

# Competency- Based Human Resource Development in Nepalese Commercial Banks

**Ganesh Prasad Niraula**

Asst. Professor, Department of Management, Patan Multiple Campus, TU

**Dr. Shreekrishna Kharel**

Associate Professor (Asst. Dean)

Office of the Dean, Faculty of Management (TU), Kirtipur, Kathmandu

Corresponding Email: [ganesh.niraula@pmc.tu.edu.np](mailto:ganesh.niraula@pmc.tu.edu.np)

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## Abstract

*The objective of this study is to find the competency based human resource development in Nepalese commercial banks. Simple random sampling was used in this study to gather data, and descriptive and causal comparative research approaches were used to get results. While inferential statistics were used for result analysis, descriptive statistics were used to explain respondents' perspectives on competency variables. 396 respondents were given a typical structured questionnaire to complete. Utilizing SPSS version 26, data analysis was carried out. Staffing and selection, education and training, organizational growth, and performance management were the four independent variables included in the study. Development of human resources was the dependent variable. The result of this research shows that there is positive relationship between competency and human resource development. It can be mentioned that the independent variables have positively impacted human resource development. The coefficient of determination test resulted in an Adjusted R Square of 54.10 percent which indicates a good correlation between the independent and dependent variable. The remaining percent 45.90 are influenced by other variables aside from this. The higher management and the departmental managers are recommended to focus on the enhancement of competency on the employees of commercial banks in Nepal.*

**Keywords:** Education and training, human resource development, organizational development, performance management, staffing and selection,

## 1. Introduction

Human resource development is a deliberate endeavor aimed at assisting staff members in acquiring behaviors, skills, knowledge, and attitudes relevant to their jobs. Performance management, career development, and training and development are all included in HRD (Hakuduwal, 2019). Any dynamic, growth-oriented firm needs human resource development to ensure the competence, effectiveness, and dynamism of its workforce. The activities for human resource development practices include appraisal systems, career planning, training, organizational growth, rewards for quality of work-life balance, and HR information. HRD is essential to enhancing employees' skills for work in businesses in the future (Sthapit, 2019). One unique practice that builds the essential competencies that define

how businesses compete is human resource development. A procedure that develops and improves workers' abilities, expertise, and mindset (CIMA, 2013). Human resource development can be seen as the synergistic synthesis of the three foci, resulting in increased organizational efficacy and efficiency through more competent and fully engaged employees whose outputs and performance are in line with the organization's objectives. (McGuire, 2014). Confusion results from trying to frame the new criteria using the outdated mental model, as shown by the claims and arguments on the significance of having a clear mental model for teaching competencies. The discovery of educational ambiguities is not novel and has been the focus of earlier studies (Schofield & McDonald, 2004). Shifting from knowledge as the major, (even the only) reference in the assessment of student achievement. And that to (include) evaluations focused on skills, abilities, and procedures directly linked to tasks and activities as they relate to student growth and to previously established academic and professional profiles (González & Wagenaar., 2003).

Human resource development is the process of improving the knowledge, competencies, and work attitudes of all professionals at all levels of organizations.(Khan, 2020). Different countries have different approaches to human resource development, and these distinctions play a significant role in determining how HRD specialists operate inside an organization. (McGuire, 2014). A wider, more thorough, and more strategic view of the organization's human resources is now required due to numerous challenges. Due to these challenges, managing people now requires a long-term view and treats them as potential assets rather than just a changeable expense (Lapiņa et al., 2013). Thus, the banking sectors had to develop human resources through employees' competency (Hakuduwal, 2019). Additionally, technological developments, increased competitiveness, and globalization are just a few of the pressures that modern firms must deal with. The dynamic nature of the workforce, in conjunction with organizational transformations like new partnerships and evolving structures, necessitates a critical role for the human resources department. HR needs to increase its perceived and actual value if it is to lead companies through these transitions in an efficient manner (Pokharel et al., 2020).

