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Training Effectiveness and Talent Development in Commercial Banks of Nepal

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Abstract

This research examines the influence of soft skills training on talent development within Nepal's commercial banking sector, focusing on communication, leadership, teamwork, and problem-solving. These soft skills, alongside technical expertise, play a pivotal role in enhancing employability, organizational efficiency, and workforce adaptability. The study employs a mixed-methods explanatory sequential design, integrating quantitative and qualitative methods. The quantitative phase includes a sample of 384 employees from 21 commercial banks in Nepal, while the qualitative phase involves interviews with 16 trainers. Training effectiveness is assessed using the Four-Stage Cyclic Model and Kirkpatrick's four-level model, which emphasize the importance of needs assessment, training design, and evaluation in improving employee performance. The study also explores training's role in improving adaptability to technological advancements, particularly in enhancing digital skills. It further investigates challenges such as resource constraints, ineffective assessments, and the necessity for customized programs aligned with organizational and employee goals. Theoretical perspectives—including Talent-Based Theory, Expectancy Theory, Goal-Setting Theory, and Training Engagement Theory—offer insights into optimizing talent management and training effectiveness. Findings suggest that well-structured training substantially enhances soft skills, leading to improved career development and organizational success. However, the study identifies a gap in understanding the effectiveness of soft skills training within Nepal's banking sector, stressing the need for future research to account for cultural, economic, and organizational factors. This study contributes to developing more tailored and effective training strategies to foster talent development in Nepal's banking industry.

Keywords: Soft Skills Development, Employee Performance, Training Effectiveness, Talent Development

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1. Introduction

The concept of soft skills, first introduced in 1972, encompasses personality traits, attitudes, and behaviours that complement technical knowledge (Moss & Tilly, 1972; Jessy, 2009). Research consistently emphasizes their importance in career success, often outweighing technical skills (Watts & Watts, 2008). Within Nepal's banking industry, soft skills training has become central to fostering effective client engagement, relationship management, and trust-building (Smith, 2023; Brown & Jones, 2020).

Talent development (TD) integrates human resource strategies such as workforce planning, succession management, and career advancement (Lewis & Heckman, 2006). It aligns employee competencies with organizational objectives, ensuring sustainable competitive advantage (Pruis, 2011). For employees, TD fosters motivation, creativity, and recognition beyond performance metrics (Maruska & Perry, 2013), while organizations benefit from innovation, improved client satisfaction, and competitive strength (Johnson et al., 2021).

In evolving sectors like banking, TD requires effective organizational culture and structured programs in planning and personnel management (Mehta, 1970; Srinivasan, 1977). Incorporating soft skills into talent development creates a holistic approach, enabling employees to excel and institutions to remain competitive in dynamic financial environments.

Nepal's banking sector faces rapid change driven by economic growth, regulatory shifts, and digital transformation. Employees must combine technical expertise with soft skills to meet growing client expectations. However, gaps in soft skills training and limited evaluation frameworks undermine talent development (Chalise, 2020; Dhungana, 2008).

Research indicates public banks' training programs are often less effective than those of private banks, due to resource constraints, cultural barriers, and inconsistent performance reviews (Dhungana, 2008). Training effectiveness depends heavily on proper needs assessment, structured design, and evaluation processes (Rayamajhi, 2012). Despite investments in training, Nepali banks often fail to align programs with employees' needs, resulting in low transfer of learning and inadequate client service (Chowdhury, 2020).

This study aims to address the following research questions: Is there a relationship between soft skills training and training effectiveness towards talent development in Nepalese commercial banks? Is there any significant impact of soft skills and training effectiveness on talent development? What are the gaps between trainee perceptions and trainer intentions regarding soft skills training? The above study questions are answered through the objectives to analyse the relationship between soft skills, training effectiveness, and talent development; examine their impacts; and investigate the trainee–trainer perception gap.

2. Literature Review

2.1 Conceptual Review

Soft skills have evolved into indispensable competencies that complement technical expertise in modern workplaces. While hard skills denote job-specific, technical knowledge, soft skills encompass communication, leadership, teamwork, emotional intelligence, problem-solving, and adaptability (Anderson, 2017; Johnson et al., 2018). These skills are essential for fostering collaboration, resolving conflicts, and achieving long-term career growth. Scholars argue that as organizational contexts become more dynamic and globalized, the role of soft skills grows in parallel with technical expertise (Ahlawat, 2013).

Soft skills are often framed as part of Human Capital Management and Human Resource Development, where they form the foundation of employees' employability and long-term adaptability (Santos et al., 2017). They are not typically acquired through traditional instruction but are cultivated through experience, feedback, and structured training programs. In banking, these skills are particularly relevant, as employees frequently interact with clients, interpret complex financial needs, and build trust-based relationships (Rajapakse, 2017).

Training effectiveness, on the other hand, refers to the degree to which training achieves its intended learning outcomes and translates into improved performance. Several frameworks attempt to capture this construct. Kirkpatrick's four-level model (1996) emphasizes the progression from participant reactions to behavioural change and organizational results. Complementing this, Scaduto et al. (2008) proposed the Four-Stage Cyclic Model, which starts with training needs assessment and culminates in trainee performance. Training effectiveness is thus multi-faceted, influenced by needs analysis, training design, trainer competence, and post-training application (Brown & Gerhardt, 2002; Vyas, 2004).

