

## Contribution of HRD Practices on Employees' Commitment: An Observation of Development Banks in Nepal

**Manoj Kumar Chaudhary, PhD**

*Associate Professor*

*Center Department of Management,  
Tribhuvan University, Kathmandu, Nepal*

[manoj.cdmtu@gmail.com](mailto:manoj.cdmtu@gmail.com)

**Rajesh Kumar Chaudhary**

*M. Phil. Scholar*

*Tribhuvan University, Nepal*

[crj.raj208@gmail.com](mailto:crj.raj208@gmail.com)

### **Corresponding Author**

**Manoj Kumar Chaudhary**

[manoj.cdmtu@gmail.com](mailto:manoj.cdmtu@gmail.com)

Received: April 15, 2022; Revised & Accepted: June 15, 2022

Copyright: Chaudhary (2022)



This work is licensed under a [Creative Commons Attribution-Non Commercial 4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/).

### **Abstract**

*The dynamics of business environment always poses sever new issues that need to be consider by an organization to be competitive in the business. The human resource development practices can be an instrument to meet this prerequisite. Considering this fact, this study aimed to examine the contribution of HRD practices on the commitment of employees in Nepalese development banks. For this, 320 bankers as respondents are selected from national level development banks with head office based on Kathmandu valley to meet the study objectives. Structured questionnaire as an instrument for data collection based on 5-point Likert scale has been applied. The data are processed and analyzed with use of MS-Excel, SPSS, descriptive, correlation and regression analysis. The findings shows that HRD dimensions has significant positive association and impact on commitment of employees in Nepalese development banks. However, integrated HRD strategies still need to be considered by the development banks for its own effectiveness as exposed by the respondents. Thus, the researchers concludes that HRD*

*practices to make their employees more dedicated and committed as per the dynamics of market then development banks of Nepal should be considered integrated HRD practice as a core value of their banks. Therefore, it is recommended that stakeholders specially executives of banks to put keen attention for framing a suitable HRD strategy for remain competitive.*

**Keywords:** *Contribution, HRD, Commitment, development banks, Nepal*

## **Introduction**

The changing scenario of business environment due to COVID-19 crisis and growing pace of globalization requires competent human resource to understand and lead the change. For this, continuous planning and efforts are to be needed to improve and develop employee's competencies in the organization (Baniya, 2004, Robinson et. al; 2004, Rao; 1998, Wilson, 2005). Further, human resource development related to job is a regular process for the knowledge, skills, working practice and behavior of its employees for survival and growth in this difficult time (CIMA, 2013; Fleming & Asplund, 2007; Werner and Desimone 2006; Singh and Banerji, 2021). Mechanism for HRD which is also called HR practice is mainly concerned with the effective practices of approaches like performance evaluation and appraisal, career perspective-based planning, feedback process, regular counseling and employee welfare program in the organization (Rao and Abraham 2010). Furthermore, the effectiveness of HRD related approaches and practices is largely depending on the senior managers and line managers' deliberation with regard to employee's competencies is a part of organizational environment knowledge, skills etc. (Rao and Abraham 1986). Moreover, HRD practice is an organizational close environment which is the results of working behavior of people in the organization particularly top-level management (Hamlin and Stewart, 2011; Roub and Liao, 2012; Muduli, 2015; Otoo, 2019).

HRD knowledge practice for overall change and development that ultimately lead in highly competent, committed satisfied workforce that in succeeding organizational benefits (Armstrong, 215). It is because of organizational performance is largely depends on employee commitment and their performance. So that, competitive advantage of any type of organization mostly depends how a particular organization trained, develop and upgrade its employees to meet the needs of changing time like other sectors banking sectors is not far from its impacts. Therefore, continuous human resource practices have shaped the employees core competencies that basically determine how a firms specially banking sector compete.