A wide range of general abilities, such critical thinking and problem-solving, as well as good morals and attitudes are requirements for competence in lifelong learning and these qualities and characteristics include fortitude and respect for others (Chan & Yeung, 2020). The knowledge, abilities, experiences, and behaviors that one possesses in order to properly complete their tasks are referred to as their level of competency (Ali, 2018). A person's competence may be demonstrated in action in a circumstance and context that are likely to change the next time they must act, during emergencies competency would increase with experience and the amount of a person's ability to pick up new skills and adapt (Okonkwo et al., 2020). Competency comprises the fundamental qualities that enable a person to succeed at a high level at work. It is transferable from one person to another (Wong, 2020). Competency management in the public sector refers to a new viewpoint on careers and the employability of public officials. Careers in the public sector were traditionally centered on education, tests, and seniority; however, the introduction of competencies has placed more

emphasis on the "assets"—interesting and innate traits of the individual—that people have for the organization (Shrestha et al., 2018). Competencies are a group of success elements required to do well in a particular job or role inside a specific business (Chouhan & Srivastava, 2014)

Nepal is a least developed nation with important environmental, social, political, and economic problems that must be properly resolved for the nation to advance as a whole. Given that the majority of Nepal's youth have been employed in the Gulf and send remittances, which currently constitute the primary source of funding for the nation's GDP (Gaudel, 2006). Positive socioeconomic growth seemed to occur after democracy was restored in 1990, but the real achievements have been hidden by the unstable political-economic nature of the ruling class (Devkota, 2007). Nepal's economic development is greatly influenced by the banking industry. As of 2023, there are 20 commercial banks in the country, employing 46508 people (Nepal Rastra Bank, 2023). More than 83.21% of the assets in the financial and banking sector in Nepal are held by the country's commercial banks, which are larger and more complex than other types of financial organizations. The competency has been the main issue which Nepalese commercial banks should focus on to get competitive position in the global scenario as well as to accelerate the economic growth of the country. The consequences to the nation's economy and business are considerable when even one commercial bank fails (Nepal Rastra Bank, 2021). Therefore, this study aims to investigate competency-based human resource development in Nepalese commercial banks.

## 2. Review of literature

Competency based initiative of organization is sometimes presented as an alternative to conventional method of education in the institutions (Thought, 2020). Competency is a framework which demonstrated mastery of knowledge, meaningful assessment, individualized support for employees and the creation and application of knowledge (Chris, S & Katherine, 2018) At first, people are unaware of how little they know or are ignorant of their inadequacy. They consciously learn a skill and then apply it as they become aware of their ineptitude. Once the ability is eventually used without being thought about, the person is considered to have developed unconscious competence (Joe, 2013). It is obvious that competency goes beyond merely mastering a skill set because it also requires traits like attitudes, motives, personal insight, interpretive ability, receptivity, maturity, and consciousness Axley (2014) found competency comprises staffing and selection, education and training, organizational development and performance management.

There are many new opportunities for HR practitioners to employ competency models to support the development of individuals and teams. A manageable set of personal attributes can serve as the basis for developing a conceptual framework for talent development, performance management, evaluation, selection, and other HR efforts (Daniels et al., 2001). The goal of human resource development is to enhance employees' abilities, attitudes, and knowledge via career development, performance management, and training and development. (Hakuduwal, 2019). Training and development, management development,

performance management, career development, and organization development are the five main components of human resource development (HRD). It becomes apparent that the human resource techniques currently employed by Nepalese banks lack strategic maturity (Sthapit, 2014). The organizational performance of the financial sectors in Nepal is influenced by factors such as job security, information exchange, decentralization and self-managed teams, and training and development. (Pandey, 2017). Commercial banks of Nepal have been facing lots of transfers from one bank to another for better facilities and development (Subedi, 2013). The development and growth of the banking sectors in Nepal has been severely impacted by the expense of employee turnover from one bank to another (Khadka, 2013). Within the Nepalese financial sector, employee participation and remuneration system rank highly following organizational performance and job design sensitivity (Pradhan & Shrestha, 2022).