Talent development (TD) is closely tied to strategic human resource management. It refers to systematic initiatives designed to enhance employees' capabilities, prepare them for future roles, and align their growth with organizational objectives (Olsen, 2000; Pruis, 2011). TD includes activities such as performance management, succession planning, and career advancement pathways (Byars & Regret, 2008). In the banking industry, rapid digitalization and regulatory reforms underscore the urgency for talent strategies that emphasize both technical and interpersonal competencies (Hoglund, 2012; Fawal, 2018).

Together, these three constructs—soft skills, training effectiveness, and talent development—form an interdependent cycle: soft skills serve as the foundation, training effectiveness acts as the mechanism for improvement, and talent development represents the long-term organizational outcome.

2.2 Theoretical Foundations

To frame the study, multiple theories of organizational behaviour, learning, and motivation are integrated.

Goal-Setting Theory

Goal-Setting Theory, pioneered by Locke (1990) and further developed by Latham (2006), emphasizes that specific, clear, and challenging goals significantly enhance employee performance. The central premise is that individuals are more motivated when they understand precisely what is expected of them and when goals provide both direction and a benchmark for self-assessment. Ambiguous or overly general goals (e.g., "do your best") yield weaker results than concrete, measurable objectives (e.g., "increase client acquisition by 10% in the next quarter"). In training contexts, Goal-Setting Theory directly informs the design and delivery of training programs. Clearly articulated training objectives help participants understand what knowledge, skills, or behaviours they are expected to acquire. This clarity fosters higher engagement during the training process, as participants can monitor progress against defined learning milestones. Moreover, challenging goals stimulate effort and persistence, encouraging trainees to stretch beyond comfort zones.

For organizations, well-structured training goals ensure that employee development aligns with broader strategic priorities. In Nepalese banks, where digitalization and customer-centric services are rapidly transforming work demands, explicit training goals—such as enhancing digital literacy or client communication standards—guide employees toward competencies that directly support organizational competitiveness. Goal clarity thus serves as the bridge between training initiatives and measurable performance outcomes, reinforcing both individual growth and institutional talent development.

Training Engagement Theory

Training Engagement Theory (Locke & Latham, 2002; Seo et al., 2004) builds on motivational psychology and focuses on the extent to which trainees are cognitively, emotionally, and behaviourally invested in training activities. Engagement in training is not automatic; it depends on several interrelated factors:

Organizational Support

When organizations provide resources, recognition, and an enabling environment, employees perceive training as valuable. Support from supervisors and management increases commitment to applying newly learned skills.

Self-Regulation:

Trainees must manage their motivation, time, and focus to fully engage. Self-directed learners, who set personal goals and monitor their progress, are more likely to transfer training to the workplace.

Persistence

Engagement also depends on sustained effort, especially in challenging or long-duration training programs. Persistence is influenced by both personal resilience and institutional reinforcement mechanisms.

Engagement is enhanced when training is interactive, experiential, and contextually relevant. For example, in banking, role-playing customer interactions or simulating digital banking tasks makes training directly applicable to job responsibilities. Trainees are more motivated when they see the connection between training content and daily work challenges.

In Nepalese commercial banks, training often suffers from low engagement due to lecture-heavy delivery methods, lack of follow-up, and generic content. Training Engagement Theory underscores the importance of designing programs that are job-relevant, participatory, and embedded within supportive organizational cultures. Without such alignment, training risks being perceived as a compliance activity rather than a genuine development opportunity.

Kirkpatrick Model

The Kirkpatrick Model (1996) remains one of the most widely adopted frameworks for evaluating training effectiveness. It proposes a four-level hierarchy of evaluation:

Reaction

Measures participants' satisfaction and initial impressions of training. Did they find it relevant, engaging, and well-delivered? While useful, this level provides only surface-level feedback.

Learning

Assesses the extent to which participants acquired intended knowledge, skills, and attitudes. This may be measured through pre- and post-training assessments or skill demonstrations.

Behaviour

Examines whether participants apply learned competencies in their workplace behaviour. This level requires longitudinal assessment and often depends on organizational support mechanisms.

Results:

Focuses on organizational outcomes, such as improved productivity, customer satisfaction, reduced errors, or financial performance. This level connects training directly to strategic value.

The Kirkpatrick Model emphasizes that effective training evaluation should not stop at participant satisfaction surveys but must trace whether learning is ***retained, applied,*** and ***impactful***.

In the context of Nepalese commercial banks, this model is particularly relevant. Many banks currently limit training evaluation to attendance tracking and feedback forms, ignoring deeper levels such as behaviour change and organizational results. For example, while employees may report satisfaction with customer service training, without follow-up evaluations it remains unclear whether client satisfaction scores or complaint resolution rates actually improved. Applying all four levels ensures accountability, aligns training with business strategy, and helps justify the significant investment banks make in employee development.

2.3 Dynamics among Soft Skills, Training Effectiveness and Talent Development

Empirical research on training and development highlights three key constructs central to this study: soft skills, training effectiveness, and talent development. Evidence from global, regional, and Nepalese contexts consistently underscores their interconnected role in shaping employee and organizational performance.