HRD mechanism and its practice helps organization to upgrade and improve overall capability of their employees like ability to work in a team, decision-making, and understand and lead the VUCA (Volatile, Uncertainty, Complex, Competitive and Ambiguity) business world and alike in this context, increasing trend and influences of Globalization, technological achievements, diverse products and markets tough completion innovative approach etc. Have

contributed in a dynamic business environment around a globe. Especially for the service sector (Uraon, 2018, Singh and Benerji, 2021). That have been impacted on the led re-thinking and re-articulating organizational strategies of service-oriented business organization (Ueno, 2014; Muduli 2015). In this perspective the banking sectors performance is mainly depends on their employee performance because of its nature of business. So, well developed and committed employee's way of service and behavior affects customer's perception towards banking quality of service and response that finally lead to achieve overall performance of particular bank. Therefore, effective mechanism of HRD practice is requires to attain competitive advantage. (MC Murray et al; 2004; Browning 2006, Hassan et. al, 2006; Pradhans and Dash, 2019). Based on the findings researches human resource manager in banks require to design and create on going competencies development program for its employees like, counseling, workshop and training, reward, recognition, well equipped information system etc have been explored by researcher in the part as a tool HRD practice. Hence, to achieve the banking performance for banks sustainability, banks are needed to embrace Human resource development practice regularly to enhance employee commitment for achieving performance.

Because, past studies well established the relationship among HRD practice, employee commitment and banking performance. It can be also noticed from the previous literatures that employee commitment, satisfaction and performance can be enhanced by different HRD mechanism and appropriate counseling and trainings which ultimately enhance customers service and banking performance. Thus, a various challenge is currently faced by Nepalese banking sectors in that customized service which is not possible without effective HRD practice in banks through hard core support of its mechanism of human resource development practices and employee commitment for banking performance found in Nepalese context specially in developments banks of Nepal. Hence, this study tries to fills this gap to some extent with the hope to provide empirical evidence in the present context.

## **Methodology**

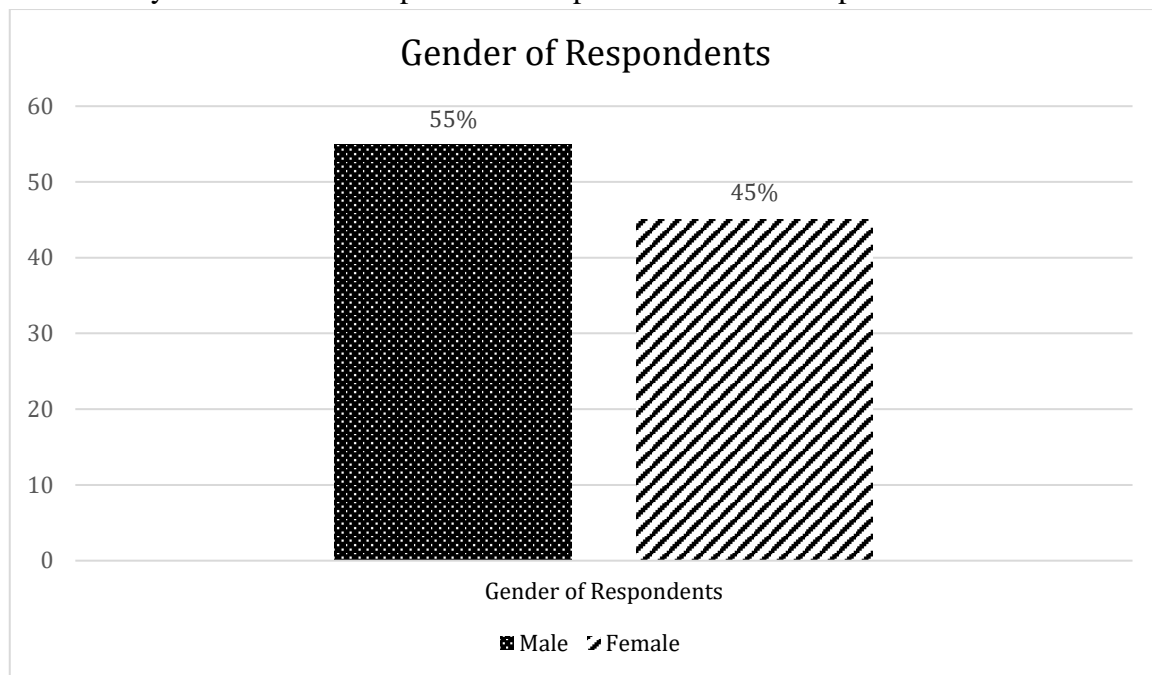
This study has applied, descriptive research design to explore the impact of HRD practices on employees' devotion in development banks of Nepal. Structured survey questionnaire (based on five-point Likert scale) has been used to fulfill the research objectives. The purposive sampling method has been used to select sample for this research. For this, 320 bankers (from different levels) as respondents are selected from national level development banks (Kamana Sewa Development Bank, Mahalaxmi Development Bank, Shangrila Development Bank, Lumbini Development Bank, Jyoti Development Bank, Muktinath Development Bank and Garima Development Bank) with head office based on Kathmandu valley to meet the study objectives. The collected data were processed through computer. Descriptive as well as inferential statistics were implemented for data analysis. Cronbach's Alpha value related with employees' training, management development, career development and employees' commitment has been assessed for reliability test. The alpha value obtained for training of

