

Knowledge, Skills, and Attitudes (KSA) Model and Employee Performance in Commercial Banks

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Abstract

This study examined how knowledge, skills, and attitudes (KSA) influence employee performance in Nepalese commercial banks. Using a descriptive and casual approach, the research examines the contribution of these factors to overall employee performance. A structured questionnaire was distributed to 400 employees from different commercial banks to collect quantitative data. Descriptive statistics, correlation analysis, and regression analysis were applied to assess the relationships between the variables and their significance in affecting performance. The correlation analysis revealed that all three factors knowledge, skill and attitude were positively correlated with employee performance. Skill in particular showed the strongest correlation, suggesting that employees with higher skills tend to perform better. Both attitudes and knowledge also had positive correlations with performance. The regression analysis reinforced these results, highlighting that skills have the most significant effect on employee performance, followed by attitudes and knowledge. The findings recommend that enhancing technical and practical skills, along with fostering positive work attitude, are essential strategies to improve performance in the banking sector. The study suggests that commercial banks in Nepal can prioritize skill development programs and create a supportive work environment to enhance employee performance. Future research could explore the influence of organizational factors, such as leadership and culture and the long-term impact of employee training on sustained performance improvement.

Keywords: Employee Performance, Knowledge, Skills, Attitude, Commercial banks

Introduction

Employee performance played a key role in determining an organization's overall success, as it reflected both the quality and quantity of work completed by employees and their ability to meet set standards while advancing organizational objectives. High levels of employee performance contributed significantly to the organization's success by increasing productivity, driving innovation, and strengthening its competitive edge (Nugraha et al., 2022). The importance of employee performance was also highlighted by its influence on achieving strategic goals, enhancing customer satisfaction, and fostering a positive work culture. As businesses navigated increasingly competitive and fast-changing environments, improving employee performance became crucial for maintaining growth and ensuring long-term success (Resky, 2023).

Several factors affected employee performance, with knowledge, skill and attitude (KSA) being the main contributors. Knowledge referred to the theoretical understanding and information employees had, while skills were the ability to apply that knowledge in real-world situations (Iskamto, 2022). Attitude, on the other hand, described an employee's mindset and emotional attitude toward their work, which greatly impacted motivation and engagement (Truitt, 2011). Studies showed that a positive attitude could improve job performance by creating a supportive work environment and promoting proactive behavior (Robbie & Sayyaf, 2022). Additionally, the interaction between KSA components was essential, as employees with the right skills and a positive attitude typically performed better, leading to improved organizational results (Khan, 2020; Alavi et al., 2013).

The interaction of knowledge, skills, and attitude (KSA) is critical for enhancing employee performance. Knowledge refers to the theoretical understanding employees bring to their work, while skills involve the practical application of this knowledge. Attitude influences motivation and engagement, which are vital to job performance (Kosmajadi, 2021). In the banking sector, where operational efficiency and customer service are crucial, the combination of KSA is especially important. Employees who possess the right knowledge and skills are better equipped to manage complex financial services, while a positive attitude leads to better customer interactions and teamwork, ultimately improving organizational performance (Šarkauskaitė & Bukšnytė-Marmienė, 2020).

Despite the importance of KSA, Nepalese commercial banks face challenges in human resource management, including skill gaps where employees may lack the necessary competencies to meet market demands and adaptability issues in the face of technological advancements and regulatory changes (Gwachha, 2023). Negative attitudes toward change can also impede progress, leading to resistance to new initiatives, which can negatively impact employee morale and performance (Šarkauskaitė & Bukšnytė-Marmienė, 2020). These challenges can result in lower productivity, decreased employee engagement, and higher turnover, which in turn can undermine a bank's competitive advantage in a rapidly changing financial environment (Jaramillo et al., 2013). Although previous research has explored the link between employee empowerment and performance, focusing on attitudes such as self-efficacy and organizational commitment (Wijayanto & Riani, 2021), many studies fail to consider the unique cultural and operational context of Nepalese banks. Local economic conditions and organizational structures may significantly affect employee performance. Furthermore, while the relationship between training and performance has been widely studied, the specific ways in which KSA impacts employee performance in Nepalese commercial banks remain insufficiently explored (Kadiresan et al., 2015).