Soft Skills and Employability

Globally, empirical research has firmly established soft skills as a cornerstone of employability and career success. McKinsey (2003) reported that employers increasingly value interpersonal and communication skills alongside technical competence, noting that employees who demonstrate adaptability, teamwork, and problem-solving are more likely to advance in knowledge-driven industries. Similarly, Ahlawat (2013) and Smith (2020) emphasized that leadership, collaboration, and communication skills determine the capacity of employees to succeed in dynamic organizational environments.

In South Asia, the importance of soft skills is widely acknowledged, but persistent skill gaps remain. Chowdhury (2020), studying banking professionals in Bangladesh, found that deficits in teamwork and problem-solving restricted both individual effectiveness and organizational innovation. Indian studies confirm similar patterns: Deshpande (2017) showed that structured training interventions in communication and leadership directly improved organizational efficiency, while Deepa and Seth (2013) demonstrated that employees who received soft skills training exhibited measurable improvements in workplace behaviour, conflict resolution, and customer relations.

In Nepal, limited but growing evidence exists. Dhungana (2008) reported that while private banks invested in soft skills training to build customer-facing capabilities, public banks lagged due to resource constraints and organizational inertia. Chalise (2020) provided more recent evidence, finding that soft skills training correlates positively with employee performance. However, both studies noted gaps in design and follow-up, suggesting that while the importance of soft skills is recognized, training remains inconsistently implemented.

Training Effectiveness

Training effectiveness has been a focal point of empirical research, often evaluated through models such as Kirkpatrick's four levels or Scaduto et al.'s Four-Stage Cyclic Model. Arthur et al. (2003) found that training interventions significantly improved both task performance and contextual performance, underscoring training as a mechanism for organizational growth. Aguinis and Kraiger (2009) reinforced these findings, showing that effective training also enhances job satisfaction, innovation, and employee commitment.

Regional studies highlight mixed outcomes. In India, Singh and Mohanty (2012) revealed that needs-based training programs yield higher effectiveness than standardized, one-size-fits-all approaches. Deepa and Seth (2013) further found that interactive and experiential training formats produced stronger behavioural changes than traditional lecture-based methods. In Bangladesh, Chowdhury (2020) criticized the lack of systematic evaluation mechanisms, noting that while employees enjoyed training, organizations often failed to assess whether learning translated into workplace improvements.

Nepalese evidence mirrors these challenges. Dhungana (2008) identified weak training evaluation systems in public banks, where effectiveness was rarely assessed beyond attendance or basic feedback. Rayamajhi (2012) similarly stressed that training programs lacked alignment with organizational needs, reducing impact. Chalise (2020) observed positive correlations between training and performance but highlighted assessment gaps, while Pant and Sharma (2018) emphasized the poor transfer of learning from training programs into everyday practice. Despite regulatory pressure from Nepal Rastra Bank, which requires banks to allocate at least 3% of staff expenses to training (Gautam et al., 2023), many institutions remain focused on compliance rather than effectiveness.

Talent Development

Talent development (TD) integrates training outcomes into long-term employee growth and organizational competitiveness. Empirical research consistently shows that effective TD strategies contribute to performance management, retention, and succession planning. For example, Gubman (2004) demonstrated that organizations with robust TD frameworks reported higher employee satisfaction and reduced turnover. Hoglund (2012) highlighted that talent-oriented cultures enable organizations to adapt quickly to change, fostering innovation and resilience.

Regionally, Fawal (2018) examined Middle Eastern financial institutions and found that investment in TD not only enhanced leadership pipelines but also improved organizational reputation. In India, Mehta (2015) linked TD initiatives with stronger organizational commitment, showing that when employees perceive clear growth pathways, they demonstrate higher loyalty and performance.

In Nepal, empirical literature on TD is still limited but growing. Chalise (2020) found that banks with structured TD programs experienced higher employee motivation and reduced attrition, yet systemic challenges remained in linking training outputs to career progression. Pant and Sharma (2018) argued that while training investments have increased, banks often fail to integrate outcomes into succession planning or long-term strategy. This disconnect highlights the need for stronger institutional mechanisms that translate training effectiveness into sustainable talent pipelines.

Integrating Soft Skills, Training Effectiveness and Talent Development

Synthesizing these strands of evidence reveals that soft skills form the foundation of employability (McKinsey, 2003; Ahlawat, 2013; Smith, 2020), training effectiveness provides the mechanism for enhancing these skills (Arthur et al., 2003; Aguinis & Kraiger, 2009; Scaduto et al., 2008), and talent development represents the long-term organizational payoff (Gubman, 2004; Hoglund, 2012; Fawal, 2018). However, empirical gaps remain—particularly in the Nepalese context. Although training is mandated and increasingly practiced (Gautam et al., 2023), inconsistent evaluation (Dhungana, 2008; Rayamajhi, 2012), resource limitations (Pant & Sharma, 2018), and weak alignment with organizational strategy (Chalise, 2020) limit its impact on talent development. These findings justify the need for a localized, empirical examination of how soft skills training and training effectiveness jointly influence talent development in Nepalese commercial banks.

