Strategic human resource development: A study of training and development in Nepalese commercial banks

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Abstract
The purpose of this study is to determine how strategic human resource development has been taken in the context of training and development by the employees of Nepalese commercial banks. Strategic human resource development has greater focus on training and development which can enable the management of banks to make appropriate policies and programs to strengthen the banks' profitability and efficiency. The qualitative case study research design is used in this study. Three research questions were set to seek the answers from the participants/informants of commercial banks which were related to strategic human resource development (SHRD) and its relationship with training and development, SHRD and their issues in Nepalese commercial banks and new roles and structure that improve SHRD for training and development. Some human resource officials were taken as informants/participants from different commercial banks to furnish the answers. Data were gathered in verbatim form, transcribed, coded, and generated theme using qualitative data software Atlas-ti. This study concludes that SHRD can be a challenge for Nepalese commercial banks because of inadequate investment and a lack of alignment in T&D, by evaluating needs, determining essential skills, and implementing the appropriate programs that SHRD synchronizes T&D with business objectives, it may be useful to implement new structures and roles to enhance SHRD in Nepalese commercial banks.

Keywords: Commercial Banks, New Structure, Strategic Human Resource, Training and Development

Introduction
Training, learning, and development, workplace learning, career development, lifelong learning, organizational development, and obtaining organizational knowledge are just a few examples of the organizational processes that fall under the broad category of human resource development (HRD) (Bailey, Mankin, Kelliher & Garavan, 2018). Gautam (2015) revealed various skills were required for the development of HRD in order to increase the effective involvement of HR experts in the BOD, to contribute to the formulation of business strategies, to involve line managers in HR decision-making, and to create mechanisms for implementing HR initiatives. Strategic HRD places a strong emphasis on core competencies as distinctive abilities and skills that deliver a long-term competitive advantage by integrating various internal and external information base (Hughes & Byrd, 2015).

To succeed in a competitive and changing business environment, banks must cultivate a culture of competence and quality in their human resources. Because the risks are so high, they must actively improve their workforce rather than accept inefficiency (Sthapit, 2014). Strategic human resource development is a key instrument for improving workforce competency, knowledge, effectiveness, and adaptability. (Alagaraja, 2013; Garavan, 2007; Garavan, Shanahan, Carbery, & Watson, 2016; Gibb, 2011). The most critical factor for expanding organizational attention to HRD is its reaction to environmental challenges. Staying up to-date with ongoing change could enable HRD professionals to re-organize their objectives more easily to meet new environmental requirements (David, 2016).

People resources are the key to organizational success in the present era of globalization. In the long run, an organization's success is heavily reliant on the caliber and quantity of its people resources (Swain & George, 2007). According to Drucker (2004), the most valuable asset of a 21st-century institution is its knowledge workers and their productivity, while a 20th-century company's most valuable asset was its manufacturing equipment. A strong and engaged staff is unquestionably the most important of the three intangible assets to support an organization's value-creating, information capital, and organizational capital operations. (Kaplan & Norton, 2004; Alipour, Salehi, and Shahnavaz, 2009).

In the Management Development Scenario (MDS) reports produced by the Management Association of Nepal, the fact that institutions of all types have increased their emphasis on HRD has been seen as a sign of progress (Pant,
Human resources must not be viewed as commodities to be employed and fired based on the organization's short-term whims; rather, they must be fostered and developed. Good people can remedy bad policies, processes, and rules, but it is never the other way around (Hassan, Hashim and Ismail, 2006).

The company's strategy should be aligned with the practices of human resource management (HRM) and human resource development (Luoma, 2000). The capacity of businesses to adapt swiftly to technical breakthroughs, including employee expertise, has become a crucial component of competitiveness, particularly in a fast-changing technological environment like that of the information technology industry. The ability of the company to apply cutting-edge expertise to new and emerging business prospects is becoming increasingly important for an effective company strategy (Torraco & Swanson, 1995). The process of establishing an organization's fundamental mission and goals, as well as the method through which the organization uses its resources to accomplish those goals, is known as strategy (Devanna, Fombrun, Tichy & Waren, 1982).

