

## Impact of Training & Development Practices in Nepalese Commercial Banks

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### Abstract

This study explores the impact of training and development on organizational performance in Nepalese commercial banks. Organizational performance refers to the ability of the organization to perceive its purposes, bridging ample aspects of resource application, excellence, and overall success in the market. This article aims to survey the impact of training and development in Nepalese commercial banks. This research study applies to quantitative research methods encompassing a descriptive research design. The study consists of the human capital theory of Becker (1964). The article used literature from previous research studies. This article takes primary data with a cause-and-effect relationship by developing effective questionnaires. Training programs include independent variables, and organizational performance concludes with dependent variables. In this study, the population consists of 20 commercial banks in Nepal. This study selected 13 branch offices of commercial banks on a random basis. This study selected 125 respondents from 13 different branch offices of commercial banks from Budhanilkantha and Saraswotinar in Kathmandu. Among them, 100 participants of the survey provided information to use for the study. The nature of the questionnaires is descriptive. The participants responded with 27 questionnaires. The study found that training enhances skills, creativity, competency, and performance of human resources by developing knowledge of digital literacies.

**Keywords:** Training and Development, Employees, Organization, Job Performance, Commercial Banks.

### Introduction

Rapid technological advancements intensified competition, and then dynamic market shifts brought the contemporary globalized business landscape in the banking sector of Nepal. So, there

is a paradigm shift in the commercial bank and human resources. In this term, Aguinis and Kraiger (2009) stated that employee training and organizational development appeared to be complex issues in organizational efficacy. There is a focus on the continuous personal and professional development of human resources to meet a 21st-century organizational environment for adaptability and innovation (Noe, 2017). This research study delves into employee performance and organizational outcomes related to the multifaceted impact of employee training and development.

Training and development influence employee performance based on the established principle of human capital theory that employs investment in skills, knowledge, productivity, and organizational value. In this sense, Becker (1964) presented that the performance of employees is grounded in the principle of human capital theory. When the training programs are designed effectively and implemented, they impact technological advancements and foster soft skills such as communication, strong collaboration, teamwork, and problem-solving. Similarly, training programs cultivate a learning culture and inspire employees to invest in their personal and professional career development. It supports increasing the quality of the organization. In this regard, Werner and DeSimone (2011) said that training and development strategies enhance the quality of employees and enable them to accomplish the target objectives of the organization.

Moreover, a well-structured training program fosters job satisfaction for a uniform level of expertise across the employees. It generates and establishes creativity for customer service satisfaction. It brings transformation among the workforce and entire stakeholders into sustainable advantages and advancements. It empowers the workforce and applies best practices in the organization. Hence, training and development programs can practice strong teamwork and knowledge dissemination culture to spark improvement and maintain challenges to foster productive value (Edmondson, 1999).

Customer service helps to achieve organizational objectives in the banking industry. Training affects the planning and policy-building process for development. However, the globalized impact emerged in the reformation of commercial banks. The central regulatory authority, like Nepal Rastra Bank, needs a competent and well-trained workforce to change and implement a transformative policy. Financial sectors are competitive, so financial sectors are a

source of fuel and improve the expertise, efficacy, and effectiveness for quality customer service. Training and personality development designation equips employees to avoid weaknesses to enhance their goodwill, and provide better services. In a competitive market, workforce development is considered a shared sense of purpose and sustainable development. (Pfeffer, 1998). Training provides knowledge and skills. An employee who gets adequate training creates a supportive workplace. It gives an understanding of their duties & responsibilities, and they appear self-motivated to perform better.

The purpose of the study was to explore the impact of training and development practices on the organizational performance of commercial banks in the Nepalese context. Similarly, the study aims to investigate the current state of T and D implementation and evaluate employee performance and its influence on organizational outcomes. Additionally, this study examines the strengths and drawbacks of recent trends of T and D strategies and marks the map for improvement to provide appropriate recommendations to Nepalese commercial banks.

### **Literature Review**

Training refers to planned activities designed to enhance the acquisition of knowledge. Training and development appeared to be a burning issue in the global market of technological advancement. It plays a significant role in enhancing skills, knowledge, and insights for better performance. Training programs play a crucial role in the enhancement of the banking industry. Training and development empower employees through continuous learning and performance. It increases their earnings.

### **Theoretical Foundation of Training and Development**

Training refers to the action of teaching a person a particular skill. Training and development improve the skills, knowledge, and performance of the employee. In this sense, Becker (1964) said that investing in the education and training of employees opens the door to better performance at the organization. So, training programs empower employees by enhancing their technical and soft skills for organizational success. Auginis and Kraiger (2009) stated that team collaboration and organizational performance influence the competency of employees.