2.4 Conceptual Framework

The conceptual framework of this study positions soft skills training as the independent variable, training effectiveness as the moderating variable, and talent development as the dependent variable. Soft skills training includes competencies such as communication, leadership, teamwork, problem-solving, and adaptability, which are essential for enhancing employee capability and organizational performance (Ahlawat, 2013; Santos et al., 2017; Rajapakse, 2017). Training effectiveness, functioning as a moderator, is captured through four dimensions: needs assessment, training design, trainee performance, and trainer performance. A proper needs assessment ensures that training content is aligned with organizational priorities and employee requirements (Rayamajhi, 2012; Chowdhury, 2020), while training design focuses on the clarity of objectives, relevance of methods, and integration of interactive approaches (Scaduto et al., 2008; Vyas, 2004). Trainee performance focuses on active participation, motivation, and the transfer of learning to the workplace (Locke, 1990; Vroom, 1964), whereas trainer performance reflects the ability to deliver content effectively, contextualize examples, and sustain engagement (Brown & Gerhardt, 2002; Deepa & Seth, 2013). Talent development, as the dependent variable, is measured through performance management—highlighting improvements in efficiency,

service quality, and task outcomes—and career enhancement, which captures progression, skill advancement, and long-term professional growth (Pruis, 2011; Hoglund, 2012).

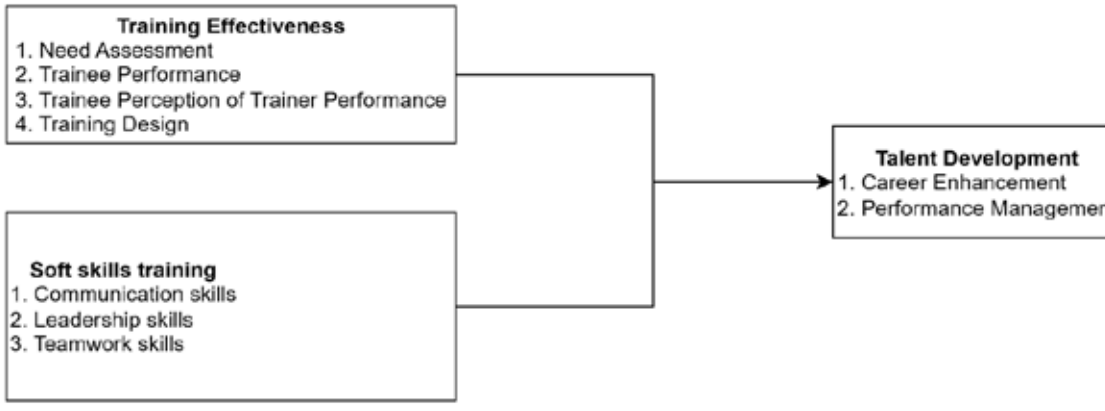

Figure 1: *Conceptual Framework of the study*

The framework assumes that effective training amplifies the relationship between soft skills and talent development. Where needs assessments are rigorous, training designs are well-structured, and both trainers and trainees are actively engaged, the influence of soft skills training on talent outcomes is strengthened (Chalise, 2020; Gautam et al., 2023). Conversely, when evaluation and design are weak, the relationship becomes limited (Dhungana, 2008; Pant & Sharma, 2018).

Research Gap

Despite global advances in research on training and development, several gaps remain in the Nepalese context, which this study seeks to address. First, most prior studies are geographically concentrated in Western economies or neighbouring South Asian countries such as India and Bangladesh, leaving Nepalese commercial banks underexplored (Dhungana, 2008; Chalise, 2020). Second, although Nepal Rastra Bank requires commercial banks to allocate at least three percent of staff expenses to training (Gautam et al., 2023), there is limited empirical evidence on whether such investments produce tangible improvements in employee growth or organizational outcomes. Third, the majority of training programs in Nepal suffer from weak evaluation practices, often restricted to attendance monitoring or basic participant feedback rather than assessing behaviour change or organizational impact (Rayamajhi, 2012; Pant & Sharma, 2018). Finally, an overlooked but critical gap lies in the mismatch between trainee expectations and trainer intentions, which undermines engagement and reduces the effectiveness of learning transfer. By integrating quantitative employee surveys with qualitative trainer interviews, this study addresses these gaps and offers a comprehensive understanding of how soft skills training and training effectiveness jointly shape talent development in Nepalese commercial banks.

3. RESEARCH METHODOLOGY

3.1 Research and Study Design

This study adopts a mixed-methods explanatory sequential design, which begins with quantitative data collection and analysis, followed by qualitative exploration to deepen and contextualize the findings. Creswell (2015) argues that such a design is particularly useful when the researcher seeks not only to identify statistical relationships but also to explain the mechanisms underlying those relationships. The rationale for this choice lies in the complex and multidimensional nature of training effectiveness and talent development. Quantitative methods, through surveys, allow the testing of hypotheses regarding the relationship among soft skills training, training effectiveness, and talent development. The subsequent qualitative phase, using semi-structured interviews with trainers, provides rich insights into the contextual factors that shape these dynamics. This design thus strengthens both the internal validity (through statistical testing) and the ecological validity (through real-world narratives) of the study (Tashakkori & Teddlie, 2010).

