design is used in the study to compare two or more groups in order to find the differences or either to determine whether the independent

variable affects the dependent variable or not (Jason & Rumrill, 2004). The cause and effect relationship between the dependent and independent variable that are taken in the present research is analyzed using the causal research.

The target population of this study was the commercial bank in Kathmandu. An aggregate number of employees working in the commercial bank in the Kathmandu valley will be the population. According to the bank supervision report April 2018, the total population of Nepalese Commercial Bank's employees is 27908. To be exact, all the Nepalese Commercial Banks are the population. There are 28 commercial banks in Nepal. The total sample size according to total population is 394. The minimum sample size is derived by the formula provided by (Yamane, 1967):

$$n = \frac{N}{1 + Ne^2}$$

Where,

N = Population size (27908)

n = sample size (394)

e = level of precision (0.05)

In this formula, as the population is known, $p = 0.5$ is used. The confidence level used is 95% and tolerated margin of error is 5%.

Now,

$$n = \frac{27908}{1 + 27908 \times 0.05^2} = 394$$

Therefore, minimum sample size required for the study is 394.

RESEARCH MODEL

In order to test different hypothesis, the following model is used which shows the relationship between gender discrimination

dimensions and employee performance. Independent variables like recruitment process. Compensation and promotion are used in this study. Likewise, dependent variable is employee performance for this study. The regression model is used to analyze the interrelationship between dependent and independent variables. The following model is used in this study:

$$EP = \alpha + \beta_1 RS + \beta_2 P + \beta_3 CF + \varepsilon$$

Where,

α = Constant

β_1, β_2 and β_3 are the beta coefficients of the explanatory variables to be estimated.

ε = Error term

Dependent Variable,

EP = Employee Performance.

Independent Variable,

RS = Recruitment and Selection

P = Promotion

CF = Compensation and Facilities

3. Hypotheses

H_0 : There is significant relationship between gender discrimination and employee performance.

H_1 : Gender discrimination in recruitment is negatively associated with employee performance.

H_2 : Gender discrimination in promotion is negatively associated with employee performance.

H_3 : Gender discrimination in compensation is negatively associated with employee performance.

4. Data Analysis and Presentation

Demographic Profile

In this study, the respondents include the employees of Commercial Bank of Nepal and 394 questionnaires were collected based on the gender, age, working period of Respondents. The demographic profile is briefly discussed in the following table 1.

Table 1: Gender of Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	221	56.1	56.1	56.1
Female	173	43.9	43.9	100.0
Total	**394**	**100.0**	**100.0**	

Note: SPSS Results based on Primary Data 2018

The above table shows the frequency and percentage of different gender among survey respondents. Based on the results, 43.9% of respondents are female whereas, 56.1% of respondents are male. In other words, out of 394 target respondents, 173 are female whereas, 221 are male. From the given figure, we can say that, male respondent are more than the female which questions for gender discrimination in the workforce.

Table 2: Age of Respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
20-25	131	33.2	33.2	33.2
26-30	183	46.4	46.4	79.7
31-35	80	20.3	20.3	100.0
Total	**394**	**100.0**	**100.0**	

Note: SPSS Results based on Primary Data 2018

The above table shows the frequency and percentage of different age group among survey respondents. Based on the results, out of 394 respondents, 183 of respondents are 26-30 years, 131 of respondents are 20-25 years, and 80 of respondents are 31-35 years. Most of the employees are of age between 26-30 years which is 46.4% and 20-25 is 33.2% and 20.3% is 31-35 years.

Table 3: *Working period of Respondents*

Working Period	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 3	144	36.5	36.5	36.5
3-5	137	34.8	34.8	71.3
5-7	113	28.7	28.7	100.0
Total	**394**	**100.0**	**100.0**	

Note: SPSS Results based on Primary Data 2018

The above table shows the work duration tenure of respondents from survey. According to the results, 144 of respondents have been working less than 3 years, 137 of respondents have been working in the bank for 3-5 years, and 113 of respondents have been working in the bank for 5-7 years. Based on the results, 36.5% of respondents are working below 3 years, 34.8% of respondents are working for 3-5 years and 28.7% of respondents are working for 5-7 years.

Analyses of Data

In order to analyze the data, correlation analysis and regression analysis was used. The correlation variables can be tested with the range between -1 to +1 where -1 indicates the perfect negative correlation while +1 indicates the perfect positive correlation whereas 0 is an indication of no correlation at all.

Correlation Analysis

The correlation matrix is used to determine the extent to which changes in the value of one attribute is associated with changes in another attribute. In other words, it simply helps to explain the strength of the relationship between the variables.