The banking sector in Nepal shifted from a state-controlled system to a more competitive environment with both public and private banks, playing an essential role in the economy (Shrestha & Parajuli, 2020a; Shrestha, 2019a; Shrestha & Chhetri, 2024). The liberalization of the 1990s led to the rise of private banks, enhancing competition and improving service quality (Adhikari, 2023). However, issues like credit risk, regulatory compliance, and the need to keep up with technological changes persisted (Neupane, 2023). Digital banking brought both opportunities and challenges (Mastran, 2021). Employee performance became crucial for success, boosting operational efficiency and customer satisfaction. Investment in training and fostering a positive organizational culture were essential for overcoming challenges and encouraging growth (Hakuduwal, 2019; Niraula, 2023).

This study examines how knowledge, skills, and attitudes (KSA) affect employee performance in Nepalese commercial banks, which are vital to the country's economy. With increasing competition and digital changes, improving employee performance is crucial (Shrestha, 2021). Assessing KSA levels will identify current competencies, while exploring their relationship with performance will help pinpoint areas for improvement. Understanding their impact will guide HR strategies to enhance productivity and competitiveness in Nepal's banking sector (Bhandari, 2020). Furthermore, employee performance is vital for the success of Nepal's banking sector, particularly with the ongoing digital transformation and increased competition. However, challenges such as skill deficiencies, resistance to change, poor performance evaluations, and insufficient training impede performance (Aryal et al., 2022; Islam, 2023). Other factors, including limited opportunities for career growth, regulatory constraints, and low employee motivation, further hinder performance (Pradhan & Shrestha, 2022; Shrestha & Parajuli, 2020b; Kim & Jung, 2022). The rising demand for skilled workers in digital banking highlights the importance of improving knowledge, skills, and attitudes (KSA). This study aims to explore how KSA levels influence employee performance and overall effectiveness in Nepalese commercial banks.

Literature Review and Hypotheses

Understanding the interplay among knowledge, skills, and attitudes (KSAs) is essential for enhancing organizational efficiency, employee satisfaction, and customer service. Knowledge is the sum of information, skills, and expertise that people gain from their experiences and education (Shrestha, 2018). It can be divided into explicit knowledge, which is clear and can be easily communicated, and tacit subjective knowledge rooted in personal experience, and harder to articulate (Nonaka & Takeuchi, 1995).

Knowledge

Knowledge is a key asset for employee performance, encompassing skills and expertise gained through education, experience, and training (Adhikari & Shrestha, 2019; Shrestha, 2019b; 2014a; 2012). Li et al. (2022) distinguish between explicit and tacit knowledge. Effective knowledge management enhances innovation, decision-making, and

operational efficiency, fostering performance improvements (Na-Nan et al., 2019). Knowledge sharing boosts performance by creating collaborative environments (Na-Nan et al., 2019). Organizations that prioritize knowledge management become more agile and innovative, responding effectively to market changes (Liang et al., 2018; Papa et al., 2018; Adhikari & Shrestha, 2023; Shrestha & Chhetri, 2025).

Skills

Skill is the expertise to perform tasks efficiently and effectively, often acquired through consistent practice, training, and experience. It requires the application of knowledge to specific activities and can be refined in multiple domains, including technical, cognitive, and interpersonal (Park et al., 2019). Skills including both technical and interpersonal abilities, are crucial for employee performance, especially in customer-facing industries like banking. Ibrahim et al. (2017) note that skill development leads to improved performance and productivity in the banking sector. Skilled employees tend to be more productive, adaptable, and efficient (Hsiao & Lin, 2018). Incorporating soft skills, such as communication and teamwork, into training programs enhances employee engagement, boosting performance (Ibrahim et al., 2017; Martini et al., 2020).

