

Skills Gap in the Nepali Workforce: A Thematic Review

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Abstract

Skill represents the ability to apply theoretical knowledge and understanding in practical situations. Number of management graduates (BBS, BBA, BBM, MBS, MBA) are increasing. However, there is persistent skills gap that limits workforce readiness, organizational efficiency, and economic growth. This study examines four critical skill dimensions relevant to management graduates: they are conceptual, technical, communication, and behavioural skills. Some of the theories are also reviewed. This article also analyzes the causes and effects of skill gaps by reviewing academic studies, government reports, and relevant theories on workforce skills and management education. It examines how factors like weaknesses in the education system, limited practical exposure, and weak industry–academia collaboration create skill deficiencies. And, discussion also has been done to bridge deficiencies in skills required by business entities. In methodological part, this article uses a qualitative, descriptive methodology. Secondary data from academic literature, government reports, and international organizations were collected. The collected data were analyzed and many weaknesses are identified. Many weaknesses are found; like structural weaknesses in Nepal’s management education, limited practical exposure, and insufficient industry-academia linkages, etc. Results of the article aim to imply that the skills gap is to be addressed with some reforms, collaboration, and training. Having co-operation such as curriculum reforms, as well as closer cooperation between business schools and organizations is highly significant. In the same manner, wider vocational and computer education, and tactical investment in the ongoing professional growth is the solution to the immediate correction.

Keywords: conceptual skills, technical skills, communication skills, behavioural skills, workforce development, Nepal

Introduction

In the modern globalized economy, which is closely tied to knowledge, other organizations and countries are now using human capital as a key determinant of organizational success and national development (Khanal, 2023). Organizational performance increasingly depends on the availability of a skilled workforce. Skill workforce can solve problems, apply technical knowledge, communicate effectively, and act professionally. They are different than traditional types of manpower based on physical strengths but low cognitive ability. Aligning workforce capabilities with employer expectations is a persistent challenge for developing economies like Nepal. There is huge disparity between the skills that Nepali workers possess and those needed for efficient job performance. Despite notable advancements in educational access and an increase in the number of graduates, improvement still is not satisfactory.

There is a paradox in Nepal's labor market. Over the past 20 years, enrollment in higher education has increased this has resulted in an increasing number of graduates in business, engineering, management, and other fields. However, hiring workers with the necessary conceptual, technical, communication, and behavioral skills is often a challenge for employers in the banking, financial, manufacturing, and service sectors (Khadka, 2025).

The capacity to comprehend complicated situations and come up with original solutions is known as conceptual skills. The precise, quantifiable abilities and knowledge required to carry out job-related tasks are referred to as technical skills, or hard skills. Effective interactions with stakeholders, clients, and coworkers require effective communication skills. Due to low confidence, teacher-centered pedagogy, and little applied practice, it is still inadequately developed. "Soft skills" is another term for behavioral skills. These are character traits and skills that characterize a person's interpersonal interactions and

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situational management. It also encompasses work ethics, emotional intelligence, flexibility, and teamwork.

The skills gap is a concept that defines the gap between the skills that are needed by the employers and the real skills of the workers (World Bank Group, 2025). Such difference is particularly evident in the banking and financial institutions of Nepal, the areas that are marked with the highest speeds of technological uptake or operation complexity. A digital platform, automated systems, and data-supported decision-making are becoming increasingly significant to the banking and financial institutions, but many new recruits do not have the technical and conceptual knowledge to be effective. In the same spirit, manufacturing firms require technical knowledge as well as behavioral skills to maintain team-work, productivity and quality management. Service industries such as hospitality and corporate services demand effective interpersonal and communication skills in order to ensure that they satisfy their clients and operate effectively.

The skills gap in Nepal can be explained by various factors. Nepal education system is still very theoretical. It values memorization and success in exams more than applied learning and problem-solving (National Institute for Research and Training, 2017). According to Adhikari et al. (2023), vocational education and technical training have a narrow scope and quality. Specifically, they are lacking in the rural places, an aspect that induces geographical inequalities in labor preparedness. The use of technology has surpassed skill development. Organizations are also coming up with new sophisticated systems without proper staff training. It has also led to poor use of investments and inefficiencies in operations (Ministry of Communication Information and Technology, 2019). The number of professional development programs is very minimal. Likewise, motivation systems are as well low and hence, low participation in skills-building activities.