3.2 Population, Sample Size, and Sample Frame

The study population consists of employees of all 21 commercial banks in Nepal, encompassing a total workforce of approximately 46,750 (Nepal Rastra Bank, 2022). Given the impracticality of surveying the entire population, a representative sample was determined using Yamane's (1967) formula for sample size calculation at a 95% confidence level and 5% margin of error, yielding a minimum requirement of 381 respondents. In practice, 450 questionnaires were distributed, and 404 valid responses were collected, surpassing the minimum threshold and thus enhancing reliability and representativeness.

The sample was stratified to ensure proportional representation across different banks, job levels, and demographic characteristics, reflecting the diversity of the commercial banking sector. Such stratification aligns with recommendations by Sekaran and Bougie (2016), who stress that heterogeneous populations require structured sampling approaches to avoid bias.

The qualitative phase focused on 16 trainers, selected purposively to capture a range of expertise in communication, leadership, teamwork, and problem-solving training. Purposive sampling is appropriate when the research seeks in-depth perspectives from individuals with specialized knowledge (Patton, 2002). Together, this two-phase sampling strategy ensures both breadth (through employee surveys) and depth (through trainer interviews), offering a holistic view of training effectiveness and talent development in Nepalese commercial banks.

3.3 Data Collection and Data Analysis Design

Primary data were collected using two instruments: a structured questionnaire and semi-structured interview guides. The questionnaire was designed to measure the three constructs—soft skills training, training effectiveness, and talent development—using established scales adapted from prior research (Scaduto et al., 2008; Pruis, 2011; Deepa & Seth, 2013). It was pretested to ensure clarity, reliability, and validity. Reliability was assessed through Cronbach's Alpha, with all constructs yielding coefficients above 0.90, surpassing the commonly accepted threshold of 0.70 (Cronbach, 1951; Nunnally & Bernstein, 1994). This indicates a high degree of internal consistency among the measurement items.

Quantitative data analysis employed descriptive statistics to profile respondents, followed by correlation and regression analyses to examine the relationships among constructs. The regression analysis enabled testing of the hypothesized impact of soft skills training and training effectiveness on talent development, while correlation provided insights into the strength and direction of associations. These methods are consistent with recommendations by Hair et al. (2019) for studies seeking to test predictive models in organizational research.

The qualitative phase involved semi-structured interviews with 16 trainers, allowing participants to elaborate on their perspectives regarding training design, delivery, challenges, and trainee engagement. Interviews were audio-recorded, transcribed, and analysed thematically following Braun and Clarke's (2006) six-phase framework: *familiarization, coding, theme development, review, definition* and *reporting*. Thematic analysis provided nuanced insights into the perception gaps between trainers and trainees, complementing the quantitative results.

3.4 Limitations of the Study

While rigorous, this study is not without limitations. First, the geographic focus was limited to commercial banks located in the Kathmandu Valley, which may restrict the generalizability of findings to rural or regional branches where organizational culture and training resources may differ (Creswell, 2015). Second, reliance on self-reported data raises the possibility of response bias, as participants may have over- or under-estimated the impact of training due to social desirability or common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Third, although the mixed-method design strengthens triangulation and validity, the study did not incorporate longitudinal tracking, which would have provided stronger evidence of the transfer and sustainability of training outcomes over time (Tashakkori & Teddlie, 2010; Bryman, 2016).

3.5 Ethical Considerations

Ethical considerations were carefully addressed in line with established research standards. All procedures adhered to guidelines for responsible conduct of research (Resnik, 2018), ensuring that participants were treated with respect and fairness. Informed consent was obtained from all participants prior to data collection, in accordance with ethical practices outlined by Diener and Crandall (1978). Respondents were assured of confidentiality and anonymity, and their participation was strictly voluntary, with the explicit right to withdraw at any stage without penalty (Israel & Hay, 2006). Interview data were securely stored and used exclusively for research purposes. By following these protocols, the study upheld integrity, transparency, and protection of participants' rights, thereby ensuring ethical compliance throughout the research process.

4. FINDINGS AND DISCUSSION

4.1 Findings

The findings of the study are presented in four subsections: (a) demographic profile of respondents, (b) descriptive statistics of study variables, (c) correlation and regression analysis, and (d) qualitative insights from trainers. This structure ensures both quantitative and qualitative results are addressed in detail.

Demographic Profile of Respondents

The demographic composition of the respondents provides useful insights into the human capital structure of Nepalese commercial banks. The survey revealed a balanced gender representation, with 50 percent of respondents identifying as male and 50 percent as female. This indicates that gender inclusivity is relatively strong within the sampled institutions.

In terms of age distribution, the majority of respondents (50.2 percent) fell within the 31–40 age range, reflecting a predominance of mid-career professionals. Employees under 30 years of age comprised 28.7 percent of the sample, while 15.1 percent were between 41 and 50 years. Only 6 percent of respondents were above 50 years, underscoring the relatively youthful workforce of commercial banks. This finding is significant, as younger employees are often more adaptable to technological change and innovation, which is vital in the evolving financial sector.