Strategic HRD is the systematic process of creating strategic human resources to help an organization achieve its strategic objectives, some of which may be monetary performance and long-term competitive advantages (Hu, 2002). HRD should place a priority on transformational management, emphasizing institutional leaders to assist Nepal in adjusting to a new work culture and to help build competent leaders and change agents for the growth of the information society (Gautam, 2015). Strategic HRD is 'development that arises from a clear vision about people's abilities and potential and works within the overall strategic framework of the company. Strategic HRD adopts a comprehensive and long-term perspective on how HRD practices and policies can aid in the implementation of business goals (Harrison, 2000).

According to Upadhyay & Khanal (2012) the institutional level success of an organization solely depends on the fully motivated and skilled employees, according to their Management Development Scenario-2012 Report (of Management Association of Nepal), which was based on a survey of management stakeholders from both public and private organizations in Nepal. Organizations in Nepal contribute 0.5 percent of their annual payrolls to employee development initiatives (Adhikari & Gautam, 2006). In Nepal, training is still seen as an expenditure, the prevailing power structures and the constrained skills are most likely to impose restrictions on the development of HR responsibility to line managers (Gautam & Davis, 2007).

Exploitation-focused and exploration-focused SHRD approaches can be divided into two categories. Methods that emphasize exploitation put competency development endure and give priority to immediate benefits. Innovation, change, tacit learning, knowledge management, learning from failures, and prudent risk-taking are all emphasized in exploration-focused strategies to increase adaptability (Espedal, 2005 & Marrch, 1991). SHRD involves procedures like socialization, skill development, and performance management and can be used to improve firm-specific competencies and skills (Garavan, & Carberry, 1991). The advancement of an organization toward its strategic objectives depends on learning that produces knowledge that is strategically valuable. All knowledge, including that of those in human resource development, has worth in today's increasingly turbulent environments (Harrison, 2000).

Budhwar & Sparrow (1997) found that in comparison to Indian organizations, HR managers in Nepalese businesses are not as frequently involved in the development of business strategies. In their Investment Policy Review Nepal (2003) report, UNCTAD and its affiliated institutions placed special emphasis on the need for HRD in Nepal, noting that a lack of human resources has also limited foreign direct investment (FDI) in Nepal by limiting the capabilities of local firms (UNCTAD, 2003). Strategic HRD is essential for modern firms to attain desired HRD outputs and outcomes in the ever evolving business environment. Investigating the applicability of a strategic approach on HRD in Nepalese organizations is essential (Sthapit, 2014). This study attempts to determine whether strategic HRD practices on training and development may help Nepalese banks improve the skills and competence of their human resources and achieve desired results.

**Research questions**

This paper aims to answer the following questions:

- How SHRD and training & development are interrelated?
- What are the contexts of training and development, SHRD, and the issues they create in Nepalese commercial banks?
- How can SHRD improve training & development by new structures and roles?

**Review of literature**

Pradhan (2020) found that the majority of Nepalese large corporations and administrators typically do not believe in the advantages of increasing investment in human resources. However, some business and even government organizations are starting to realize the importance of human resource development for their own purposes.
Sivapragsam & Raya (2018) found that HRM functions and business leadership adopt procedures and policies that fully support employee needs; it could be useful for supervisors who need to defend the use of employee-focused procedures and practices.

Mitsakis (2019) claims HRD executives are crucial to the survival and expansion of businesses in complicated and dynamic commercial contexts. They must be proactive trend-setters who proactively place themselves and their departments inside the board of directors of the organization. By doing this, they advance HRD practices and have the power to intervene and change the atmosphere and culture of the workplace. When it comes to the process of genuine organizational change, HRD may have the biggest impact on the company. With the knowledge that people are the company's most valuable asset, HRD is particularly trained and well-positioned to direct employee development in order to improve organizational performance and implement organizational transformation. HRD plays a variety of functions at the company (Thoman & Lloyd, 2018).

Thoman & Lloyd (2018) found knowledge about HRD may be used to influence many management decisions favorably, and by using an interdisciplinary perspective, HRD can be used to make recommendations on different activities that must be made in the contemporary business environment. Islam, Hasan. & Haque (2018) found that organizational effectiveness, one of the outcomes of HRD, is favorably and significantly connected with training and development (the fundamental component of HRD). The impact of job satisfaction, training and development, and principal component analysis on organizational effectiveness were also demonstrated.