employees was 0.82, for management development was 0.85, for employees' opportunity for career development was 0.87 and for commitment of employees was 0.88. The reliability statistics shows that all the four constructs used in the study has the alpha value greater than of 0.7 which is sign of decent and adequate consistency among the constructs as per Nunally (1978).

## **Observation and Analysis**

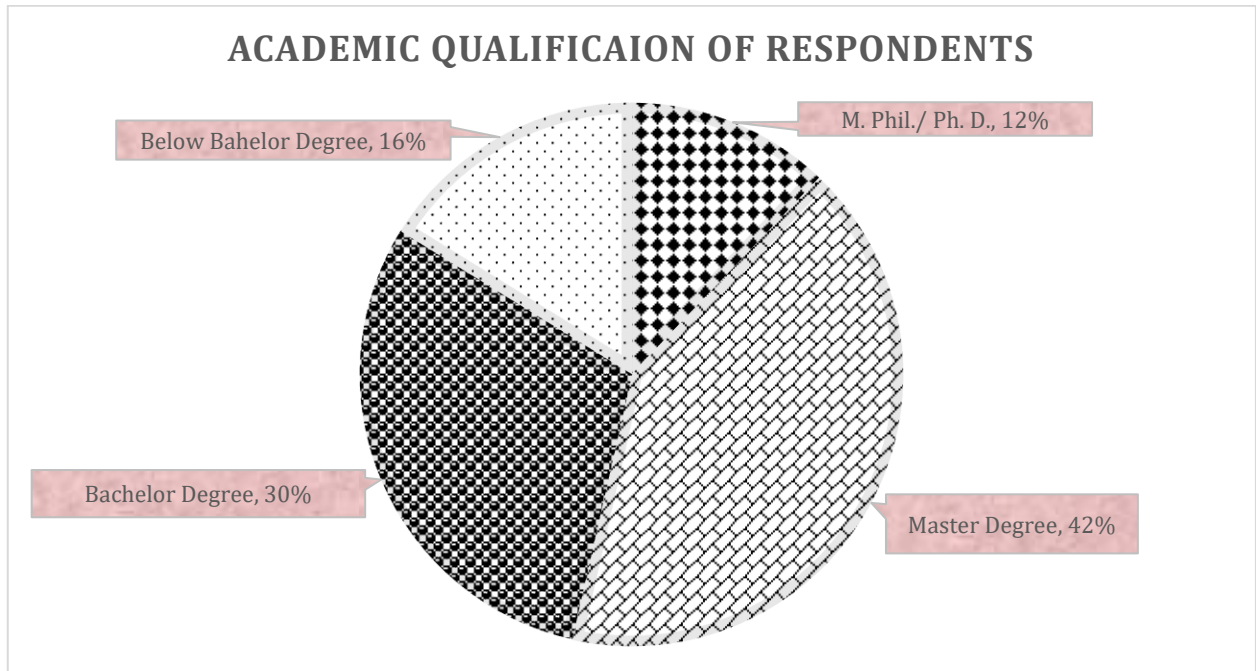
### **Respondents Profile**

The profile of respondents gives some basic information of employees who are taking part of in this study from different Nepalese development banks as a respondent.



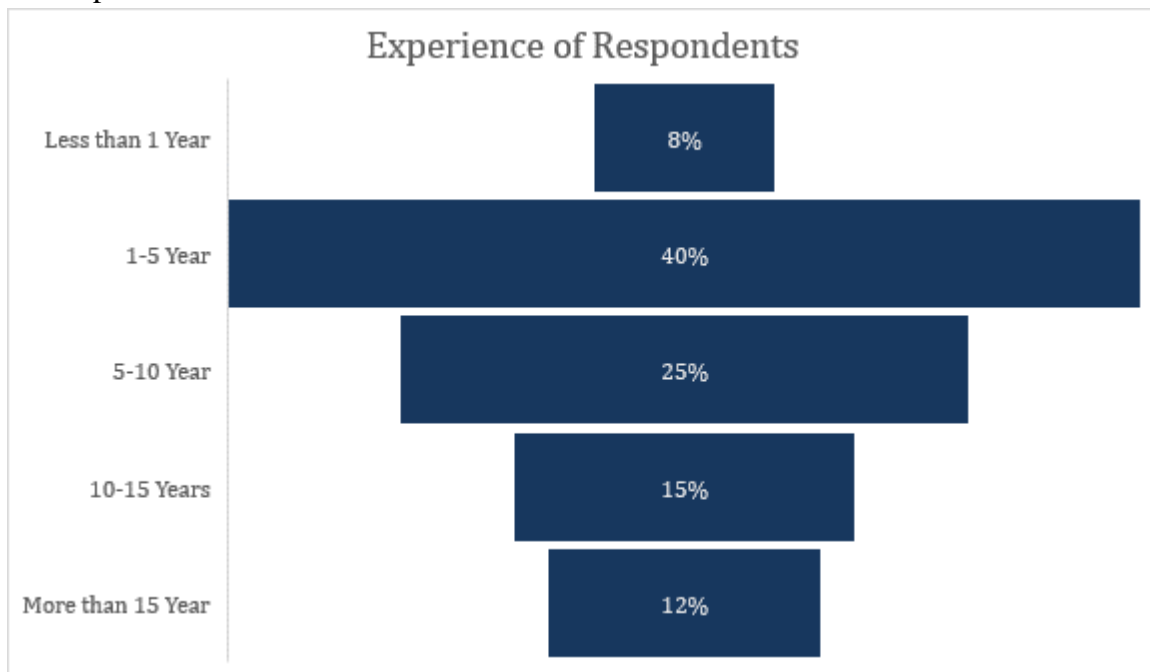
Source: Survey, 2021

The diagram shows the gender of the respondents taking part in this research. It displays that majority of the respondents under this study are male staffs of different development banks operated in Nepal. However, the female number of respondents are also considerable.



Source: Survey, 2021

Respondents profile in the Pai chart express that about 12% respondents are M. Phil./Ph. D holders whereas respondent with master degree is 42%. The figure further shows that respondents with bachelor's degree are about 30%. Figure also demonstrate that respondents with below bachelors are 16%. It is observed that the numbers of male employee having masters and above academic qualification is higher than of female employees. It indicated that academic qualification of male staffs is comparatively higher than of female staffs in Nepalese development banks.