Educational attainment further illustrates the sector's academic orientation. 72.3 percent of respondents held a Master's degree, while 24.8 percent held a Bachelor's degree. 2.9 percent reported education levels below a Bachelor's degree. This suggests that the banking sector in Nepal emphasizes advanced qualifications during recruitment and career advancement, which is consistent with the industry's professional and knowledge-intensive nature.

Work experience patterns also highlight key workforce characteristics. Nearly 67.3 percent

of employees had less than 10 years of work experience, while 22.1 percent had between 11 and 20 years, and 10.6 percent had more than 20 years of experience. This distribution demonstrates that the sector is dominated by early- to mid-career employees, with relatively fewer highly experienced staff.

Analysis by organizational position revealed that operational staff made up the largest proportion at 57.7 percent. Supervisory-level staff accounted for 24.8 percent, while managerial-level staff represented 17.5 percent. This reflects a typical hierarchical banking structure with a broad operational base and a smaller supervisory and managerial layer.

Table 1: *Demographic Profile of Respondents*

Gender		**Frequency**		**Percent**	
Male		202		50.0	
Female		202		50.0	
Age	Frequency	Percent	**Level**	**Frequency**	**Percent**
21-30	146	36.1	**Operational**	233	57.7
31-40	203	50.2	**Middle**	120	29.7
41-50	55	13.6	**Top**	51	12.6
Education Level	**Frequency**	**Percent**	**Work Experience**	**Frequency**	**Percent**
High School	8	2.0	**5 and less**	117	29.0
Bachelors	95	23.5	**6-10**	155	38.4
Masters	292	72.3	**11-15**	94	23.3
Others	9	2.2	**15 above**	38	9.4
Total	**404**	**100.0**	**Total**	**404**	**100.0**

Source: Field Survey, 2025

Correlation Analysis

The Pearson correlation analysis revealed strong, positive, and statistically significant relationships among the three core constructs: soft skills training, training effectiveness, and talent development. Specifically, soft skills training and training effectiveness were highly correlated ($r = .796$, $p < .01$), indicating that employees who reported greater access to structured soft skills training—covering communication, teamwork, leadership, and problem-solving—also perceived higher levels of training relevance, design quality, and applicability.

Similarly, soft skills training and talent development were positively correlated ($r = .749$, $p < .01$), suggesting that investment in soft skills training contributes directly to improvements in employee performance, efficiency, and perceived career growth. Notably, the strongest correlation was observed between training effectiveness and talent development ($r = .852$,

$p < .01$), confirming that training effectiveness is a decisive mechanism through which learning translates into developmental outcomes.

These correlations are not only statistically significant but also substantively meaningful, as they suggest that both the content of training (soft skills) and the process of training (effectiveness) play interdependent roles in shaping employee growth. The particularly strong association between training effectiveness and talent development underscores the importance of well-structured design, engaged trainers, and motivated trainees in realizing the long-term value of training investments.

Table 2: *Correlations Among Soft Skills, Training Effectiveness, and Talent Development*

	CS	TWS	LS	SK	TE
Communication Skills (CS)					
Teamwork Skills (TWS)	.731*				
Leadership Skills (LS)	.690*	.707*			
Soft Skills (SK)	.796*	.796*	.796*		
Training Effectiveness (TE)	.731*	.707*	.690*	.796*	
Talent Development (TLD)	.695*	.667*	.653*	.749*	.852*

Note: * means significant at 0.05 level of significance
SK = Soft Skills, TE = Training Effectiveness, TLD = Talent Development, CS = Communication Skills, TWS = Teamwork Skills, LS = Leadership Skills, TD = Training Design, TP = Trainee Performance, TRP = Trainer Performance, NA = Needs Assessment.

Impact of soft skills training and training effectiveness on talent development

The regression model was statistically significant and explained a substantial portion of the variance in talent development. Specifically, the model yielded an R^2 value of .740, with an F-statistic of 571.2 ($F(2, 401)$, $p < .001$). This indicates that approximately 74 percent of the variability in talent development outcomes can be accounted for by the combined influence of soft skills training and training effectiveness. In organizational research, an explanatory power of this magnitude is considered very high, suggesting that the constructs selected for the study are both theoretically robust and empirically relevant. Within the model, both independent variables were statistically significant predictors of talent development. Soft skills training demonstrated a positive and significant impact ($\beta = .192$, $t = 6.64$, $p < .001$). This confirms that employees who receive more extensive training in soft skills such as communication, leadership, teamwork, and problem-solving are more likely to report improvements in both performance management and career advancement.

By comparison, training effectiveness emerged as the stronger predictor, with a standardized coefficient nearly four times greater than that of soft skills training ($\beta = .699$, $t = 24.15$, $p < .001$). This finding highlights the critical role of training effectiveness as a mediator between training content and developmental outcomes. It suggests that even when soft

skills are introduced, their impact is maximized only when training programs are well-designed, delivered effectively, and supported by engaged trainees and competent trainers.

Soft Skills → Training Effectiveness

The first regression tested the effect of soft skills on training effectiveness. The model was statistically significant, with a high correlation (R = .796) indicating that nearly 80 percent of the variance in training effectiveness can be explained by employees' soft skills. Among the sub-dimensions, communication skills (r = .731), teamwork skills (r = .707), and leadership skills (r = .690) each demonstrated strong and significant relationships with training effectiveness. These results suggest that employees with higher interpersonal competencies perceive training programs to be more effective, both in terms of design and applicability.