Niraula (2022) found organizations use a variety of educational strategies and programs to enhance their workforce on a regular basis, in recent years, training, and development have been an increasingly important strategic priority. Adhikari & Gautam (2006) found Nepalese business organizations, lack appropriate training and development as well as career development programs. Pradhan & Shrestha (2022) found that employees who do not find a position that supports their future career development, the majority of career-oriented employees with excellent and solid educational backgrounds are unmotivated to perform at their highest levels on the job.

Derven (2008) claimed that becoming a “business partner” has long been the Holy Grail for HR, which is why the idea of training needs analysis (TNA) is now regarded at a strategic level as a result of partnerships it has forged with various human resource departments. Durkovic (2011) emphasized HRD as a generic function of HRM, as developed human resources are the fundamental element and prerequisite for the growth and competitiveness of the enterprise; high-quality workers can carry and sustain competitive advantage; and they are the requirement for business operation of all business systems characterized by quick, dynamical, complex, and not always predictable changes in the environment. Delworth (2003) found strategic change management, integration of learning processes, knowledge management, career development, healthy and productive workplaces, in-sourcing and out-sourcing of training, team building, leadership development, application of technologies to HRD, and socio-technical fit were determined to be the core elements of HRD.

Adhikari (2010) revealed that every nation and business must comprehend and conquer competition. However, it is important to build human capital through HRD mechanisms for performance management in order to compete and to obtain an advantage over the competition. Lingg (1996) found organizational development, homogenization, competitive skill acquisition, cultural role changes, career development, reduction of tensions and insecurities, dedication, decreased workplace conflict, and creative employment are all significantly impacted by effective human resources strategies.

A study conducted by Shrestha (2009) revealed that the drawbacks of employee training and development include the educated workers' demands for pay raises and promotions, their displays of arrogance, and the tendency to leave their jobs. However, in another study conducted by Pandey (2008) revealed employees in Nepalese banks continue to see a strong correlation between factors like personal benefits, professional benefits, job-related benefits of training, and commitment-related factors (affective commitment, continuous commitment and normative commitment).

In another study in private and public banks conducted by Dhungana (2008) reveals that Public commercial banks’ training programs perform less well in disseminating information that is pertinent to the workplace as compared to private banks. Private banks invest more in staff training per employee than do government-run banks. The attitudes of the workforce, the culture of the organization, and the performance review processes all have a beneficial impact on training efficacy. Junior officers of publicly traded commercial banks were shown to be more in favor of the banks’ training strategies than senior officers. Employees in public and private banks with less work experience are more optimistic about the benefits of training.

Theories of strategic human resource development

The psychological theory of human resource development, according to Swanson (2004) is very useful in understanding and improving the mindsets of adults and professionals because it examines factors such as age, profession, behavior, knowledge, and practice related to human resource development in organizations. He further
added that studying human behavior in relation to age is the main focus of psychological theory. The most important resources required to produce goods and services are human capital. This suggests that an organization's ability to influence its financial results depends on ongoing investments in human capital. Enhancing employees' abilities, knowledge, and physical health can be considered an investment in human capital.

The economics theory of human resource development, developed by Swanson & Holton (2009) focused on understanding the established structure, processes, and tactics for increasing human resources within the company. Economic theories of human resources place a strong emphasis on how to utilize resources as inputs to produce the best results. The main focus of economic theory is the input-output ratio, which aims to enhance production through utilizing the organization's human resources.

An organization is characterized by system theory of HRD developed by Jacob (2014) as a system that is structured to achieve predetermined goals. This theory contends that an organization's inputs, outputs, and processes all have a role in achieving its goals or carrying out its daily operations. The term "inputs" refers to elements such as personnel, material assets, finances, etc. that allow an organization to function.