Attitude

Attitude is an individual's mindset or tendency towards a person, object, or situation, influencing their behavior and emotions (Shrestha, 2017; 2014b). It is shaped by experiences, values, and beliefs and can positively impact performance, teamwork, and job satisfaction in organizations (Robinson, 2020). Worker or employee attitudes significantly influence performance outcomes. Positive attitudes, linked to job satisfaction and commitment, generally lead to higher performance. Negative attitudes, however, result in disengagement and reduced productivity (Fugate & Soenen, 2017; Chen et al., 2020). Prior studies show that employees with positive attitudes engage in organizational citizenship behaviors (OCBs) (Pradhan & Shrestha, 2022; Shrestha, 2019b), enhancing overall performance (Adıgüzel & Küçükoğlu, 2019).

Organizational justice, fair treatment, and equitable processes improve attitudes and performance (Wang et al., 2014; Shrestha, 2013a, 2013b). Negative attitudes toward change, however, hinder performance by creating resistance (Šarkauskaitė & Bukšnytė-Marmienė, 2020; Choi, 2011; Shrestha, 2016; Shrestha et al., 2024a; 2024b; 2025). Employee performance involves the behaviors and outcomes employees contribute to their organizations (Shrestha & Pradhan, 2022; Shrestha, 2013c; Shrestha et al., 2025). It is defined by how well employees meet expectations and achieves goals set by management. Research indicates that employee performance is influenced by knowledge, skills, and attitudes. Alyoubi et al. (2018) highlight that knowledge management, including knowledge sharing and acquisition, can significantly improve performance. Additionally, employee engagement and satisfaction are crucial, as they lead to greater productivity (Fithriyana et al., 2022).

Knowledge and Employee Performance

This study proposes a hypothesis based on existing literature, focusing on the relationship between knowledge and employee performance in Nepalese commercial banks. Knowledge enables employees to perform their tasks effectively, improving service delivery and customer satisfaction. Research shows that organizations investing in knowledge management experience better employee performance through enhanced knowledge sharing (Elrehail et al., 2019). Additionally, ongoing training and development help employees adapt to changes, boosting job performance (Yusuf et al., 2021). Thus, the hypothesis suggests that knowledge positively influences employee performance in this sector.

H1: Knowledge has a significant positive impact on employee performance in Nepalese commercial banks.

Skills and Employee Performance

Skills development is important for boosting employee performance, especially in the banking sector, where specific skills are needed to meet customer demands. Akram and Hilman (2018) found that regular training improves employees' abilities, helping them manage difficult tasks and provide better service. Similarly, Agboola et al. (2021) show that focused training increases employees' skills and performance. Hanafi and Ibrahim (2018) also highlight that skilled employees contribute to the success of the organization. Therefore, it is hypothesized that skill development has a positive effect on performance in banks.

H2: Skills have a significant positive impact on employee performance in Nepalese commercial banks.

Attitude and Employee Performance

Employee attitudes have a substantial effect on performance, with positive attitudes driving higher engagement and productivity. Studies indicate that employees with a positive outlook are more likely to exhibit behaviors that enhance performance, such as organizational citizenship behavior (OCB). Kappagoda et al. (2014) discovered a strong relationship between positive attitudes and improved job performance, particularly in service industries. Moreover, Rahmawati et al. (2021) highlight that a supportive work environment boosts employee attitudes, which subsequently leads to better performance outcomes. Thus, maintaining a positive attitude is essential for improving job performance.

H3: Attitudes have a significant positive impact on employee performance in Nepalese commercial banks.

Research Methods

The study focuses on the relationship between knowledge, skills, attitudes, and employee performance in Nepalese commercial banks. A sample of 400 employees was selected from a population of 17,749 employees across ten banks, ensuring statistical significance with a 95% confidence level and a 5% margin of error. Due to time and resource limitations, a non-probability convenience sampling approach was employed, providing accessible data from participants who could be easily reached.

The study collected quantitative data through a structured questionnaire to explore the influence of knowledge, skills, and attitude on employee performance in Nepalese commercial banks. Primary data were obtained from bank employees. The main instrument for data collection was a structured questionnaire designed to assess the impact of knowledge, skills, and attitude on employee performance. The questionnaire used a Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree) to measure participants' responses. The survey was distributed online via Google Forms. Out of the 400 questionnaires distributed, 350 valid responses were received. Descriptive statistics, correlation analysis, and regression analysis were used for data analysis purposes.

Results

Demographic Characteristics

The demographic characteristics of the respondents are detailed, including the bank name, gender, age, position, and years of experience in the banking sector.