Soft Skills → Talent Development

The second regression explored the direct impact of soft skills on talent development. The analysis revealed significant positive associations, with communication skills (r = .695), teamwork skills (r = .667), and leadership skills (r = .653) all contributing to improvements in talent development. These findings confirm that employees who demonstrate stronger interpersonal skills are more likely to experience benefits in performance management and career progression. Thus, soft skills training is not only valuable in its own right but also has a direct and measurable impact on long-term employee growth.

Training Effectiveness → Talent Development

The third model examined training effectiveness as a predictor of talent development. The regression was highly significant, with $R^2 = .765$, Adjusted $R^2 = .761$, $F(7,396) = 183.85$, $p < .001$, indicating that more than 76 percent of the variance in talent development is explained by training effectiveness. Among the sub-dimensions, training design ($\beta = .362$) and trainee performance ($\beta = .257$) were the strongest predictors, highlighting the importance of structured, goal-oriented programs and active trainee engagement. Trainer performance ($\beta = .165$) and teamwork skills ($\beta = .108$) also contributed significantly, though to a lesser extent. These results demonstrate that talent development is most strongly driven by how well training programs are designed and how actively employees engage with them.

Sub-Dimensions of Soft Skills and Training Effectiveness → Talent Development

Finally, the fifth regression analysed the combined influence of soft skills sub-dimensions and training effectiveness sub-dimensions on talent development. The model achieved strong explanatory power ($R = .872$, $R^2 = .760$, Adjusted $R^2 = .756$, $F(7,396) = 179.22$, $p < .001$). Significant predictors included training design ($\beta = .344$, $p < .001$), trainee performance ($\beta = .289$, $p < .001$), trainer performance ($\beta = .128$, $p = .007$), communication skills ($\beta = .116$, $p = .014$), and teamwork skills ($\beta = .126$, $p = .002$). In contrast, leadership

skills (β = –.001, p = .985) and needs assessment (β = .014, p = .714) were not significant. The analysis shows that training design and trainee engagement are the most decisive factors in driving talent development, while communication and teamwork skills further reinforce developmental outcomes. Trainer performance adds value but is less impactful, and the non-significant results for leadership skills and needs assessment suggest that these areas may be underdeveloped or poorly integrated within current training practices.

Table 3: *Regression Models Predicting Training Effectiveness and Talent Development*

Predictor Variable	Model 1 S K + T E →TLD	Model 2 SK→TE	Model 3 SK→TLD	Model 4 TE→TLD	Model 5 SD (SK+TE) →TLD
Soft Skills (SK)	.192***	.796***	.749***		
Communication Skills (CS)			.695***		.116*
Teamwork Skills (TWS)			.667***	.108***	.126**
Leadership Skills (LS)			.653***		–.001
Training Effectiveness (TE)	.699***			.765***	
Training Design (TD)				.362***	.344***
Trainee Performance (TP)				.257***	.289***
Trainer Performance (TRP)				.165**	.128**
Needs Assessment (NA)					.014
Model Statistics					
R	.860	.796	.749	.874	.872
R^2	.740	.634	.561	.765	.760
Adjusted R^2	.738	.632	.558	.761	.756
F-statistic	571.20***			183.85***	179.22***

Note: * p < .05, ** p < .01, *** p < .001

SK = Soft Skills, TE = Training Effectiveness, TLD = Talent Development, CS = Communication Skills, TWS = Teamwork Skills, LS = Leadership Skills, TD = Training Design, TP = Trainee Performance, TRP = Trainer Performance, NA = Needs Assessment.

Taken together, the regression analyses confirm that both content (soft skills training) and process (training effectiveness) are vital for talent development, though process-related factors are more powerful predictors. Training design and trainee performance consistently emerged as the strongest drivers of employee development, underscoring the need for banks to invest in structured, interactive training methodologies and to cultivate an organizational culture that motivates employees to actively engage. Communication and teamwork skills also play crucial roles, aligning with the client-focused and collaborative demands of the banking sector.

By contrast, the weaker or non-significant effects of leadership skills and needs assessment point to critical gaps in current practice. Leadership training, as currently delivered, may not be sufficiently context-specific to produce measurable developmental outcomes, while needs assessment may be treated as a compliance exercise rather than a strategic diagnostic tool. Addressing these shortcomings could significantly strengthen the overall training–development linkage in Nepalese commercial banks.

4.2 Discussion

This study set out to examine the relationships among soft skills training, training effectiveness, and talent development in Nepalese commercial banks. The findings highlight that while soft skills training contributes meaningfully to developmental outcomes, training effectiveness exerts a stronger influence. Together, these two factors explain a large proportion of the variance in talent development, suggesting that content and process must work in tandem if organizations wish to build sustainable talent pipelines.

The analysis demonstrated that among soft skills, communication and teamwork were the most influential, while leadership showed no significant effect. This suggests that in the context of Nepal's banking sector, day-to-day collaboration and client interaction carry greater developmental weight than broader leadership competencies, which may require more contextualized or long-term approaches. On the process side, training design and trainee performance emerged as the strongest predictors of talent development, followed by trainer performance, while needs assessment showed limited influence. These findings indicate that organizational outcomes are shaped less by whether needs are formally identified and more by how training is structured and how actively employees engage with it.