Research methods

Understanding the linkage between SHRD and training & development is essential for improving efficiency in Nepalese commercial banks. The study employed qualitative research and a case study method to perform an empirical study of the issue by participation of employees of Nepalese commercial banks. In the Lalitpur District of Bagmati Province, there were 20 commercial banks in operation, and 1697 employees (NRB, 2023) from these banks served as the study's population. More than 10 employees were participated in the interview as sample. The sample size for a qualitative study should range from 10 to 50 for inclusive and fair consideration (Levitt et al., 2018).

The study falls under multiple realities. Data were collected through unstructured and open ended questions from primary sources of the branch offices of five commercial banks. Both officers and managerial level employees, who were the part of policy formulation and implementation were interviewed and observed during data collection procedure. A judgmental sampling method was applied to get precise and complete information from the informants (Etikan & Bala, 2017). Qualitative data analysis is not a step-by-step process rather it is a linear process, the collection and analysis of data takes place simultaneously (Bougie & Sekaran, 2019). The study used thematic analysis of data to know the main themes, analyzing them, and preparing a final report. The researcher coded, summarized, and presented the data for analysis by using Atlas- ti software.

Results and findings

Results of this study include findings and meaning of the findings using interview and observation of the sample units.

Employees, including responsible officials and participants/informants, were questioned about the SHRD and its relationship with Training & Development, during interview and they opined as follows:

The practice of coordinating an organization's human resource development initiatives with its overall strategic goals and objectives is known as strategic human resource development, or SHRD. It acknowledges that workers are important resources and that supporting their growth can help the company succeed. Analysis of the strategic needs of the business, identification of the knowledge and skills needed to achieve those objectives, and design and implementation of training and development activities are all parts of SHRD.

The process of strengthening an organization's workforce by methodical attempts to enhance their knowledge, skills, abilities, and competences is known as training and development. It strives to increase workers' efficiency, effectiveness, and performance in their current positions while educating them for future responsibilities. Depending on the objectives of the firm, the demands of the task, and the desired learning results, a variety of methods, including classroom instruction, on-the-job training, mentoring, workshops, seminars, e-learning, and self-paced learning, can be used (Field Note, 2023).

Training typically focuses on acquiring specific job-related skills and knowledge. It is designed to address immediate needs and often includes activities such as workshops, on-the-job training, mentoring, and e-learning programs.

Development, on the other hand, has a broader scope and aims to prepare employees for future roles and responsibilities within the organization. It focuses on fostering long-term growth and typically includes activities such as job rotations, leadership development programs, coaching, and career planning.

Strategic human resource development and training and development are related since they both aim to improve organizational performance and effectiveness. The SHRD makes certain that activities for training and development are in line with the organization's strategic direction. It entails determining the training and development programs that will best support the organization's present and future training and competency needs. By doing this, SHRD
contributes to the development of a knowledgeable and flexible workforce that can assist the business accomplish its strategic objectives. In a nutshell, whereas strategic human resource development links these activities with the organization’s strategic objectives to provide a consistent approach to talent development, training and development concentrate on enhancing employee skills and knowledge.

When asked about the SHRD and training & development context issues in Nepalese commercial banks wherein they are engaged in decision making and operational level of banks’ activities they stated:

In the context of strategic human resource development (SHRD), training and development (T&D) refers to the methodical process of developing employees’ knowledge, skills, and competences in order to improve performance and support organizational goals and objectives. It entails giving staff members at various organizational levels formal and informal learning opportunities.

According to the informants, in Nepalese commercial banks, there are several issues related to SHRD and training and development.

- Limited investment in training and development hindered the implementation of effective training and development practices.
- Lack of strategic alignment between T & D and strategic objectives has resulted in a waste of resources and failure to address critical skill gaps.
- Insufficient needs assessment causes organizations to waste time and resources by failing to determine the unique training requirements of their personnel.
- Lack of experienced trainers for specialized topics or sectors in Nepal limits the availability and efficacy of high-quality training programs.
- Employee opposition to training and development activities is a major barrier to organizational growth and is sometimes fueled by apprehension about change or a lack of knowledge of the benefits.
- Lack of evaluation in Nepalese commercial banks frequently neglect or undervalue the evaluation and assessment of training initiatives. As a result, it is more difficult to evaluate the effectiveness of training programs and plan future T&D projects.
- The use of e-learning platforms, virtual training, and other creative approaches is hampered by the limited acceptance of technology in Nepalese companies, which restricts the efficacy and scope of training and development activities.