In order to theorize their linkages with human resource development, this study views staffing and selection, education and training, organizational development and performance management as form of competency-based human resource development. The necessity for HR professionals to help their firms meet expanding market problems and quickly translate business imperatives into new learning and performance and objectives is what motivated the introduction of a competency-based strategy (Athey & Orth, 1999). Therefore, competency models are effective tools for promoting organizational change (Lucia & Lesinger, 1999). HR practitioners have a lot of new chances to use competency models to help teams and individuals get better. A conceptual framework for talent development, performance management, evaluation, selection, and other HR initiatives can be derived from a manageable set of personal qualities (Daniels et al., 2001). Pokharel et al. (2020) found that business organizations today are facing contemporary issues like worldwide operation, workforce diversity, transformations, the immense pressure of competition, wealth creation, shareholders value creation, customer focus etc., the issues have raised globally for competencies to survive, grow and bring timely changes in the modern banking industries.

## **2.1 Staffing and selection and Human Resource Development**

The initial point of contact between potential employees and companies is during the recruitment and selection process. Which might be the best way to provide job seekers with important information. Additionally, this can improve how intended employees align with the firm's values, beliefs, and practices, which in turn helps the organization build its human resources. (Osibanjo & Adeniji, 2013). Selection process is the most important factor for effective performance and development of activities in the organization and resources (Cankovic, 2015). The environment of organizational is dynamic, the bank's management is adjured to constantly evaluate the bank's staff selection methods on the basis of their validity, impartiality, scope of usage, time and cost (Ekwoaba et al., 2015).

Recruitment and selection are crucial aspects of human resource management for every type of business organization. These words characterize the process of drawing in and choosing employment applicants. The effectiveness of these two jobs has a big influence on the

caliber of the company's human resources (Gamage, 2014). Employers choose employees from those who are attracted and selected the quality of human resources in an organization greatly depends on the quality of applicants who are attracted and chosen (Gamage, 2014).

Staffing and selection play vital role for the development of human resources in the organizations. This leads to the formation of first hypothesis.

Hypothesis 1 (H1): The staffing and selection is positively related to human resource development in Nepalese commercial banks.

## **2.2 Education and Training and human resource development**

Employers can specify the information and skills they want their staff to possess by offering education and training opportunities to workers. Employees can learn new skills or receive updates on existing skills through education and training programs, which can increase productivity. Hilal et al., (2020) focuses on to combine HR management with education and training initiatives so that employees have a better understanding of their job duties. So doing will boost competency. People in HR with high performance levels will benefit the company. To ensure that customers receive the highest level of service satisfaction, work discipline must be upheld. Werner (2014) defines human resources development as a process that emphasizes enhancing one's capacity to perform new activities in the future through education and training. Education and training plays important role for the development of skilled work force in the country, it is needed to achieve organizational goals and producing a nation's deserving work-force (Ahmed, 2017). Education and training is crucial for the development of human resource in the organizations. This leads to the formation of second hypothesis.

Hypothesis 2 (H2): The Education and Training is positively related to human resource development in Nepalese commercial banks.

## **2.3 Organizational Development and Human Resource Development**

Choi & Ruona (2011) find that people who work in an environment that places a significant emphasis on a learning culture are more likely than those who have not to be prepared for organizational change. A learning culture also improves people's capacities for meaningful participation in and contributions to the change process. To successfully manage organizational change, firms should promote a learning culture for effective human resource development. Many professionals and experts in the field of organizational development and human resource development mention that the coaches and instructors should be qualified enough to understand organizational development and human resource development issues for the success of organizations. Okoye & Ezejiolor (2013) found that it has been proven beyond a shadow of a doubt, taking into account that employee development programs, motivational tools, training, etc, help workers be more effective at their various jobs that ultimately leads to human resource development and organizational development. Organizational development is crucial for the development of human resource in any organization. This leads to the formation of third hypothesis.

Hypothesis 3 (H3): The organizational development is positively related to human resource development in Nepalese commercial banks.