The results align strongly with Goal-Setting Theory, which posits that clear, specific, and challenging goals enhance performance (Locke, 1990; Latham, 2006). Training programs in this study that incorporated structured objectives and measurable outcomes demonstrated the highest impact on talent development. Employees who participated in such programs reported greater improvements in performance management and career growth, confirming that goal clarity within training design fosters motivation and application. In practice, banks that set explicit learning targets—such as enhancing digital service efficiency or improving customer communication—provided employees with a clearer sense of direction, thereby improving developmental outcomes.

The findings also support Training Engagement Theory, which emphasizes that engagement arises from organizational support, self-regulation, and persistence (Locke & Latham, 2002; Seo et al., 2004). The strong predictive power of trainee performance highlights that training effectiveness depends not only on program design but also on the willingness and effort of participants. Qualitative insights reinforced this point: trainers observed that

interactive methods such as role plays and case discussions increased participation, while lecture-based sessions often limited engagement. This suggests that engagement is co-produced by both the institution and the individual, and that organizations must create environments that sustain motivation and active involvement.

Finally, the findings resonate with the Kirkpatrick Model (1996), which advocates a four-level

evaluation of training—reaction, learning, behaviour, and results. While trainers reported positive trainee reactions, this study shows that the true impact on talent development occurs at the behavioural and results levels, where design quality and trainee engagement matter most. In other words, satisfaction with training is insufficient; what matters is whether employees internalize and apply their learning in ways that improve performance and career advancement. The weak predictive power of needs assessment may reflect that banks emphasize inputs (e.g., budgets and participation rates) rather than outcomes, leaving a gap between evaluation practices and the model's higher levels of behavioural and organizational impact.

These findings are broadly consistent with global and regional studies. Research across knowledge-intensive industries has emphasized the importance of communication and teamwork in employability and adaptability (Ahlawat, 2013; Smith, 2020). Studies in South Asia similarly highlight the significance of structured training programs, with Indian and Bangladeshi banks showing improved performance outcomes when interactive and goal-focused approaches are used (Deepa & Seth, 2013; Chowdhury, 2020). Within Nepal, the results extend earlier work by Dhungana (2008) and Chalise (2020), who observed that training often lacked systematic evaluation. By demonstrating that design and engagement have the strongest predictive power, this study provides empirical confirmation of what previous authors identified as weaknesses in Nepalese banks' training systems.

Taken together, the findings underscore a central conclusion: training effectiveness is the key mechanism that translates soft skills training into talent development. While soft skills provide the foundation, their impact depends on how programs are structured and how actively trainees engage. Aligning training design with goal-setting principles, embedding interactive methods to enhance engagement, and evaluating programs at behavioural and results levels can help banks maximize the developmental returns on their training investments.

5. Conclusion

This study concludes that both soft skills training and training effectiveness are critical drivers of talent development in Nepal's commercial banks. The findings reveal that communication and teamwork skills exert the most significant influence on employee

growth, particularly when supported by well-structured training programs. Training effectiveness was found to act as a mediating mechanism, amplifying the impact of soft skills by ensuring their transfer into workplace performance and career progression. Among the dimensions of training effectiveness, program design and trainee engagement emerged as the strongest predictors of developmental outcomes, while trainer performance played a moderate role and needs assessment showed limited influence. These results demonstrate that while the content of training matters, its success is primarily determined by how programs are designed, delivered, and engaged with by participants.

Overall, the study advances understanding of training and development in the Nepalese banking sector by emphasizing that effective training is not achieved through investment alone but through strategic alignment, structured program design, and active learner engagement. In doing so, it responds to longstanding gaps in evaluation practices and demonstrates the pathways through which training contributes to building sustainable talent pipelines.

6. Implications

The findings strengthen the relevance of established learning and development frameworks. They align with Goal-Setting Theory, confirming that programs with clear objectives and measurable outcomes enhance employee motivation and performance. They also reinforce Training Engagement Theory, highlighting the importance of learner participation, motivation, and organizational support in translating training into tangible outcomes. Finally, they substantiate the Kirkpatrick Model by showing that training effectiveness must be evaluated beyond initial reactions, with lasting impacts observed at the behavioural and results levels.

The study suggests that trainers should design programs that are job-relevant and interactive, integrating methods such as simulations, case studies, and role plays. Continuous follow-up through mentoring or refresher sessions is necessary to ensure transfer of learning and sustainability of outcomes. Regarding employees, the study suggests that must take an active role in their own development by engaging fully in training, sustaining motivation, and applying new skills consistently in the workplace. Trainee performance is as critical to talent development as program design itself.

Further the study implicates that managers should align training initiatives with strategic organizational objectives and integrate performance-linked metrics into training evaluation. Building a culture of learning, providing supportive supervision, and ensuring recognition for training outcomes will further enhance the developmental impact.

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8. Conflict Of Interest

The author declares that there is no conflict of interest regarding the publication of this article. The research was conducted independently and impartially, without any financial, personal, or professional relationships that could have influenced the findings, interpretations, or conclusions of the study.

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