Table 4: *Correlation between Employee Performance and Independent variable*

	Promotion	Compensation	Recruitment and Selection	Employee Performance
Promotion	1			
Compensation	.076	1		
Recruitment and Selection	.066	.068	1	
Employee Performance	-.170**	.027	-.153**	1

Note: SPSS Results based on Primary Data 2018

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

From the above table 4.4, the correlation value between "Promotion" and "Employee Performance" is -.170 which shows negative but significant relationship between each other. This implies that with 1% increase in discrimination in Promotion variable, employee performance decreases by 17%. Similarly, the correlation value between "Compensation" and "Employee Performance" is .027 which shows that there exist positive but insignificant associations between each other. However, this implies that any variation in Compensation variable will have positive variation in employee performance in the same manner. On the other hand, the correlation value between "Recruitment" and "Employee Performance" is -.153 which shows that there is negative but significant relationship between each other. This indicates that with 1% increase in discrimination in Recruitment variable, employee performance will decrease by 15.3%. Out of the three independent variables, to some extent, promotion correlated strongest with employee performance.

Regression Analysis

Regression analysis describes the variance and causal relationship between independent and dependent variables.

Table 5: *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423ᵃ	.179	.173	.23008

Note: SPSS Results based on Primary Data 2018

From the above table, the R value actually helps to explain how well the whole model describes the data. In this study, the model explained 42.3% of the data. In the above model, in order to understand the extent to which the variability of the dependent variable is explained by the independent variable, R^2 is used. In this aspect, 17.9 percent of the variability of employee performance was explained by the independent variables of recruitment, promotion, compensation and the remaining are unknown. Beside these, the standard error of the estimate is 0.23008.

Table 6: *ANOVA Test*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.293	3	.431	7.046	.000ᵇ
	Residual	23.857	390	.061		
	Total	**25.150**	**393**			

Note. SPSS Results based on Primary Data 2018

    a. Dependent Variable: Employee Performance

    b. Predictors: (Constant), Compensation, Recruitment Process, Promotion

From the above table, the significant p-value can be analyzed. P-value indicates whether the model should be accepted or rejected. In this aspect, we can see that the significance p value is 0.000 which is less than 0.05. It implies that the model used by the researcher is valid and matches the requirement of the study. Hence, the model as a whole is significant.

Table 7: *Coefficient Table*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
B	Std. Error	Beta			
(Constant)	1.790	.242		7.409	.000
Recruitment Process	-.083	.028	-.145	-2.928	.004
1 Promotion	-.103	.031	-.164	-3.315	.001
Compensation	.035	.035	.049	.993	.321

Note. SPSS Results based on Primary Data 2018

a.   Dependent   Variable: Employee Performance

In the above table, the model elaborates about which specific independent variables were significant in explaining employee performance. There is one constant value in the given table that is 1.790 while other regression coefficient represents the slope and Y-intercept -0.83, -0.103 and 0.35 respectively. The t value of promotion and recruitment is -3.315 and -2.928 respectively which is greater than 2.

Above table shows that when discrimination in promotion variable increases then employee performance will negatively react in opposite direction and vice-versa. Its p value is 0.001 which is less than 0.05. However, discrimination in compensation variable is positive to employee performance but it is insignificant. This is because its p value is 0.321 which is more than 0.05. Likewise, when discrimination in recruitment and selection variable increases then employee performance will negatively react in opposite direction and vice-versa. Its p value is 0.004 which is less than 0.05. Thus, regression analysis depicts that gender discrimination significantly and negatively contributes in employee performance.

After rejecting the insignificant variable, the final regression model with regards to employee performance is as follows:

$Y = 1.790 - 0.083(RS) - 0.103(P).$

Table 8: Hypothesis Acceptance Table

SN	Hypothesis	P Value	Remark
H_{01}	There is significant relationship between gender discrimination in recruitment and employee performance.	0.004	Accept Alternative Hypothesis
H_{02}	There is significant relationship between gender discrimination in promotion and employee performance.	0.001	Accept Alternative Hypothesis
H_{03}	There is significant relationship between gender discrimination in compensation and employee performance.	0.321	Reject Alternative Hypothesis

In the above table, we can observe that p value which explains the acceptance and rejection of Alternative Hypothesis. The p value of H_{01}, H_{o2}, and H_{o3} are concerned with variables like recruitment, promotion and compensation. Since the p value of H_{o1} with 0.004 and H_{o2} with 0.001 is lesser than 0.05, the alternative hypothesis 1 and 2 are accepted. As for other hypothesis H_{03}, it is rejected because the p value is greater than 0.05.

5. Conclusion

The significant relationship exhibited between tested variables explains that discrimination does exist in case of Nepalese banking institution. Statistical tools such as correlation and regression analysis were used to analyze the relationship between gender discrimination and employee performance. From the regression analysis, the finding shows that gender differences in recruiting and promotion have negative relationship with employee performance. This implies that when gender discrimination increases, the quality of output by employee reduce drastically and vice-versa. Generally, the concept of gender discrimination could be extracted from many factors such as stereotype thinking, the behavior of the counterparts as well as cultural belief. In addition to the present research findings, it was reported that male staff are given more

promotion opportunities.