**2.4 Performance management and human resource development**

According to Mokaya & Kipyegon (2014) the practice of fostering a positive workplace culture in an organization is known as performance management. Employees may accomplish the work to the best of their knowledge, skill, and ability in such an environment. It involves choosing the best candidates for the job, giving them adequate training and orientation, paying them fairly, and giving them opportunities for advancement. Since performance management entails setting precise, measurable objectives for the task at hand, it is an essential tool for managing and developing human resources. A well-managed performance management system will provide employees with clear job objectives and plenty of opportunity for feedback and communication with their supervisor. The objectives and the strategic priorities of the firm will be closely associate (Adolphus, 2022). Performance management is an important tool for human resource development in the organizations. This leads to the formation of fourth hypothesis.

Hypothesis 4 (H4): The performance management is positively related to human resource development in Nepalese commercial banks.

On the basis of literature review, the conceptual framework of the study has been borrowed from the study by (Gangani et al., 2006). However it has been adjusted and updated in the Nepalese context.

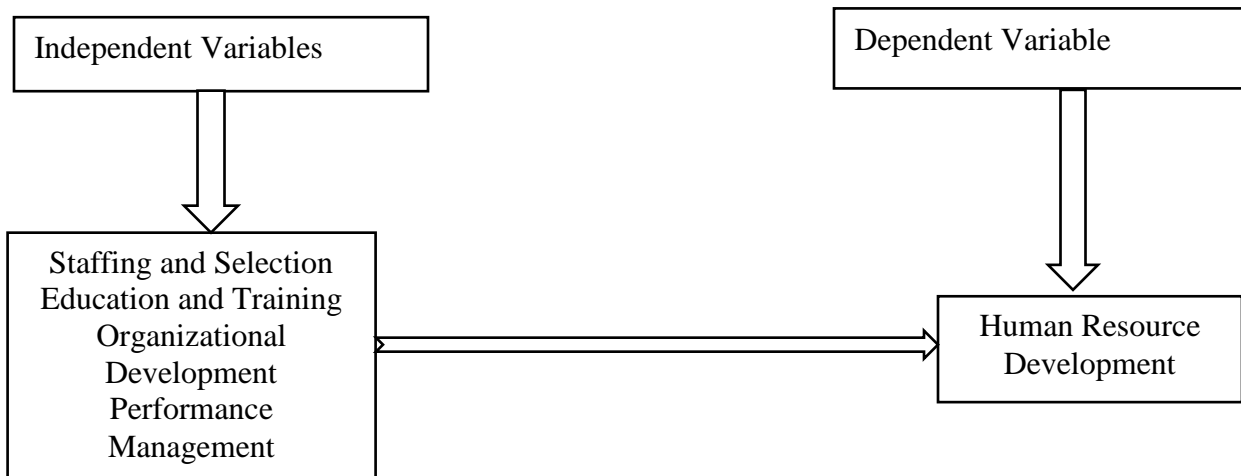


Figure 1. Conceptual Framework

**3. Research Design and Methods**

*3.1 Research setting: Banking industry in Nepal*

Nepal is a South Asian economy which has got attention of the global economy despite being a least developed country in South Asian region. Nepal has adopted mixed economy

after restoration of democracy in 1990. The banking industry in Nepal is one of the major service sectors that contribute 83.17% of total capital employed in the banking and financial institutions and provided the employment to 46508 people across the country (Nepal Rastra Bank, 2023). Nepal, particularly, depends on financial institutions to meet the increasing capital need for its business and economic activities. Since the banking industry is more focused on providing services, banks' performance is influenced by both the caliber and competency of their employees as well as the availability of physical resources (Masum et al., 2016; Lee & Ok, 2014). As a result, the successful operation of commercial banks is crucial to Nepal's overall economic performance since it allows them to formulate and provide enterprises with adequate financing. Furthermore, because the banking business is heavily dependent on human resources, banks' overall performance is determined by the results of their employees. Investigating the HRD of Nepalese banks is so crucial. This study aims to investigate the relationship between competency and HRD and the role that competency plays in creating human resource development in Nepalese commercial banks.