Hence, these theoretical notions create foundations to explore the impact of training and development in Nepalese commercial banks.

### **Training and Employee Performance**

Training influences the performance of employees. It develops their personal and professional development. Training provides a continuous learning and development process in their career. It fills them with related job-oriented skills so they can sell their skills in the market. It emphasizes developing their competencies related to the world of work. They learn digital literacy skills and perform well in their profession. Arthur et al. (2003) said that effective organizational training programs enhance re improvement in the performance of employees. It supports reform and changes the performance and quality of the organization. Therefore, well-trained workforces are the capital of the banking sector. Training programs make employees responsible, which leads to better performance and service quality. It also contributes to improving job satisfaction and the outcomes of the organization.

### **Training and Organizational Performance**

Beyond individual benefits, training and development impact the overall performance of the organization. Training and development programs focus on improving service quality and goodwill of the organization (Pfeffer, 1998). Organizations that prioritize continuous learning to improve service quality and maintain a competitive advantage in the industry (Pfeffer, 1998). Training programs lead the organization to profit and the path of productivity and profitability. It reduces the errors of an organization. Training enhances the skills of employees. Their competency supports handling the market dynamics and customer expectations in the commercial banking sectors of Nepal. On the one hand, training ensures the performance of the organization. On the other hand, training and development programs increase the customer satisfaction and reputation of commercial banks in Nepal.

## Methods

This study used a quantitative research approach to explore the impact of training and development attempts within Nepalese commercial banks concerned with workforce performance. It employed a descriptive research design applying the random sampling technique by selecting 13 branch offices of the commercial banks from the Kathmandu district, especially from Saraswoti Nagar and Budhanilkantha Municipality. The study was held in 2024 and the target population comprised 20 commercial banks. Data collection methods involved distributing questionnaires to 125 staff members of Nepalese commercial banks. A hundred employees completed responses in this study. The questionnaires applied a five-point Likert scale to evaluate human resource notions of training and development activities in employee performances. Descriptive statistics, percentages, and means with standard deviations were utilized in the study. This study employed correlation analysis to evaluate the strength and direction of the relationship between dependent and independent variables to organizational performance. Regression analysis is performed in this study to establish the predictive power of training and development in organizational performance.

## Results and Discussion

**Table 1**

*Age of the Employees*

Age Range	Number of Employees	Percentage (%)
18-25	20	20%
26-35	35	35%
36-45	25	25%
46-55	15	15%
55+	5	5%
Total	100	100%

Table 1 illustrates the age distribution of 100 employees in Nepalese banking institutions, divided into five distinct age ranges. The data illustrated that many employees are between 26 and 35 years of age, comprising 35% of the entire human resources, indicating a population of relatively youthful employees. The 18 to 25 and 36-45 age groups represent 20% and 25% of the employees. It demonstrates a substantial presence in early-career and mid-career professional workforces. It shows that 46 - 55 and 55+ constitute a smaller fraction of the employees, accounting for 15% and 5%.

**Table 2**

*Gender of Employee*

Gender	Number of Employees	Percentage (%)
Male	60	60%
Female	40	40%
Total	100	100%

Table 2 illustrates the gender distribution among employees represented in the organization. It shows a total of 100% of the workforce represented, 60% male and 40% women. A huge gap was identified in the issue of gender representation in organizations. It shows gender discrimination in the commercial banking sector of Nepal. Male workforce representatives' numbers appeared high. This means that gender disparity and patriarchal schooling in organizations still exist.

**Table 3***Departmental Distribution of the Employee*

Department	Number of Employees	Percentage
Finance	25	25%
Marketing	15	15%
Human Resources	10	10%
Operations	20	20%
IT	18	18%
Others	12	12%
Total	100	100%

Employee distribution in bank departments provides insight into staffing priorities and resource allocation. Among 100 employees, the finance sector is considered the largest department, based on a total workforce of 25%. Operations follow closely, accounting for 20%, and IT represents 18%. Marketing makes up 15% and human resources is the smallest department, with 10%. Moreover, Finance and operations account for approximately 45% of the workforce, emphasizing their significance within the organization.