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This paper provides an examination of the underlying causal factors, micro-level factors and implication of the four primary skills gaps in Nepal workforce, namely, conceptual, technical, communication and behavioural skills. It also investigates into the potential of technology adoption, motivation of the employees, and professional development as a means of bridging these gaps and provides practical managerial and policy solutions on how to enhance the work force capabilities. This analysis approach enables the study to make a contribution to the improved awareness of the workforce preparedness in Nepal and offer the insights to improve the performance of the organization and the broader economic opportunities.

Objectives of the Study

The main purpose of this paper is to consider the key reasons of skills gap in Nepali workforce and to discuss its implications on organizational performance and economic development. The research will also be seeking to understand how professional development, employee motivation, and technology adoption can be applied to solve the skill mismatches. Moreover, it aims at suggesting both policy-level and organizational measures that can be used to develop workforce skills and increase productivity and economic growth in Nepal.

Literature Review and Theoretical Framework

Literature Review

The literature review defines what workforce skills are and why they are essential to individuals, organizations, and the economy as a whole. This review also identifies the key factors that cause skill gaps in Nepal, including various aspects of skill gaps, such as conceptual skills, technical skills, communication skills, and behavioral skills. The review also identifies how the education system, lack of hands-on learning, lack of industry and academic institution collaboration, and organizational culture contribute to skill gaps. The literature review also identifies how training and development, motivation, and technology

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can be used to overcome skill gaps. The literature review summarizes various studies that have identified the impact of skill gaps on organizational performance and possible ways to overcome these issues.

Concept and Importance of Skills

Competencies, knowledge and abilities are the combination of skills. Such combinations help people to carry out work well in a particular situation (Bajracharya, 2022). The skills of workforce are increasingly being recognized as a decisive variable in defining national competitiveness as well as organizational performance in modern economies. Although formal education equips an individual with theoretical knowledge, the best way to learn is through real-world experiences, which define productivity, innovation, and adaptability (Khadka, 2025). Nepal is currently experiencing a chronic mismatch between skills availed by school education and the skills required by the workers.

Nepal has also witnessed a large increase in the number of higher education enrolments in the past 20 years. More graduates have been manufactured in the fields of management, business, technical and humanities. Nevertheless, as several studies have shown, these graduates do not always have job-ready skills demanded by organizations, especially in the areas of conceptual, technical, communication, behavioural (Khadka, 2025). The economic potential of the country is low and the mismatch between the level of educational production and the needs of the labour market underlies the organizational ineffectiveness.

Causes of the Skills Gap in Nepal

In Nepal, a literature review has indicated a number of systemic, organizational, and micro-level factors that lead to levels of skills deficiency.

- i. Conceptual Skill Gap:** Conceptual skills refer to the skill of an individual to understand situations and think strategically and apply theoretical knowledge to practice in the work

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place (Herrity, 2025). The Nepali context has the highest number of graduates who struggle to understand frameworks that interpret the data to make informed decisions or predict the effects of their actions in the future (Khadka, 2025). This limitation limits their ability to extend past what they do in tasks and engage in analytical thinking or strategic discussions, in organizations.

One of the main contributors to this difference is that more educational systems have encouraged rote learning which, instead of critical analysis and problem-solving, emphasizes on memorization (S. Adhikari et al., 2025). Assessment systems contribute to this issue by focusing on the ability to recall rather than on practicing and critical analysis. Also, the absence of a real-world work experience through the internship, live projects or simulation, and industry restricts the ability of students to develop systemic and strategic thinking skills (A. Bhattarai, 2025). These failures diminish the ability of employees to add to the strategic planning, innovation and organizational learning, which ultimately impacts the performance of firms at the firm level and the competitiveness across the broader sector.

ii. Technical Skill Gap: Technical skills are associated with specific job skills that are utilized practically in the division of labor to conduct the work effectively, including the use of machinery, or activities with digital systems, or the financial and analytical functions (Paudel et al., 2025). Lack of these skills can be commonly found in most sectors such as banking, manufacturing, and technology-enabled services in Nepal. When new people enter the workplace, the employers tend to mention that they know new ideas but cannot implement them into practice, especially when new tools and technologies are considered.