### *3.2 Sampling techniques and sample characteristics*

The data of this study are collected from Nepalese commercial banks those are listed in Nepal Stock Exchange (NEPSE). Researcher considers the branches of those banks that are situated across the country. This study thus covers the most number of branches. This study used psychological criteria and predictor separation in the questionnaire design to preserve the direction of measurement and enhance the scale items that aid to prevent bias and ambiguity. Additionally, this procedure made sure that the evasion had common method variances in the research. This questionnaire is used to survey the banking staff of eleven commercial banks. Since it was not feasible for the researcher to personally visit the respondents, the study is based only on responses gathered via social media. Out of the 420 questionnaires provided, only 396 (Yamane, 1973) were completed and utilized for the study. Due to respondents leaving the page or questions blank, 24 surveys were deemed useless. These 24 completed surveys were therefore deemed incomplete and removed from the study. According to Sekaran & Bougie (2010) a response 30% or more is sufficient to carry out research, and the remaining 396 questionnaires provided a response rate of 87.86%. Demographic profile of respondents is mentioned in table no.1. The target population is 46508, permanent and contract employees of 20 commercial banks in Nepal. The sampling frame consists of 11 (Niraula, 2022) commercial banks: The research has been carried out utilizing the simple random sampling technique under probability sampling method.

### *3.2 Measures*

Seventeen items were developed to measure five separate variables, all adopted from the study by (Gangani et al., 2006), four of those are independent and one is dependent. The independent variables staffing and selection, education and training, organizational development and performance management are explained using twelve different items which are mentioned in the finding and results section. Five different items have been used to characterize the dependent variable, human resource development. Since primary data

provide pertinent and current information for the study, it is the foundation of this research. Structured questionnaires with a 5-point Likert scale (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree) have been given to respondents. All of the respondents are from human resource management department has been treated as homogenous nature for data collection. There is no gender biasness in picking the respondents. The questionnaire survey includes both male and female bank employees as respondents. The likelihood of picking male employee for a questionnaire survey is  $p$  (assuming .5) the probability of picking a female employee is  $1-p = q$ , i.e., 0.5 (Hakuduwal, 2019). Staffing and Selection, Education and Training, Organizational Development, Performance Management, and Human Resource Development have corresponding values of .803, .869, .666, .666, and .765, according to Table 2. When performing a reliability test, the questionnaire's items can be accepted if the total variable's Chronbach's Alpha value is greater than .65 (Eonseong, 2016).

**Table 1.** Number of Sample Employees

Name of Banks	No. of Sample Employees
Prabhu Bank Limited	40
Nepal Investment Mega Bank Limited	35
Kumari Bank Limited	35
Nabil Bank Limited	40
Himalayan Bank Limited	40
Nepal SBI Bank Limited	35
Rastriya Banijya Bank Limited	40
Everest Bank Limited	40
NIC Asia Bank Limited	30
Machhapuchhre Bank Limited	30
Global IME Bank Limited	31
<b>Total</b>	<b>396</b>

Source: Field Survey 2023

**Table 2.** Reliability statistics

Variables	No. of Items	Chronbach's Alpha
Staffing and Selection	3	.803
Education and Training	3	.869
Organ'nal Development	3	.666
Performance Management	3	.666
Human Resource Development	5	.765

#### 4. The Model

The aim of this study is to explain how human resource development initiatives in Nepalese commercial banks relate to competency building. This study adopts the following econometric model to illustrate the impact:



$$HRD = \beta_0 + \beta_1 SS + \beta_2 ET + \beta_3 OD + \beta_4 PM + e_t \dots\dots\dots I$$

Where, HRD = Human Resource Development,  $\beta_0$  = Intercept,  $\beta_1, \beta_2, \beta_3, \beta_4$  = Slope of the coefficient and  $e_t$  = Error term.

**5. Results and findings**

**5.1 Staffing and Selection**

Staffing is the process by organizations hire, train, and manage a sufficient-sized and competent workforce to have a beneficial effect on their overall efficiency (Heneman, 2014). The phase of the hiring process known as selection in staffing involves selecting a candidate to hire from a short list of deserving applicants. In fact, selection can happen more than once during the recruiting process.