Nepalese organizations must take a proactive approach in order to address these problems. It entails investing in T&D resources, matching training plans to strategic goals, conducting in-depth needs analyses, building a pool of qualified trainers, fostering a culture of learning in the workplace, putting evaluation mechanisms in place, and utilizing technology to increase training effectiveness.

When asked about how SHRD can improve training & development by new roles in Nepalese commercial banks, they opined:

Strategic Human Resource Development (SHRD) can improve training and development, greatly benefit from new structures and roles, suggest the participants/informants of Nepalese commercial banks in a number of different ways.

- Cross-functional teams provide a comprehensive approach to training and development activities by combining a variety of talents and viewpoints. They also improve departmental collaboration and knowledge exchange.
- A dedicated learning and development department will ensure specialized attention and knowledge in developing, carrying out, and assessing training efforts, leading to more specialized and successful initiatives.
- A helpful learning environment, continuing assistance, and knowledge transfer are all fostered through the implementation of structured mentoring and coaching programs. Employee development can be accelerated by these initiatives, especially for high-potential workers or those moving into new jobs.
- Through exposure to other roles and divisions, job rotation and assignment programs improve employees’ skill sets and understanding of the company. This encourages a wider viewpoint, makes it easier to find areas of interest, and develops cross-functional knowledge.
- Performance-based development programs address skill gaps and career aspirations by matching training and development to specific employee needs. These plans include specific goals and actions, regular check-ins, and feedback sessions to monitor progress and offer assistance.
- Learning management systems (LMS) are technology-enabled learning platforms that improve training accessibility and scalability. These platforms provide easy access to training, online courses, webinars, and interactive modules.
Programs for leadership development emphasize competences, strategic thinking, decision-making, and creativity to train future leaders. These tailored opportunities prepare workers for leadership positions and guarantee a seamless succession.

For SHRD to be successful, a culture of ongoing learning must be established. Organizations can encourage information exchange, self-directed learning, and appreciation of learning efforts. Platforms for knowledge exchange, such as lunch-and-learn events and communities of practice, promote informal learning and teamwork.

Moreover, organizations are able to enhance their SHRD efforts by establishing these structures and responsibilities into place. This will improve employee skills, promote a culture of learning, and encourage corporate growth and innovation.

Discussion

This study has examined the strategic aspects of human resources development. Three aspects of human resource development were identified for analysis that includes training and development, context of HRD and new structure and role to enhance human resource development in Nepalese commercial banks. In order to ensure that actions are in accordance with the direction of the business, strategic human resource development (SHRD) coordinates training and development with the organization's strategic goals. It entails assessing strategic requirements, determining the knowledge and abilities required, and putting training and development plans into action as appropriate. In order to strengthen an organization's workforce, T & D involves improving employees' knowledge, skills, talents, and competences. It attempts to increase employees' performance in their current jobs and prepare them for more responsibility in the future. Depending on the goals and expected results of the company, several techniques can be used, including classroom instruction, on-the-job training, mentoring, workshops, seminars, e-learning, and self-paced learning. While development has a wider focus and prepares individuals for future responsibilities, training concentrates on obtaining job-specific abilities. This finding is in line with (Dhungana, 2008 & Niraula, 2022) and contradicts with (Shrestha, 2009).

Training and development (T&D) is a critical component of strategic human resource development (SHRD) since it helps employees become more knowledgeable, competent, and able to support corporate goals. However, there are a number of difficulties for Nepalese commercial banks in this field. Effective practices are hampered by a lack of T&D investment, and a lack of strategic alignment results in resource waste and unfilled skill gaps. A lack of seasoned trainers hinders high-quality programs, and inadequate needs assessments waste time and resources. Organizational growth is hampered by employee resistance to training initiatives, and the lack of evaluation compromises program efficacy and long-term planning. The scope and effectiveness of training are also constrained by the low acceptance of technology. Nepalese organizations should invest in T&D resources and match training programs with strategic objectives to address these problems. This finding is in line with (Adhikari, 2010 & Adhikari & Gautam, 2006) and contradicts with (Pandey, 2008).