Table 1: Demographic Profile of Respondents

Demographic Variables	Category	Frequency	Percentage
Name of the Bank	Nepal Bank Ltd.	40	0.114
	Agriculture Development Bank Ltd.	35	0.1
	Nabil Bank Ltd.	50	0.143
	Nepal Investment Mega Bank Ltd.	45	0.129
	Standard Chartered Bank	30	0.086
	Nepal Ltd.		
	Nepal SBI Bank Ltd.	38	0.109
	Everest Bank Ltd.	42	0.12
	Kumari Bank Ltd.	33	0.094
	Laxmi Sunrise Bank Ltd.	20	0.057
	Citizens Bank International Ltd.	17	0.049
Gender	Male	200	0.571
	Female	150	0.429
Age	18–25 years	70	0.2
	26–35 years	120	0.343
	36–45 years	100	0.286
	46–55 years	50	0.143
	56 years and above	10	0.028
Position	Junior Assistant	60	0.171
	Assistant	80	0.229
	Senior Assistant	70	0.2
	Junior Officer	50	0.143
	Officer	40	0.114
	Senior Officer	25	0.071
	Assistant Manager	25	0.071
Years of Experience	Less than 1 year	50	0.143
	1–3 years	110	0.314
	4–6 years	125	0.357
	7+ years	65	0.186

Table 1 presents a survey of 350 participants from ten different banks, with the highest representation from Nabil Bank Ltd. (14.29%), followed by Nepal Investment Mega Bank Ltd. (12.86%) and Everest Bank Ltd. (12.00%). Citizens Bank International Ltd. (4.86%) and Laxmi Sunrise Bank Ltd. (5.71%) have the smallest shares. In terms of gender, 200 respondents (57.1%) are male and 150 (42.9%) are female. Most respondents are aged 26–35 years (34.3%), followed by 36–45 years (28.6%). Regarding job position, Assistant (22.9%) and Senior Assistant (20.0%) are the largest groups. For years of experience, 4–6 years (35.7%) is the largest group, followed by 1–3 years (31.4%) and 7+ years (18.6%).

Reliability

The reliability analysis assessed the consistency of the structured questionnaire using Cronbach's Alpha. A value of 0.70 or higher is considered acceptable (Nunnally, 1978). Items below this threshold were revised to improve reliability, and the analysis was performed using SPSS software.

Table 2: Reliability Statistics

Variables	Cronbach's Alpha	No of Items
Knowledge	0.862	4
Skills	0.81	4
Attitudes	0.856	4
Employee Performance	0.833	4

Table 2 shows the reliability statistics for knowledge, skills, attitude, and employee performance. Cronbach's Alpha values range from 0.810 to 0.862, exceeding 0.7 and indicating strong internal consistency. The data were analyzed using descriptive and inferential statistics. Mean, standard deviation, and frequency distributions summarized the variables, while correlation and regression analyses examined their relationships with employee performance. MS-Excel and SPSS were used for analysis. Descriptive statistics also summarize the demographic profiles and key study variables.

Position of Variables

This subsection provides a statistical overview of knowledge, skills, attitudes, and employee performance in Nepalese commercial banks using frequencies, percentages, and mean values. It summarizes respondents' demographic profiles and their perceptions of Variables.

Table 3: Position of Knowledge

Statements	Mean	S. D.
I have a good understanding of the products and services offered by my bank.	3.59	0.792
I possess the necessary financial knowledge to perform my tasks effectively.	3.53	0.744
I am knowledgeable about the bank's policies and procedures relevant to my work.	3.69	0.759
My knowledge of banking systems and regulations helps me perform my job with efficiency.	3.71	0.722
Knowledge	3.6293	0.634

Table 3 shows that the knowledge-related statements have mean scores ranging from 3.53 to 3.71, indicating agreement among employees. The highest mean is for knowledge of banking systems and regulations (3.71, while the lowest is for necessary financial knowledge (3.53). The overall mean is 3.6293 (SD = 0.634), suggesting a moderate level of knowledge.

