

SKILL DEVELOPMENT: AN EMPIRICAL CASE STUDY IN NEPAL BANK LIMITED

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Abstract

What the state of skill development and in what ways the skill development is related to employee effectiveness at Nepal Bank Limited in Nepal are the research issues in this study. The study's objectives are to determine existing skill development (SD) status and evaluate the relationship between SD and employee effectiveness. This research applied a descriptive and quantitative research design. Primary data have been collected through structured questionnaires. There are 21 commercial banks in Nepal. Nepal Bank Limited was selected as a sample unit based on the lottery technique. A total of 50 respondents were sampled by applying the purposive sampling method. Descriptive statistics were adopted to determine the existing state of skill development and employee effectiveness. The Likert Five-Point Scale was used as an instrument for answering perceptual questionnaire statements. In descriptive statistics, mean values of more than 3.44, and the remaining of them are nearest to 4. No statement has been less than the average value. Furthermore, the minority of the mean values of the statements in this table is more than 4, and the majority of the mean values are nearer to 4. Thus, it can be concluded that employees seem to agree that employee skill development and effective of them are sound. Similarly, the perception of the great majority of employees in almost all questionnaire statements is in favor of an agreement with these statements. Therefore, the conclusion can be drawn that the development of the skill of employees strongly related to employee effectiveness in the Nepal Bank Limited.

Keywords: Bank, employee effectiveness, skill development, status, training

Introduction

Due to ever-changing environmental and technological advancements, business organizations are nowadays tackling new challenges. This indicates the need for skill development for employees. Training helps to develop the skill of employees well. It is one of the important functions of human resource management (HRM)

(McDowall & Saunders, 2010). Heraty & Morley (1994) state that training and development initiatives are prioritized according to the requirements of the organization so that they play an underpinning role to maximize the benefit and support to skill development (SD) of employees. Armstrong (2009) clearly remarked that effective training programs benefit the organization by winning the heart and minds of their human resources on behalf of the organization. Thomas and Garavan (1997) state that staff cannot do better at the workplace without any skill development.

Skill development refers to enhancing employees' knowledge and skills by providing instruction on how to better perform specific tasks. It is an educational and training activity. Training is organized for daily operations and processes while development is designed as a continuous proactive process meant for executives. Overall, skill development affects individual and organizational competitiveness and effectiveness as well. Unfortunately, many private, governmental, and even international institutions are not acknowledging the significance of training to improve their employee efficiency and effectiveness and when earnings decrease, many institutions cut their training budgets. This increases the employee retention ratio and then increases the cost to hire and develop new employees which declines the net profit margin of a firm (Elnaga & Imran, 2013, p. 138). In addition, they mention that despite much research on the linkage between skill development and employee effectiveness, there appears to be a gap and issues. Therefore, the skill development of employees is a problem that has to be faced by every organization. Moreover, this study is conducted in Nepal Bank Limited which is the first bank in Nepal. Considering the above discussion in mind, the objective of the present study is to assess the state of skill development and the relation of skill development with employee effectiveness based on perceptual data at Nepal Bank Limited in Nepal.

Statement of the Problem

Skill development is regarded as a crucial measure that can be applied to bridge the identified gaps. Skill development evaluation is a challenging phenomenon regarding the assessment of the association between skill development and the performance of the organization. A tough challenge is the cause-and-effect associations which are not easy and explicitly defined (Yeo, 2003). Organizations need to conduct performance evaluations periodically to identify performance gaps and skill shortages. However, it is probably the most difficult, challenging, and problematic work to assess employee effectiveness and benefits that result from skill development (Foxon, 1986).

Due to the absence of sufficient study of the human resource development (HRD) sector, people are unknown of the reality of HRD practice, its challenge, and its problems (Sapkota, 2015). Overall, skill development improves efficiency and effectiveness. Several current research has presented inconsistent results on the relationship between training and employee effectiveness. (Storey, 1994; Morgan et al., 2002; Heraty and Morley, 2003; Storey, 2004 as cited in Pandey, 2017). Also, a few results were shown as inconclusive. The Nepalese banking sector cannot be an exception to the problem. Pandey (2017) also indicated the contradictory results in the Nepalese banking industry. Therefore, this research attempt to answer the following research question:

What is the state of skill development and in what ways the skill development, based on perceptual data, is related to the effectiveness of employees at the corporate office of Nepal Bank Limited in Nepal?