Source: Survey, 2021

The pie chart displays that 8% of respondents are new entrants in banking sectors whereas 40% of respondents has the experience in between one to five years. Likewise, respondents with five to ten years of experience are 25% whereas 15% are with ten to fifteen years of experience. It is observed that only 12% of respondents has the engagement in banking sector from more than of fifteen years. The figure indicated that job switch of the banking staffs from one bank to another bank and another sector too after earning knowledge of banking sectors.

Correlation between HRD variables and Employees' Commitment

Variables	Employees' training	Management development	Career development opportunity	Employees' commitment
Training of employees	1			
Management development	.22	1		
Opportunity for career development	.25	.14	1	
Commitment of employees	.67**	.58**	.72**	1

Source: SPSS Output

Note:

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

Table illustrate the correlation between the HRD variables and commitment of employees. It displays positive association between employees training and commitment employees by correlation coefficient 0.67. Likewise, correlation between career development and commitment of employees is 0.72. likewise, it is observed positive connection between management development and commitment of employees express by correlation coefficient 0.58. The correlation table indicated that there exist positive and significant relationship between components of HRD practices and commitment of employees in development banks of Nepal.

Summary of Regression model

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
	0.826	.687	0.672	1.332

	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	188.348	1	188.348	106.171	0.000
Residual	65.665	37	1.774		
Total	254.013	38			

Dependent variable: commitment of employees

Predictors: constant, training of employees, management development, opportunity for career development.

The F-statistics and p value used to measure the overall significance of the regression model. The value of F-statistics and  $p = 0.000$  shows the overall regression model is significant.

The value of adjusted R square 0.687 for all the variables studied (training of employees, management development and opportunity for career development) implies that 68.7% variation in dependent variable i.e., commitment of employees is explained by the independent variables (training of employees, management development and opportunity for career development) in development banks of Nepal.

### Regression Coefficients

Model		Unstandardized		Standardized	T	Sig.
		Coefficients				
		B	Std. Error	Beta		
1	(Constant)	22.875	1.473		8.674	0.000
	Training of employees	0.393	0.284	0.548	14.664	0.023
	Management development	0.368	0.147	0.457	0.168	0.018
	Opportunity for career development	0.426	0.225	0.438	0.157	0.000

a. Dependent Variable: Commitment of employees.

The positive beta coefficients shows that there is positive impact of HRD components on commitments of employees in development banks of Nepal. It is illustrated that a unit increase in training of employees would lead to increase in commitment of employees by 0.393 units. Similarly, a unit increase in management development would lead to increase commitment of employees by 0.368 unit. Likewise, a unit increase in opportunity for career development would increase in commitment of employees by 0.426 units in Nepalese development banks. The table indicated that human HRD components has positive impact on commitment of employees in Nepalese development banks, as shown by the p value; ( $p < 0.05$ ). The regression model can be expressed as,  $Y = 22.875 + 0.393X_1 + 0.368X_2 + 0.426X_3$ .

### Discussion and Conclusion

This paper aimed to inspect the impact of HRD practices on commitment of employees in development banks of Nepal. It is observed that most of men banking employees' academic degree is higher than of female staffs. Meanwhile, the academic qualification of male and female employee differs to each other's in development banks of Nepal. This study noticed that the tendency of employee's turnover and movement to other institutions after being experienced. This study found that positive association between the components of HRD