Table 4: Position of skills

Statements	Mean	S.D
I have strong technical skills required for my job in the bank.	4.14	0.842
I am able to communicate effectively with my colleagues and customers.	4.12	0.771
I possess problem-solving skills that help me resolve challenges at work.	3.97	0.811
I have excellent time management skills, allowing me to complete tasks on time.	4.21	0.728
Skills	4.1093	0.629

Table 4 provides a high skills level among employees, with an overall mean of 4.11 and SD of 0.63. Time management had the highest mean (4.21), followed by technical skills (4.14), and communication skills (4.12), while problem-solving had the lowest (3.97). Thus, employees perceive themselves as highly proficient in key skills.

Table 5: Position of Attitude

Statements	Mean	SD
I approach my work with enthusiasm and a positive attitude.	3.69	1.003
I am motivated to perform my job well, even under challenging conditions.	3.27	1.021
I am committed to achieving the goals set by my organization.	3.66	.873
I have a positive attitude towards learning new skills to enhance my performance.	3.69	.917
Attitudes	3.5779	.79835

Table 5 presents that attitude-related statements have mean scores ranging from 3.27 to 3.69. The highest means are for enthusiasm and positive attitude and learning new skills 3.69, while motivation under challenging conditions has the lowest 3.27. The overall mean is 3.5779 (SD=0.79835), indicating a generally positive attitude toward work.

Table 6: Position of Employee Performance

Statements	Mean	SD
I consistently meet or exceed the performance targets set by my employer.	3.92	.777
The quality of my work meets or exceeds the standards expected by my employer.	3.85	.836
I am productive and complete my tasks in a timely manner.	3.88	.817
I regularly receive positive feedback from my supervisor or colleagues regarding my performance.	3.67	1.053
Employee Performance	3.8293	.71589

Table 6 demonstrates that employee performance mean scores range from 3.67 to 3.92, reflecting generally positive performance. The highest mean is 3.92 (SD = 0.777), while positive feedback has the lowest (3.67). The overall mean is 3.8293 (SD = 0.71589), indicating a positive view of employee performance.

Relationship among study Variables

Correlation analysis assesses the strength and direction of relationships. This reveals how closely related these variables are, with values closer to +1 or -1 indicating stronger relationships and values near 0 suggesting weaker or no significant connections. It examines whether higher levels of knowledge, skills, and attitudes are associated with improved employee performance in Nepalese commercial banks.

Table 7: Correlation between variables

Variables	Skills	Attitude	Knowledge	Employee Performance
Skills	1			
Attitude	0.336**	1		
Knowledge	0.259**	0.429**	1	
Employee Performance	0.590**	0.565**	0.456**	1

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

Table 7 shows significant positive correlations between skill, attitude, knowledge, and employee performance. Skill has the strongest relationship with employee performance ($r = 0.590$, $p < 0.01$), followed by attitude ($r = 0.565$, $p < 0.01$) and knowledge ($r = 0.456$, $p < 0.01$). Skills are also positively correlated with attitude ($r = 0.336$) and knowledge ($r = 0.259$), indicating that these variables are interconnected.

Impact Analysis

This section reviews the regression results, focusing on how skills, attitude, and knowledge influence employee performance. It is organized into three main parts: the model summary, ANOVA, and the coefficient table. The model summary illustrates how much of the variance in performance is explained by the independent variables, with a higher R-squared value signifying stronger explanatory power. The ANOVA assesses the overall significance of the model, where significant results indicate that at least one predictor affects performance. The coefficient table shows the individual effect of each predictor on performance, with the significance values determining the statistical importance of each factor.

Table 8: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729a	.532	.528	.49188

a. Predictors: (Constant), Knowledge, Skills, Attitude

Table 8 displays the regression analysis model summary, showing how knowledge, skills, and attitude influence employee performance in Nepalese commercial banks. The R-value of 0.729 points to a strong positive link between the variables and performance. With an R-square value of 0.532, the model accounts for 53.2% of performance variation, highlighting the relevance of these factors. The Adjusted R Square value of 0.528 adds further validity, and the Standard Error of 0.49188 shows that the model's predictions are accurate.