The study's Objectives

1. To determine the existing state of skill development at the corporate office of Nepal Bank Limited in Nepal.
2. To evaluate the relationship between the skill development of employees with their effectiveness at the corporate office of Nepal Bank Limited in Nepal.

Significance of the Study

The study of skill development and the relation of skill development with employee effectiveness at Nepal Bank Limited in Nepal is crucial in itself. This study will help management to understand the importance of training and how it leads to employee effectiveness in the sampled bank and commercial banks as well. The study will also be helpful for learners, and other stakeholders as a basis for awareness. On theoretical grounds, the study will be of great importance to particularly scholars and researchers who can use this study as literature for further research and make better contributions to the field. This study will also assist management to formulate appropriate policies and execute them on skill development required for employees. In addition, there is a shortage of research work in skill development in banking industries in Nepal. The study fulfills this research gap.

Review of Literature

Training enhances the skill and techniques of employees. It is a learning process that may create permanent change in an individual. Economic theory and human

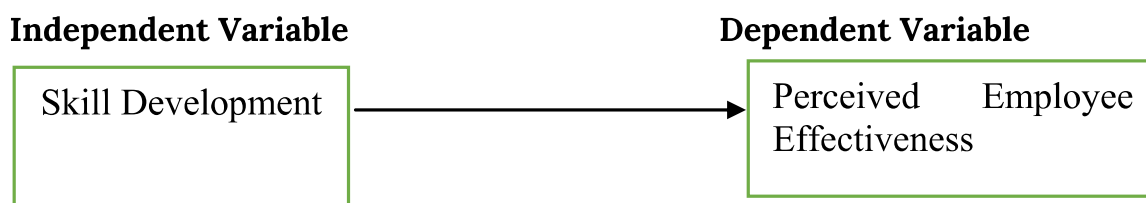
capital theory can be linked in this study. The following empirical studies have been performed for the study:

A study by Kumar & Siddika (2017) inferred that SD programs support enhancing the skill, ability, and intellectuality of the bank employee. Tahir & Sajjad (2013) disclosed that training programs increased employee productivity. Khan (2012) in his article revealed that among various factors influencing employee efficiency, training contributes greatly to enhancing employee efficiency. Jeni, Momotaj, & Al-Amin (2021) remarked that SD not only increases employee efficiency but also enhances employee motivation and job satisfaction. Imran & Tanveer (2015) concluded that trainees learned new habits, refined skills, and useful knowledge that helped them to enhance their efficiency. A study by Asfew et. al., (2015) inferred that on-the-job training has become successful in employee efficiency and employee effectiveness. There has also been a positive association between training and development and performance of employees.

As far as the Nepalese banking sector is concerned, there are a few empirical studies. Chalise's study (2022) concluded that skill development is positively related to organizational efficiency and employee satisfaction. Gnawali's study (2018) revealed a positive association between the efficiency of employees and training and development. A study by Sthapit & Ghale (2018) concluded a significant effect of training on attitude and behavior change whereas training content, deliverability, and instructional design were not significant. A study by Panday (2017) concluded that training has a strong impact on organizational performance especially in turnover growth. In addition, the result of the finding also confirms that there is more association between formal training and performance than informal training.

Conceptual Framework

Based on the previous discussion, the conceptual framework for the research work can be represented in the following diagram. The diagram suggests that there is a relationship between skill development with employee effectiveness



Research Gap

There is a shortage of research work in skill development in banking industries in Nepal. In the researcher's view, there is no research work on the relationship between the skill development of employees and their effectiveness at the corporate office of Nepal Bank Limited. This study fulfills this gap.

Methodology

The research used a descriptive and quantitative research design based on perceptual data. This data was gathered via a structured questionnaire from the corporate office of Nepal Bank Limited as a case study. Data were analyzed using EXCEL. The population of the study is 268 which is based on the total number of staff currently working there. 155 questionnaires were distributed to managerial, supervisory, and operating-level employees. Out of them, 95 questionnaires were collected and 50 of them were analyzed based on reliability and suitability. A simple random sampling technique was applied to collect data. Data were analyzed by applying descriptive statistics i. e., means and standard deviations. The relation between skill development and employee effectiveness was determined through the answer to perceptual questionnaires of employees using the Likert-Five Point Scale instrument.