**Table 4***Job Title Distribution of the Employee*

Job Title	Number of Employees	Percentage (%)
Trainee Assistance	15	15%
Junior Officer	25	25%
Officer	30	30%

Senior Officer	15	15%
Manager	10	10%
Others	5	5%
Total	100	100%

Table 4 provides a detailed overview of the distribution of employees by job title in the organization, presenting both headcount and equal representation. Employee distribution in bank departments shows a hierarchy of six roles with a structural hierarchy. The position of an officer is the most prevalent, comprising 30% of the total staff. Trainee Assistance and senior assistant positions represent 15% each, while the managerial level is 10%.

### Table 5

#### *Types of Training*

S. N.	Name of Training	No. of Participants	Percentage (%)
1	Orientation	26	26%
2	Job Rotation	6	6%
3	Coaching	1	1%
4	Lecturers	10	10%
5	Workshop	22	22%
6	Case Studies	9	9%
7	More than 1	17	17%
8	Others	9	9%
	Total	100	100%

Table 5 shows the distribution of various training programs participated in by 100 employees of commercial banks in the context of Nepal, expressed in the corresponding percentages and number of students, respectively. The 26% participation indicated a strong emphasis on onboarding new hires. Similarly, workshops are the most prevalent second training method, with the involvement of 22 % of employees focusing on skill development and interactive learning. 17% of the participation of employees highlighted a multi-faceted approach to employee development. Lecturers and case study attempted 10% and 9% respectively. Job rotation training was held for cross-training and the skill development of employees for 6%. Moreover, coaching presents a very low participation rate of 1%. Overall, the table describes the diverse range of training programs focusing on orientation and workshops by highlighting potential gaps in training methodologies in job rotation and coaching.

**Table 6**

*Feelings of Employees on Training*

Categories	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree %	Total (%)
Training Sufficient	34	44	15	7		100
Well Planned	29	62	8	1		100
Sufficient Duration	12	57	27	3	1	100
Good Opportunities for Freshers	48	43	5	4		100
Norms and Values are Clearly Defined	22	72	5	2		100
Periodically Evaluated and Improved	21	59	17	3		100

Table 6 illustrates the perceptions of employees related to the multiple aspects of training programs. The results and feedback indicate the positive outcome of training effectiveness and employee programs, reflecting the satisfaction level. A significant distribution of employees finds the training effective and sufficient, including 34% strongly agreeing and 44% strongly agreeing, while 15% remain neutral and 7% express disagreement. Likewise, the training is perceived as well-planned and organized, with 29% strongly agreeing and 62% agreeing with minimal disagreement.

Regarding the duration of training programs, opinions are varied, as 12% strongly agree and 57% agree that it is sufficient. Similarly, 27% remain neutral, and a small fraction, 4% disagree. According to data, training provided opportunities for freshers, as evidenced by 48% strongly agreeing and 43% strongly disagreeing, with a minimum percentage of neutral and disagreement.

Overall, norms and values were clearly defined based on the experience of participants, including 22% strongly agreeing, and 72% agreeing that a small number of employees remain neutral or disagree. The evaluation and performance level of training received positive feedback, with 21% strongly agreeing, 59% agreeing, and 17% remaining neutral disagreement with a small percentage. Employees felt many satisfactions with positive perceptions in terms of their planning, performance, sufficiency, and alignment based on the organizational worth. However, there is space for improvement in the training programs to meet the employees' expectations.

**Table 7**

*Perception of Training through the Lenses of Employees*

Categories	Strongly agree (%)	Agree (%)	Neutra 1 (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Acquire sufficient Knowledge & skills	24	59	17			100

Feel positive impact	33	55	12	100	
Increased confidence	40	49	11	100	
Helped employees to be more productive of work	37	55	8	100	
Improved customer service skills	36	55	9	100	
Adapt new technologies and processes	35	59	11	1	100

Table 7 shows the perceptions of the training through the lenses of employees, highlighting its effectiveness in enhancing skills, confidence, job satisfaction, customer service skills, and productivity. Employees presented positive outcomes of the training programs. Employees reported agreement in many aspects of training programs in the Nepalese context. 24% of employees strongly agreed on the effectiveness of the training and development program, while 59% agreed and 17% remained neutral. Similarly, 33% of employees agreed on the positive impact of training, 55% agreed, and 12% remained neutral. The data showed that employees saw the significance and effectiveness of the training, respectively.

Based on the achievement of employees, confidence building is another way to open new avenues for better performance, with 40% strongly agreeing, 49% agreeing, related to their confidence building process leaving only 11% neutral. Additionally, 37% of employees strongly agreed, 55% agreed, while 8% remained neutral, concerned about the contribution and improvement of productivity at work.