Table 9: Goodness of Fit Test

Model	Sum of Squares	d.f.	Mean Square	F	Sig.
Regression	95.150	3	31.717	131.093	.000b
Residual	83.712	346	.242		
Total	178.862	349			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Knowledge, Skill, Attitude

Table 9 presents the ANOVA analysis, highlighting the significance of the regression model in assessing the impact of knowledge, skill, and attitude on employee performance. The Regression Sum of Squares is 95.150, representing the explained variance, while the Residual Sum of Squares is 83.712, indicating the unexplained variance. With an F-statistic of 131.093 and a p-value of 0.000, the model is statistically significant, confirming that the influence of the predictors on performance is statistically significant.

Table 10: Impact Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	-0.057	0.207			-0.276	0.782
Skills	0.483	0.045	0.425		10.779	0.000
Attitude	0.301	0.038	0.335		7.959	0.000
Knowledge	0.228	0.046	0.202		4.913	0.000

a. Dependent Variable: Employee performance

Table 10 displays the regression coefficients, illustrating how skills, attitude, and knowledge impact employee performance in Nepalese commercial banks. Skills have the strongest influence, with an unstandardized coefficient of 0.483 and a standardized coefficient of 0.425, highlighting their importance. Attitude ranks second, with an unstandardized coefficient of 0.301 and a standardized coefficient of 0.335, showing its significant contribution to performance. Knowledge, with an unstandardized coefficient of 0.228 and a standardized coefficient of 0.202, has the least effect but still plays a role in performance. The constant value (−0.057) is not statistically significant, reinforcing that skills, attitude, and knowledge are the primary factors.

Table 11: Hypothesis Testing

Hypothesis	p-value	Result
H1: Knowledge has a significant positive impact on employee performance in Nepalese commercial banks.	0.00	Supported
H2: Skills have a significant positive impact on employee performance in Nepalese commercial banks.	0.00	Supported
H3: Attitudes have a significant positive impact on employee performance in Nepalese commercial banks.	0.00	Supported

This summarizes the hypothesis testing results on the influence of knowledge, skills, and attitudes on employee performance in Nepalese commercial banks. The findings confirm that all three hypotheses are supported, with p-values for knowledge (H1), skills (H2), and attitudes (H3) all being below 0.001. This indicates that each factor has a significant positive effect on employee performance.

Discussion

This study examined the impact of knowledge, skills, and attitudes (KSA) on employee performance in Nepalese commercial banks. The findings provide compelling evidence that all three components of the KSA model significantly influence employee performance, with skills emerging as the most potent predictor, followed by attitude and knowledge. These results align with the theoretical foundations of the Resource-Based View, which posits that an organization's unique human capital resources can provide sustainable competitive advantage (Barney, 1991). In the context of Nepalese commercial banks, where operational efficiency and customer service are paramount, the combination of KSA components proves essential for organizational success. The descriptive findings revealed that employees perceived their skills most favorably, followed by employee performance, knowledge, and attitude. The

high skill perception among respondents suggests that employees in Nepalese commercial banks feel confident in their technical, communication, problem-solving, and time management abilities. This finding is particularly encouraging given the increasing demands of digital banking and the need for skilled workers in the sector (Mastran, 2021). The moderate knowledge perception indicates that while employees possess adequate understanding of banking products, services, policies, and regulations, there remains room for improvement, especially in financial knowledge. The relatively lower attitude perception, particularly regarding motivation under challenging conditions, highlights a potential area for intervention, as negative attitudes can impede progress and lead to resistance to change (Šarkauskaitė & Bukšnytė-Marmienė, 2020).

The results demonstrated significant positive relationships between all three KSA components and employee performance. Skills showed the strongest correlation with performance, followed by attitude and knowledge. These findings are consistent with previous research emphasizing the importance of skills in driving performance outcomes. Ibrahim et al. (2017) noted that skill development leads to improved performance and productivity in the banking sector, while Hsiao and Lin (2018) found that skilled employees tend to be more productive, adaptable, and efficient. The strong correlation between attitude and performance supports the work of Kappagoda et al. (2014), who discovered a strong relationship between positive attitudes and improved job performance, particularly in service industries. Additionally, the positive correlation between knowledge and performance aligns with Alyoubi et al. (2018), who highlighted that knowledge management, including knowledge sharing and acquisition, can significantly improve performance. The intercorrelations among the independent variables suggest that these factors are interconnected and mutually reinforcing. This finding supports the notion that employees with the right skills and a positive attitude typically perform better, leading to improved organizational results (Khan, 2020; Alavi et al., 2013). The interaction between KSA components is essential, as employees who possess the right knowledge and skills are better equipped to manage complex financial services, while a positive attitude leads to better customer interactions and teamwork (Šarkauskaitė & Bukšnytė-Marmienė, 2020).