**Table 3. Respondents' View on Staffing and Selection**

ITEMS	MEAN	SD	NO.
Staffing and selection are the key components of the organization.	4.53	.53	396
The phase of hiring process and retaining the employees are prevalent in our organization.	4.38	.654	396
The efficiency of staffing and selection tasks have significant impact on the quality of human resources in the bank..	3.46	1.28	396
<b>Average</b>	<b>4.12</b>		

Table 3. Depicts mean and standard deviation of the staffing and selection. All the staffing and selection items are favored and agreed by the respondents of Nepalese commercial banks. Among the selected items "staffing and selection are the key components of the organization", " The phase of hiring process and retaining the employees are prevalent in our bank" and" the efficacy of staffing and selection tasks have significant impact on the quality of human resources in the company" were found first, third and second preferences. However the phase of hiring process and retaining the employees is found to be least prioritized

**5.2 Education and Training**

Webster (2021) describes education as the process of acquiring information, skill, and development via study or training. The Cambridge English Dictionary, on the other hand, defines training as the process of learning the skills necessary to do a specific job or activity

**Table 4. Respondents' View on Education and Training**

ITEMS	MEAN	SD	NO.
Education and training is the process have positive impact in our bank.	3.3	.82	396
Education and training help employees to have a better understanding of their job and duties	3.75	1.06	396

Education and training emphasize enhancing one's capacity to develop human resources in the organizations.	4.18	.76	396
<b>Average</b>	<b>3.74</b>		

Table 4. Depicts mean and standard deviation of the Education and Training. All the Education and Training items are favored and agreed by the respondents of Nepalese commercial banks. Among the selected items "Education and training have positive impact in our bank.", "Education and training help employees to have a better understanding of their job and duties " and" Education and training emphasize enhancing one's capacity to develop human resources in the organizations " were found third, second and first preferences respectively. However Education and training have positive impact in our bank is found to be least prioritized.

### 5.3 Organizational Development

An organization's capability is improved through organization development (OD), which aims to match strategy, architecture, people, reward, metrics, and management framework. In another word an approach to system change within a company that is focused on objectives is called organizational development. The capability to create and maintain a new desirable status for the entire organization is provided by organizational development.

**Table 5.** Respondents' View on Organizational Development

ITEMS	MEAN	SD	NO.
OD focuses on system change of the organizations.	4.04	1.00	396
OD emphasizes on capability of organizations to create new and desirable status.	3.51	1.2	396
Development programs, motivational tools and training are prioritized in our institution.	3.78	1.23	396
<b>Average</b>	<b>3.77</b>		

Table 5. Depicts mean and standard deviation of the Organizational Development. All the organizational development items are favored and agreed by the respondents of Nepalese commercial banks. Among the selected items "OD focuses on system change of the organizations", "Development programs, motivational tools and training are prioritized in our institution" and "OD emphasizes on capability of organizations to create new and desirable status" were found first, second and third preferences respectively. However OD emphasizes on capability of organizations to create new and desirable status is found to be least prioritized.

### 5.4 Performance Management

When trying to get the most out of the group, performance management implementation is crucial. On a daily level, it might improve how well employees perform. It must be implemented in a way that promotes teamwork, cooperation, and trust rather than internal competition in order to prevent a negative effect (Smith & Bititci, 2017). Performance management pertains to the tasks and outcomes of an employee's work, providing timely

coaching and feedback, comparing the actual and planned performance and behaviors of employees, and implementing rewards within the organization. The practice of creating a positive work environment where employees can do their jobs to the best of their abilities is called performance management (Hakuduwal, 2019).

**Table 6.** Respondents' View on Performance Management

ITEMS	MEAN	SD	NO.
PM has created sound working environment.	3.78	1.23	396
PM has ensured the good relationship between supervisors and subordinates.	3.87	1.4	396
PM has emphasized to define specific quantifiable goals for the work at hand.	4.13	.69	396
<b>Average</b>	<b>3.93</b>		

Table 6. Depicts mean and standard deviation of the Performance Management. All the Performance Management items are favored and agreed by the respondents of Nepalese commercial banks. Among the selected items "PM has emphasized to define specific quantifiable goals for the work at hand", "PM has ensured the good relationship between supervisors and subordinates" and "PM has created sound working environment" were found first, second and third preferences respectively. However PM has created sound working environment is found to be least prioritized.