The study's limitations

- 1) The assessment of this study depends on the perceptions and views of the respondents and not their actions.
- 2) The study is limited to a corporate office of Nepal Bank Limited, the first bank of Nepal, as a case study with a small sample size due to time constraints. So, this finding cannot be generalized to other organizations.

Results and Discussion

This section of the study involves analysis, reporting of findings, summary, interpretation, comparison, conclusion, and implication of the study.

Results

Results, as given below, consists of descriptive statistics and the Likert Five-Point Scale, based on perceptual data, to determine the state of employee skill development and their effectiveness respectively.

Table 1: Descriptive statistics of state of skill development

Q. N.	Questionnaire statements	Means	S. D.
1	SD is given adequate importance	3.90	3.504
2	SD is well planned	3.62	3.181
3	The organization analyzes the gap between net current and required levels of knowledge, skills, and attitude	3.48	3.039
4	SD is designed through employee assessment	3.44	3.065
5	SD periodically evaluated and improved	3.52	3.149
6	Training helps to know the organization's value	3.92	3.544
7	I have acquired technical knowledge and skills through training	3.94	3.521
8	SD helps to improve financial performance	3.68	3.352
9	SD helps to change challenges into opportunities and weaknesses into strengths in the changing environment	3.76	3.304
10	Feedback is used by my institution	3.56	3.124
11	I perceive confidence after training	3.78	3.323
12	SD has increased my job performance	4.06	3.623
13	SD supported me to update my knowledge and skills	4.08	3.644
14	SD supports enhancing the profitability ratio	4.12	3.649
15	SD supported us to cooperate with others	4.14	3.672
16	Training encourages employee participation that improves employee effectiveness	4.06	3.617

Table 1 shows that the mean value of the status of SD ranges from 3.44 to 3.94. The mean and S. D. of Q1 are 3.9 and 3.504 which shows that SD is given adequate importance. The mean value and S.D. values of Q2 are 3.62 and 3.1811 which shows that the SD is well-planned. The mean and S. D. values of Q3 are 3.48 and 3.0397 which shows that the organization analyzes the gap between the current level and the required level of knowledge, skills, and attitude. The mean value and S. D. values of Q4 are 3.44 and 3.0659 which shows that the SD is designed through employee assessment. The mean value and S. D. values of Q5 are 3.52 and 3.149 which shows that skill development is periodically evaluated and improved. The mean and S. D. values of Q6 are 3.92 and 3.544 which shows that the training helps to know the organization's value. The mean and S. D. values of Q7 are 3.94 and 3.521 which shows that employees have acquired technical knowledge and skills through training.

The mean value and SD values of Q8 are 3.68 and 3.352 which shows that the SD helps with change management. The mean value and SD values of Q9 are 3.76 and 3.304 which shows that the SD helps to change challenges into opportunities and weaknesses into strengths in the changing environment. The mean value and SD value of Q10 are 3.56 and 3.124 which shows that the organization gives staff feedback on performance before and after training. The mean value and SD

values of Q11 are 3.78 and 3.323 which shows that after attending training, staff feels more confident about their job performance. The mean value and SD values of Q12 are 4.06 and 3.628 which shows that the SD has increased employees' job performance. The mean value and SD value of Q13 are values 4.08 and 3.6442 which show that the SD helped employees to change knowledge into skills. The mean value and SD values of Q14 are 4.12 and 3.649 which shows that the SD helps to enhance the motivation of employees. The mean value and SD values of Q15 are 4.14 and 3.672 which shows that the SD helped personnel to cooperate with others to increase job efficiency. The mean value and SD values of Q16 are 4.06 and 3.617 which shows that the training environment in a bank encourages employee participation which leads to an increase in overall job efficiency.

The following Likert Five-Point Scale has been applied to measure the scale for Table 2:

Table 2: Likert five point scale on status of skill development

[1 = Strongly Agree; 2 = Strongly Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Disagree]