The results further revealed that skills had the strongest impact on employee performance, followed by attitude and knowledge. These findings are consistent with the human capital theory (Becker, 1964), which suggests that investment in employee skills and abilities yields significant returns in terms of performance. The dominance of skills as a predictor aligns with Akram and Hilman (2018), who found that regular training improves employees' abilities, helping them manage difficult tasks and provide better service. Agboola et al. (2021) similarly showed that focused training increases employees' skills and performance. The significant impact of attitude on performance supports the work of Rahmawati et al. (2021), who emphasized that a supportive work environment can boost employee attitudes, subsequently leading to better performance outcomes. Employees with positive attitudes engage in organizational citizenship behaviors, enhancing overall performance (Adıgüzel & Küçükoğlu, 2019). The finding that knowledge has the least, though still significant, effect on performance is consistent with Li et al. (2022), who distinguished between explicit and tacit knowledge and noted that effective knowledge management enhances innovation, decision-making, and operational efficiency. Na-Nan et al. (2019) also found that knowledge sharing boosts performance by creating collaborative environments.

Conclusion

The study provides robust evidence that all three components of the KSA model significantly influence employee performance, with skills emerging as the most potent predictor, followed by attitude and knowledge. It makes important contributions to both theory and practice. Theoretically, it extends the KSA framework by providing empirical evidence from the Nepalese banking context, addressing a gap in the literature regarding the specific ways in which KSA impacts employee performance in this setting. The findings support the Resource-Based View and human capital theory by demonstrating that investment in employee knowledge, skills, and attitudes yields measurable performance improvements. The study also highlights the interconnected nature of KSA components, suggesting that these factors mutually reinforce each other in influencing performance outcomes.

In fact, the findings offer clear guidance for Nepalese commercial banks seeking to enhance employee performance and organizational effectiveness. Banks should prioritize skill-based training programs, particularly in areas such as customer service, financial management, digital technology, and professional development. Fostering positive work attitudes through supportive leadership, recognition programs, and initiatives that enhance motivation and commitment is equally important. Additionally, investing in knowledge management systems and continuous learning opportunities can ensure employees have updated job-related knowledge for effective problem-solving and decision-making. For Nepalese commercial banks, which play a vital role in the country's economy, prioritizing KSA

development is not merely an option but a strategic imperative for achieving sustainable competitive advantage. Future research should explore the influence of organizational factors such as leadership and culture, as well as the long-term impact of employee training on sustained performance improvement.

Implications

The findings have important implications for Nepalese commercial banks, indicating that knowledge, skills, and attitudes significantly influence employee performance, with skills having the strongest effect, followed by attitudes and knowledge. Therefore, bank management should prioritize skill-based training in areas such as customer service, financial management, digital technology, and professional development, while also promoting positive attitudes, knowledge sharing, continuous learning, and supportive leadership. These factors should be integrated into performance appraisal and employee development systems to improve productivity and organizational effectiveness. Future research could further examine the roles of organizational culture, leadership style, digital banking technology, employee well-being, and engagement, and the long-term effects of training programs. Comparative and longitudinal studies could also provide broader insights into how these factors influence employee performance across different contexts and over time.

Limitations

This study has several limitations. It focuses only on commercial banks in the Kathmandu Valley, which may limit the generalizability of the findings to other regions and rural areas of Nepal. The sample of ten banks may not fully represent the diversity of the banking sector, while the use of convenience sampling may introduce selection bias. Furthermore, the study relies on self-reported questionnaire data, which may be subject to response bias. Finally, the study considers only three explanatory variables, knowledge, skills, and attitudes, while other factors that may influence employee performance, such as organizational culture, leadership, motivation, and working environment, are not examined.

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