### 5.5 Human Resource Development

Human resource development focuses on enhancing employees' competencies, conduct, and knowledge. From official internal training programs to informal supervisory on-the-job training, there are many different activities. There are also other activities including coaching, mentoring, and shadowing.

**Table 7.** Respondents' view on human resource development

ITEMS	MEAN	SD	NO.
Competency is the key factor for HRD.	3.51	1.19	396
Competency enhances the Human resources Development.	3.58	.613	396
A competent employee can develop his career very fast.	3.38	.89	396
A competent employee has ability to be adaptable quickly.	3.78	1.23	396
Competency helps to do a work successfully.	3.75	.68	396
<b>Average</b>	<b>3.6</b>		

Table 7. Depicts mean and standard deviation of the Human Resource Development. All the HRD items are favored and agreed by the respondents of Nepalese commercial banks. Among the selected items "A competent employee has ability to be adaptable quickly", "Competency helps to do a work successfully", "Competency enhances the Human resources Development", "Competency is the key factor for HRD" and "A competent employee can develop his career very fast" were found first, second, third, fourth and fifth preferences respectively. However A competent employee can develop his career very fast is found to be least prioritized.

## 6. Correlation Analysis

Table 8 displays the correlation between the independent and dependent variables. The association between staffing and selection and human resource development is below moderate (0.428). Similarly, the lowest relationship of all is seen between education and training and human resource development (0.371). The correlation coefficient between human resource development and organizational development is 0.665, while the correlation coefficient between human resource development and performance management is 0.665. The analysis indicates that most parameters related to human resource development have a moderate link with each other.

**Table 8.** Correlation between Dependent and Independent Variables

Variables	HRD	SS	ET	OD	PM
HRD	1				
SS	0.428**	1			
ET	0.371**	0.42**	1		
OD	0.665**	0.565**	0.113**	1	
PM	0.665**	0.565**	0.113**	1.**	1

\*\* Correlation is significant at 0.01 level (two tailed)

## 7. Hypotheses Test Results

**Table 9.** Results of Hypothesis Test

Hypothesis	Statements	P value	Results
H1	Staffing and selection has significant effect on Human Resources Development in Nepalese commercial banks.	.000	Accepted
H2	The Education and Training has significant impact on Human Resources Development in Nepalese commercial banks.	.000	Accepted
H3	The Organizational Development has significant impact on Human resource Development in Nepalese commercial banks.	.000	Accepted
H4	The performance management has significant impact on Human Resource Development in Nepalese commercial banks.	.000	Accepted

The table no 9 clearly shows that the hypothesis H1 which tests that there is significant relationship between staffing and selection with human resource development in Nepalese commercial banks proved to be accepted since its (p value .000 is less than its Alpha value .01). Similarly, the H2 tests the effect of education and training with human resource development in Nepalese commercial banks proved to be significant with its (p value .000 less than Alpha value .01). Similarly, the hypothesis H3 which tests the relationship between

Organizational Development and Human resource development in Nepalese commercial banks proved to be significant, since its (p value is .000 and corresponding alpha value is .01). Similarly, the hypothesis H4 tests the relationship between performance management and human resource development in Nepalese commercial banks proved to be significant with (p value .000 and Alpha value .01). The statements of hypotheses were set to analyze the alternative hypotheses only. So, all the alternative hypotheses were significant and provided positive and significant impact among variable for Nepalese commercial banks.

**8. Regression Analysis**

Table 9. Shows the impact of independent variables (Staffing and Selection, Education and Training, Organizational Development and Performance Management) on the human resource development of Nepalese commercial banks.