Q. N.	Questionnaire Statements	1	2	3	4	5
1	SD is given adequate importance	15	21	9	4	1
2	SD is well planned	6	22	20	1	1
3	The organization analyzes the gap between the net current and required level of knowledge, skills, and attitude	1	29	14	5	1
4	SD is designed through employee assessment	5	22	17	2	4
5	SD periodically evaluated and improved	6	24	14	2	4
6	Training helps to know the organization's value	15	24	6	2	3
7	I have acquired technical knowledge and skills through training	12	29	4	4	1
8	SD helps to improve financial performance	11	25	6	3	5
9	SD helps to change challenges into opportunities and strengths in the changing environment	6	28	15	0	1
10	Feedback is used by my institution	5	22	3	2	1
11	I perceive confidence after training	5	32	11	1	1
12	SD has increased my job performance	14	29	5	0	2
13	SD supported me to update my knowledge and skills	14	31	1	3	1
14	SD supports enhancing the profitability ratio	12	34	3	0	1
15	SD supported us to cooperate with others	12	36	0	1	1
16	Training encourages employee participation that improves employee effectiveness	12	33	3	0	2

Table 2 shows that 15 employees (respondents) strongly agreed with the statement of Q1- "SD is given adequate importance" and 21 employees agreed with the same. On the other hand, 1 employee strongly disagreed with the statement and 4 employees disagreed with the same. Moreover, the number of employees in favor of an agreement with this statement is more than that in disagreement with the same. Therefore, it can be concluded that employees are satisfied with the statement to a great extent even though 9 employees are showing neutral status towards the statement. Similarly, in brief, since the majority of employees from Q2 to Q16 are in favor of an agreement with these statements, they agreed that the status of skill development is sound in the bank.

Discussion

Table 1 shows that Q15 with the statement "SD supported among us to cooperate with others" has the highest mean value of 4.14 with S. D. 3.672 in comparison to other statements. A higher deviation means the data set is far away from the mean. The lowest mean value of Q4 with the statement "skill development is designed through employee assessment" has 3.44 with S. D. 3.065. No statement has been less than the average value. Furthermore, the minority of the mean values of the statements in this table is more than 4, and the majority of the mean values are nearer to 4. Keeping in view the above results, it can be interpreted that employees seem to agree that employee skill development is sound in the Nepal Bank Limited in Nepal. Since this finding is based on a case study with a small sample size of only one bank, it cannot be generalized to other corporate bodies except the commercial banking sector.

Table 2 shows that 15 employees/respondents strongly agreed with Q1 with the statement "skill development is given adequate importance" and 21 employees agreed with the same. On the other hand, 1 employee strongly disagreed and 4 employees disagreed with the statement. Since the great majority of employees were in favor of the agreement with this statement, it can be interpreted that employees perceived that employee effectiveness is related to this statement- "skill development is given adequate importance". Although 9 employees are showing neutral effectiveness towards the statement. Similarly, in brief, the great majority of employees from Q1 to Q16 are in favor of an agreement with these statements. Hence, overall, based on the perception and opinion of respondents it can be interpreted that employee skill development is strongly related to employee effectiveness in the Nepal Bank Ltd. This finding is in line with the study of Kumar & Siddika (2017), Tahir & Sajjad (2013), Imran & Tanveer (2015), and Asfew et. al., (2015). The limitation of the finding of the results is that

it is based on a case study with a small sample size, hence, they cannot be generalized to other corporate bodies except the commercial banking sector in Nepal.

Conclusion

This study intends to determine the state of skill development and to assess the relationship between the skill development of employee and their effectiveness at the corporate office of Nepal Bank in Kathmandu. Descriptive statistics that include means and standard deviations was used to determine the existing state of skill development and employee effectiveness. The relation between skill development and employee effectiveness was determined through the answer to perceptual questionnaires of employees using the Likert-Five Point Scale instrument. In descriptive statistics, mean values of more than 3.44, and the remaining of them are nearest to 4. No statement has been less than the average value. Furthermore, the minority of the mean values of the statements in this table is more than 4, and the majority of the mean values are nearer to 4. Keeping in view the above results, it can be concluded that employees seem to agree that employee skill development and effective of them are sound in the Nepal Bank Limited in Nepal. On the other hand, the great majority of employees in all of the perceptual questionnaire statements are in favor of an agreement with these statements. Therefore, to sum up, the skill development of employees is strongly related to employee effectiveness in Nepal Bank Limited.

Practical Implications

There is room for improving the deliverability process of skill development, training needs assessment, evaluation, and feedback process to boost employee effectiveness at Nepal Bank Limited. Further analysis is required to provide a deeper understanding and awareness. This study probably supports managerial employees especially of private and public sector banks to make policy decisions and execute them. The study can be carried out in the manufacturing, trading, social, or service sector in the future.

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