Therefore, based on the findings of this study, it can be easily comprehended that a banking institution which is unable to eliminate gender discrimination will end up having a workforce which is characterized with low productivity. To conclude, discrimination in the banking institution has more negative impact on the employee performance and in the long run it negatively affect the performance of the entire institution. Thus, the result rejected the alternative hypothesis H_{03} whereas the alternative hypothesis H_{01} and H_{02} got accepted which meant that changes in recruitment and promotion can have an impact on employee performance.

6. Limitation and Recommendations

In case of Nepalese scenario, managers of the banking institution and other organizations should set up ways through which employee can report any form of discrimination to management and such complaints needs to be handled promptly and confidentially in order to eliminate discrimination. The workplace policy needs to be reviewed frequently in order to ensure that effectiveness is maintained. Likewise, managers should also confine that there is equal opportunity of promotion and career success for all the categories of

employee irrespective of their gender. As a result, such initiation will enable the employers to alleviate any perception employees might have of gender discrimination.

Area of employee performance is too much debatable in different organizational set up. Therefore, future research can be conducted that attempts to determine causation and characterizes the relationship more precisely because there may be other factors or variables which contribute to employee performance.

Furthermore, there are few limitations associated with this study. This study considers the quantitative analysis rather than the qualitative analysis. The research is focused on A class commercial bank employees only. Hence, the study cannot be generalized to other developmental banks. Similarly, the sample survey is taken only from Kathmandu Valley for convenient sampling.

Lastly, these limitations are acknowledged but they do not diminish the significance of findings in this study.

7. REFERENCES

Adhikari, S. (2014). Impact of Gender Discrimination at Workplace. *Research Journali's Journal of Education, 2 (4)*, 1-6.

Bible, D., & Hill, K. (2007). Discrimination: Women in business. *Journal of Organizational Culture, Communication and Conflict*, 65-76.

Blau, D. F., & Jed, V. D. (2007). New Evidence on Gender Diferences in Promotion Rates: An Empirical Analysis of a Sample of New Hires. *Cornell University, School of Industrial and Labor Relations ,*, 1-40.

Carr, L. P., Szalacha, L., Barnett, R. C., & Inui, T. (2003). A Ton of Feathers: Gender discrimination in academic medical careers and how to manage it. *Journal of Women Health*, 1009-1018.

Eurofound. (2011, Sep 20). *European observatory of working life : Discrimination*. Retrieved from Eurofound: https://www.eurofound. europa.eu/observatories/eurwork/ industrial-relations-dictionary/ discrimination

Jason, S., & Rumrill, J. (2004). Causal-comparative research designs. *Journal of Vocational Rehabilitation 21 (3)*.

Konrad, M. A., & Kathy, C. (1997). The effects of gender role congruence and statistical discrimination on managerial advancement. *Human Relations*, 1305-1328.

Loden, M., & Rosener, B. J. (1991). Workforce Americal: Managing employee diversity as a vital resource. *Burr Ridge, IL: Irwin*.

Luck, A., & Rubin, K. (2001). Customer loyalty: toward an integrated conceptual framework. *Journal of the Academy of Marketing Science*, 99-113.

Ngo, Y. H. (2003). Who gets more of the pie? Predictors of perceived gender inequity at work. *Journal of Business Ethics*, 227-241.

Pang, T., & Huang, S. (2010). The impact of education, law and family factors influence of gender discrimination in China. *Department of Business Administration*, 38.

Rana, B. (2007). A Study on Women's Perception of Glass Ceiling in the Private Organizations, Pokhara. *The journal of Nepalese Business Studies*, 83-87.

Schmitt, T. M., Branscombe, R. N., Kobrynowicz, D., & Owen, S. (2002). Perceived discrimination against one's gender group has different implications for well being in women and men. *Personality and Social Psychology Bulletin, 28*, 197-210.

Swimmer, G. (1990). Gender Based Differences in Promotions of Clerical Workers. *Relations industrielles/ Industrial Relations, 45 (2)*, 300-310.

Trentham, S., & Larwood, L. (1998). Gender discrimination and the workplace: An Examination of Rational Bias Theory. *Sex Roles, Vol. 38*.

Welle, B., & Heilman, M. (2005). Formal and informal discrimination against women at work and the role of gender stereotypes. *Research in social issues in Management: managing social and ethical issues in organizations*, 230- 243.

Yamane, T. (1967). Statistics, An Introductory Analysis. *New York: Harper and Row, (2)*.