**Table 9. Regression Coefficient of Variables.**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
	(Constant)	.692	.215				3.212
SS	.131	.044	.125	3.000	.003	.669	1.494
ET	.350	.039	.314	9.035	.000	.971	1.030
PM	.287	.022	.559	13.290	.000	.662	1.510
OD	.251	.027	.471	11.290	.000	.584	1.524

**R<sup>2</sup> = .74      Adjusted R<sup>2</sup> = .541      F- statistics = 154.30      Sig = 0.000**

Dependent Variable: HRD

Every variable has a tolerance value higher than (0.1).Tolerance values greater than (0.1) are regarded as appropriate. In this study, the Darwin Watson test on the regression residuals reveals positive autocorrelation (1.900). It indicates that Nepalese commercial banks' competency-based approach to human resource development will eventually pay off in the long run. The fit of the regression model utilized in this investigation is explained by the values of F. sig. (0.000) and F. statistics (154.30). The independent variables employed in this study explain the human resource development on competency by (54.10) percent, according to the adjusted R2 (0.54). It indicates that a variation of (45.90) percent can be attributed to the growth of human resources. If the VIF values of all the explained variables are less than 2, there will be no multicollinearity and the results can be acceptable (Kock & Lynn, 2012).

Thus, the regression equation of the study is:

$$HRD = 0.692 + 0.131SS + 0.350ET + .287PM + 0.251OD + e_t$$

## 9. Discussion

The main objective of this research is to find out the relationship of staffing and selection with Human resource development, the effect of education and training on human resource development, the impact of organizational development on human resource development and the impact of performance management on human resource development in Nepalese commercial banks. The means of all independent variables and dependent variable are more than average (i.e. 2.5 in 5 point Likert scale) which implies that most of respondents of Nepalese commercial banks are satisfied with selection and staffing, education and training, organizational development performance management and human resource development carried out by commercial banks in Nepal.

Comparably, the average point is where the correlation value between the independent and dependent variables is located. Though it is considerable, the association between education and training and human resource development is below the moderate level. All of the independent variables have substantial and positive associations with the dependent variables according to the hypothesis. According to the regression equation, staffing and selection have a statistically significant positive association with human resource development ( $p = 0.003$  and  $\beta 0.131$ ). This finding is consistent with Pokharel et al.'s (2020) findings and at contrasts with Khadka et al.'s (2014) findings. Similar to the findings of Hilal et al. (2020), Ahmad (2017), Education and Training also shows a positive and significant association with HRD ( $p$ -value 0.000 and  $\beta$  coefficient 0.350) and inconsistent with the study by Werner (2014). Performance management and the development of human resources in Nepalese commercial banks have a positive and significant link ( $p$ -value.000 and  $\beta$  coefficient.287). This result conflicts with Adolphus's (2022) findings and is consistent with Hakuduwal's (2019) findings. The results show that Organizational Development and HRD have a positive and significant association ( $p$ -value.000 and  $\beta$  coefficient.251). This finding is in conflict with that of Okoye & Ezejiofor (2013) and consistent with the study by Choi & Ruona (2011).

## 10. Conclusion

The main objective of the study is to find the relationship between competency and human resource development in Nepalese commercial banks. The average opinions of the respondents for every independent variable are higher than the average of averages, according to the descriptive analysis of the variables. This indicates that there is a significant correlation between the independent variables—staffing and selection, education and training, organizational development, and performance management—and the development of human resources in Nepalese commercial banks.

The aim of human resource development in every firm is to enhance employees' competencies, skills, and talents. Human resource development in Nepalese commercial banks has a significant relationship with all of the variables: staffing and selection, education and training, organizational development, and performance management. As a result, these factors are essential to improving the relationship between competency

development and human resource development in Nepalese commercial banks. However, there is little association between a few variables and HRD. Therefore, it is advised that department managers and upper management raise the standard of expertise.

## 11. Recommendation

This research has some limitations which can be avenues for future researchers. The present study has used only four independent variables to show the relationship of competency with human resource development in Nepalese commercial banks. Future researchers can further use the variables like perception, ability, capacity and capability as independent variables to generalize the findings of human resource development in all financial institutions in Nepal. Furthermore, the researchers can also conduct research on human resource development in educational institutions, and non-banking sectors.

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