Participants and informants from Nepalese commercial banks propose that SHRD for training and development can profit in a number of ways from new structures and roles. Cross-functional teams enhance learning activities and encourage collaboration by bringing a variety of talents and views. Specialized attention and effective projects are ensured by a dedicated learning and development department. A conducive learning environment is created and employee growth is accelerated by structured mentoring and coaching programs. Programs for job rotation and assignment enlarge employees' skill sets and organizational knowledge. Performance-based development programs focus on career objectives and skill gaps. Through technologically advanced platforms, learning management systems (LMS) offer accessible and scalable training. This finding is in line with (Espedal, 2005 & March, 1991) and contradicts with (Sivapragasam & Raya, 2018).

Conclusion

Training and development develops organizations' workforce by increasing performance, skills and preparing for future responsibilities. The goal of commercial banks determine which techniques like classroom instruction, on-the-job training, mentorship, workshops, seminars, e-learning, and self-paced learning are to be used. By assessing needs, identifying necessary skills, and putting in place the right programs, strategic human resource development (SHRD) synchronizes T&D with company objectives. Due to insufficient investment and a lack of alignment in training and development (T&D), Nepalese commercial banks encountered difficulties with strategic human resource development (SHRD) which led to the inefficient use of resources and the lack of skilled workers. Program quality is hampered by a lack of qualified trainers and ineffective needs analyses. Low technology uptake also restricts training projects' scope and efficacy. Increased investment in T&D resources and strategic goal alignment are needed to address these difficulties. The SHRD in the context of training and development can be improved by adding new
structures and capabilities, Cross-functional teams, department on learning and development, work rotation, systematic coaching, mentorship, accessible and scalable training, fostering the culture of lifelong learning, information sharing, and self-directed learning in Nepalese commercial banks.

Implications

The study of training and development on strategic human resource development is an analysis on perception of employees and managers in Nepalese commercial banks is of great significance in itself. Employee participation in training and development is regarded as a tool for motivating workers that lead to positive thinking towards strategic human resource development. The majority of organizations that apply the training and development technique have recorded dramatic breakthroughs in the sense of efficiency and effectiveness on strategic human resource development and performance (Niraula & Niroula, 2022). Moreover, the study will help policymakers of commercial banks as it guides them in formulating appropriate policies and strategies and implementing them effectively. The findings of this study help the management team, the concerned employees, and learners to comprehend the value of employee training to businesses and the current state of training and development and SHRD in commercial banks. Furthermore, this study serves as a resource for researchers and academicians to undertake additional research on a related subject.

Limitations

- The evaluation of this study is based on the qualitative and perceptual viewpoints of the employees of Nepalese commercial banks, who could be biased and make perceptual mistakes in relation to the strategies of the banks and methods of developing their human resources.
- This study may have had a small sample size, which could have diminished the analytical strength and generalizability of the results. It's possible that the sample size won't adequately reflect the entire population.
- This study has taken some employees' perceptions of only two privately owned commercial banks to find out their knowledge on SHRD and training & development, based in the Lalitpur District. This study cannot be generalized as a result.
- The study's design, data collection, analysis, and result interpretation may be influenced by the researchers' own beliefs, values, or expectations. This bias may affect the findings' objectivity and validity.

Directions for future research

This study on strategic human resource development and training & development in Nepalese commercial banks has some limitations that may guide future research. Training and development, the context of human resource development, and new structures and roles to improve human resource development are three areas of strategic human resource development that were selected for unit of observation. As a unit of analysis, strategic human resource development has been chosen. To increase the generalizability of the findings, future researchers can consider adding additional aspects including employee engagement, succession planning, compensation and benefits plans, performance management, organizational growth, recruiting and retention, and manpower planning. Examining the level of SHRD in academic and non-banking organizations might be useful for researchers. Investing in human resource development has many advantages for Nepalese commercial banks. Creating a productive workplace culture, increasing overall performance, and enhancing decision-making, talent retention, and customer satisfaction are a few of these. These factors combine to strengthen the growth and prosperity of banks, supporting Nepal's objectives for development.

References