practices and commitment of employees in Nepalese development banks. In line with this Singh and Benerji (2021) found that importance HRD strategies to enhance the employee's commitment and productivity. It is found that under the study variables of HRD practices, opportunity for career development has the greater effect on the commitment of employees in the Nepalese development banks. Although the study observed that all three independent study variables i.e., training of employees, management development and opportunity for career development has the significant positive impact on the commitment of employees in development banks of Nepal which is similar with the result of Kareem and Hussein (2019) disclosing that human resource development practices improve the employees' productivity through the enhancing the dedication employees towards their job. Likewise, Adresi and Darun (2017) demonstrated that HRD practices through various situational training and progression programs, genuine care and practice of existing capabilities of employees and sufficient opportunity for professional growth effect on employees' accountability in development banks of Nepal. The study finding is also parallel with Razzaq et al. (2017) concluding that HRD practices has strong positive influence in commitment of employees in telecom sector of Pakistan. Similarly, Mishra and Bhardwaj (2002); Hamline and Stewart (2011); Ueno (2014) and Uron (2018) stated the positive effect of HRD on commitment of employee. In the same way Gellatly et al. (2009) advised that HRD practices can be considered as one of the powerful tools to mold the employees' engagements and their dedication within the organization. This study is important understand importance of HRD practices in banking industry for enhancing the dedication of employees towards their jobs. HRD practices dragging the attention of the executives of the business to understand the capabilities and potentials of their employees and means to enhance their commitments. The findings of this study can be beneficial for the HR executives while formulating HR planning and policies. The study can be supportive to research scholars in the related filed. Likewise, the academicians can be benefited with some insightful literature related to HRD practices. Though, the study believes that there is substantial area to be covered in the context of human resource development practices in Nepalese organization.

**Financial support and sponsorship:** None

**Conflicts of interest:** None

## **References**

- Adresi A. A. & Darun, M. R. (2017). Determining relationship between strategic human resource management practices and organizational commitment, *International Journal of Engineering Business Management*, 9, 1-9. Retrieved from: <https://journals.sagepub.com/doi/full/10.1177/1847979017731669>
- Baniya, L.B. (2004). Human resource development practice in Nepalese business organizations: A case study of manufacturing enterprises in Pokhara. *The journal of Nepalese Business Studies*, 1(1) 58-68



- Browning, V. (2006). The relationship between HRM practices and service behavior in South African service organizations. *The international Journal of Human Resources Management, 17*(7), 1321-1338.
- CIMA. (2013) *Organization management and information system*. London: Kapan Publishing.
- Deloitte. (2017). *Employee engagement reimagined for higher education* [online]. Retrieved from: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/human-capital/ushc-employee-engagement-reimagined-higher-education.pdf>
- Fleming, J.H., & Asplund, J. (2007). *Human sigma: Managing the employee customer encounter*. New York: Gallup Press.
- Gellatly, I. R., Huntera, K. H., Curriea, L. G. & Irvin, P. G. (2009). HRM practices and organizational commitment profiles, *The International Journal of Human Resource Management, 20* (4), 869–884. Retrieved from: [https://www.researchgate.net/publication/200824264\\_HRM\\_practices\\_and\\_organizational\\_commitment\\_profiles](https://www.researchgate.net/publication/200824264_HRM_practices_and_organizational_commitment_profiles)
- Hamlin, B., & Stewart, J. (2011). What is HRD? A definitional review and synthesis of the HRD domain. *Journal of European Industrial Training, 35* (3), 199-220.
- Hassan, A., Hashim, J., & Ismail, A.Z.H. (2006). Human resource development practices as determinants of HRD climate and quality orientation. *Journal of European Industrial Training, 30*(1), 4-18.
- Kareem, M. A. & Hussein, I. J. (2019). The Impact of Human Resource Development on Employee Performance and Organizational Effectiveness, *Management Dynamics in the Knowledge Economy, 7*. Retrieved from: [https://www.researchgate.net/publication/336150142\\_The\\_Impact\\_of\\_Human\\_Resource\\_Development\\_on\\_Employee\\_Performance\\_and\\_Organizational\\_Effectiveness](https://www.researchgate.net/publication/336150142_The_Impact_of_Human_Resource_Development_on_Employee_Performance_and_Organizational_Effectiveness)
- Kuvaas, B., & Dysvik, A. (2010). Exploring alternative relationships between perceived investment in employee Development perceived supervisor support and employee outcomes. *Human Resources Management Journal, 20* (2), 138-156.
- McMurray, A., Scott, D., & Pace, R. (2004). The relationship between organizational commitment and organizational climate in manufacturing. *Human Resource Development, 14*(4), 473-88.
- Mishra, P. & Bhardwaj, G. (2002). Human Resource Development Climate: An Empirical Study Among Private Sector Managers. *Indian Journal of Industrial Relations, 38* (1), 66-80.
- Muduli, A. (2015). High performance work system, HRD climate and organizational performance: An empirical study. *European Journal of Training and Development, 39*(3).
- Otoo, F.N. (2019). Human resource development (HRD) practices and banking industry effectiveness: The mediating role of employee competencies. *European Journal of Training and Development*.
- Pradhan, R.K., & Dash, S. (2019). Do HR practices influence job satisfaction? Examining the