The training at commercial banks became instrumental in enhancing customer service skills, as reported by 36% of employees who strongly agreed, 55% agreed, and 9% remained neutral. Moreover, Employees acknowledged the role of training to adopt new technologies and enable the digital literacy process, with 35% strongly agreeing, 59% agreeing, and 1% showing disagreement.

Overall, the responses of employees expressed that the training developed confidence, enhanced skills, equipped necessary working styles, and provided job satisfaction with productivity and job quality. It improved the overall performance and competency of employees; however, a small number of employees expressed slight disagreement in identifying potential areas for improvement and further refinement of training and development programs.

**Table 8**

*Organizational Performance*

Performance	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Coordination & motivation	29	57	13	1		100
Increased customer Satisfaction	25	52	19	4		100
Helped for change management	20	58	18	3	1	100
Improved productivity, market share, reputation, images	28	59	12	1		100
Supported corporate governance	27	53	19		1	100
Changing challenges into opportunities, weakness into strengths	22	65	11	2		100
Increased employees' retention	19	50	24	6	1	100

Improved competitiveness	26	58	14	2	100
Enhanced Innovation & creativity	31	59	9	1	100

Table 8 interprets the responses of 100 employees related to the impact of training and development programs on multifaceted aspects of the performance and efficiency of the organization. The data is categorized into nine performance indicators, with responses ranging from strongly agree to strongly disagree. The study showed overall improvement, changing weaknesses into strengths and enhancing innovation.

The data strongly indicated that employees perceived training and development programs as having a substantial positive impact on many aspects of organizational performance. While some employees expressed mixed responses, however, the entire trend is positive. This indicates that training and development programs empower the employees, and then they can perform better by being innovative and creative, being able to keep a critical perspective, and building teamwork. It helps to learn, share, grow, and work professionally. This suggests that training programs perceive their goals as concerned with motivation, skill enhancement, change management, productivity, image and goodwill, customer satisfaction, governance, and competitiveness.

This study investigated that training programs reported positive impacts on organizational performance. This consists of training and development programs having positive outcomes. Such training programs emphasize coordination and motivation, indicating that training is particularly effective in enhancing related areas. The study helps with productivity, availability, and reputation. Training is vital for adopting changes and enhancing overall organizational output and image.

The study attempted to increase customer satisfaction, contributing to other factors playing a significant role. The study explored the increased employee satisfaction. So, training supports retention as a primary driver. This research study found that corporate governance and improved competitiveness also showed strong positive responses. The study presented strongly agree and agree percentage indicating a strong belief that training and development programs foster these crucial aspects. Training enabled the skills of employees that helped to develop their confidence

and professional career. Thus, employees received a chance to be familiar with digital literacy skills. Employees gained knowledge and insights to learn and utilize technical and soft skills encompassing the use of technology.

The study presented gender disparity in the commercial banking sector. So, gender parity and an inclusive environment are needed to enhance positive outcomes of the organization. Youths have been suffering due to the ignorance and domination of experienced professional personnel. However, the training developed their confidence. Training generated creativity for productive performance and changed the strategies of the organization. The research indicates that banks' training initiatives are contributing to their objectives related to coordination, motivation, productivity, change management, customer satisfaction, governance, competitiveness, and innovation. Thus, the perceptions of employees related to training programs were positive.

### **Conclusion**

This study showed that an effective implementation strategy approach is essential. First and foremost, banks should plan effective training strategies by extending mentoring programs and hiring external experts. There should be an evaluation of productive training methodologies. The training time should include pre- and post-training assessment and feedback mechanisms. Training should review the learning objectives and employee availability. Planning and policy need to address gender inclusion in the organization. Moreover, organizations should provide digital literacy training to enhance the engagement of fresher employees. Leadership development training programs should create strategic planning and policy. It presented a positive correlation between training programs and organizational performance in Nepalese commercial banks. Training programs enhance employee skills, confidence, knowledge, image, and creativity. However, it explored an area for improvement and the effectiveness of training. In addition, the research showed the challenges of meeting the objectives of the training programs to promote gender diversity and the use of technology.

This study also highlighted that investment in training for the empowerment of employees creates, establishes, and promotes competitiveness in the transformative banking sectors. Organizations can foster a continuous learning culture among employees through training and

development programs. It was presented that such training and development programs enhance the skills, knowledge, confidence, creativity, and professional career of employees. It focuses on positive changes in the workforce, customer satisfaction, organizational outcomes, and integration of emerging technologies.

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