- mediating role of employee engagement in Indian public sector undertakings. *Global Business Review*, 20(1), 119-132. Doi:10.1177/0972150917713895
- Rao, T.V. (1998). *The HRD Missionary*. New Delhi: Oxford and IBH publishing Co. Pvt. Ltd.
- Rao, T.V., & Abraham, E. (1986) HRD climate in organizations. In Rao, T.V. (Eds), *Readings in Human Resources Development* (pp. 36-45). Oxford & IBH Publishing Co. Pvt. Ltd, New Delhi.
- Raub, S., & Liao, H. (2012). Doing the right thing without being told: Joint effects of initiative climate and general self-efficacy on employee proactive customer service performance. *Journal of Applied Psychology*, 97 (3), 651-667.
- Razzaq, S., Aslam, U., Bagh, T. & Saddique, S. (2017). The Impact of Human Resources Management Practices on Employee Commitment: Evidence from Pakistan Telecom Sector, *International Journal of Academic Research in Business and Social Sciences*, 7(7). Retrieved from:  
[https://www.researchgate.net/publication/319469805\\_The\\_Impact\\_of\\_Human\\_Resources\\_Management\\_Practices\\_on\\_Employee\\_Commitment\\_Evidence\\_from\\_Pakistan\\_Telecom\\_Sector](https://www.researchgate.net/publication/319469805_The_Impact_of_Human_Resources_Management_Practices_on_Employee_Commitment_Evidence_from_Pakistan_Telecom_Sector)
- Robinson, D., Perryman, S., & Hayday, S. (2004). *The drivers of employee engagement*. Brighton: Institute of Employment Studies.
- Singh, A. & Benerji, R. (2021). Human Resource Development Climate and Employee Service Behavior in Banks: The Mediating Role of Organizational Commitment, *OPUS: The Journal of HR*, 12 (1), 1-16. Retrieved from:  
[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3920139](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3920139)
- Sittisom, W. (2020). The Impact of Human Resource Practices on Organizational Commitment of the Pharmacy Employees in Thailand, *A multifaceted review journal in the field of pharmacy*, 11(3), 97-105. Retrieved from:  
<https://www.sysrevpharm.org/articles/the-impact-of-human-resource-practices-on-organizational-commitment-of-the-pharmacy-employees-in-thailand.pdf>
- Ueno, A. (2014). Developing a conceptual model illustrating how HRM practices support each other in order to improve service quality. *Procedia- Social and Behavioral Sciences*, 148, 24-31
- Uraon, S.R. (2018). Examining the impact of HRD practices on organizational commitment and intention to stay within selected software companies in India? *Advance in Developing Human Resources*, 20(1), 11-43.
- Werner, J.M., & Desimone, R.L (2006). *Human resources development (4<sup>th</sup> ed)*. Thomson South-Western, Mason, OH.
- Wilson, P. John (1999). *Human Resource Development*. United Kingdom: Kogan Page Limited.