This gap is mainly occasioned by the issues in education and training system. Many programs offered in universities remain materialistic in nature and are not up-to-date with the industry standards that consider more the teaching theory than practical application (National

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Institute for Research and Training, 2017). At the same time, education and formal workplace training is not easily available especially in rural regions restricting opportunities, to improve skills in practice(A. Bhattarai, 2025). The lack of coordination between educational and business organizations exacerbates the situation further because the industry has little to no influence on curriculum development and the skills gained are not relevant to the labor market(Awad et al., 2025). Such technical skills shortages are a factor that leads to operational inefficiencies, increase in the rate of errors and reliance on informal retraining which ultimately diminishes organizational productivity and slows the pace of economic development.

iii. Communication Skill Gap:

Interpersonal skills including written skills in collaboration, teamwork and interaction with clients and other stakeholders are essential at work(Wang, 2024). In Nepal many graduates enter organizations with no skills to write professional documents or clearly state their ideas or engage in a dialogue in the workplace. Although they may be proficient in language, they are often unable to communicate effectively within the formal and professional settings.

This lack of communication is caused by a variety of factors. The educational environment rarely dwells on activities such as presentations and report writing, group discussion or negotiation activities all of which are so important in developing workplace communication skills. The instructional techniques tend to be teacher centered that offer the student the chance to engage in inquiry and active listening. Further, there are language problems and lack of confidence, either in professional English or formal Nepali business language that further decreases the competence of graduates in the workplace. These restrictions impair the collaboration, undermine relationships with clients, as well as the

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quality of services, and eventually lower the efficiency of an organization and raise its reputational risks (Robles, 2012).

iv. Behavioural Skill Gap:

Behavioural skills, commonly known as skills, encompass qualities like collaboration, flexibility, emotional intelligence, professional ethics and efficient time management all of which are crucial, for thriving in contemporary organizations (Borshch et al., 2025). Within the Nepali work environment employers often notice that numerous recent graduates show a lack of responsibility a reluctance to accept feedback and poor participation in group activities. Such actions impact functions and hinder organizations, from creating collaborative and efficient workplace settings.

Multiple root causes lead to these deficiencies in skills. Colleges and universities seldom prioritize hands-on learning methods like team assignments, internships or guidance initiatives that foster the growth of mindsets and workplace discipline among students. Educational curricula generally concentrate more on knowledge rather than on professional socialization aspects such, as ethics, accountability and teamwork. In addition, weak motivation systems within organizations, characterized by low wages, limited career progression, and minimal recognition, reduce incentives for individuals to invest in improving their behavioural skills (Okoye & Ghapar, 2024). As a result, these gaps weaken organizational culture, increase the need for close supervision, and limit the capacity for innovation and long-term growth.

Role of Professional Development, Motivation, and Technology

The **continuous professional development (CPD)**, effective motivation, and technological adoption can mitigate skill deficiencies. However, this is difficult in Nepal due to many reasons, specially because of academic insufficiency in practical learning and weak institutional capacity to train students vocational training. Companies that have invested in

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mentorship, in-house training and certifications exhibit increased workforce preparedness (D. Adhikari, 2022). According to motivation theories, autonomy, recognition, and growth offerings allow increasing engagement and skills (N. R. Adhikari et al., 2023). Scalable training programs, increased digital literacy, and real-time problem-solving are the technological innovations, which overcome the technical and conceptual skill gaps.

Theoretical Framework

The paper incorporates various theoretical frameworks in explaining the reasons, implications, and remedies of the skills gap.

Human Capital Theory

Economists Gary Becker and Theodore Schultz actually formulated Human Capital Theory in the 1960s (Eide & Showalter, 2010). According to this theory, productivity of the individuals and hence of the organization and the economy is enhanced through investing in education and training (K. Bhattarai, 2023). In this view, the skills gap of Nepal can be seen in the deficit of investment in both formal and vocational education. The theory justifies the necessity of the harmonization of curricula, the focus on professional development, and the motivation towards skills acquisition to make the workforce efficiency.

Skill-Biased Technological Change (SBTC)

No single individual developed this theory, but this was as a result of the efforts of many economists, including Katz and Murphy (1992) who formalized the testing of this theory. According to SBTC theory, the technological progress elevates the demand of skilled labor and decreases the relative worth of unskilled labor (Battisti et al., 2022). In Nepal, the adoption of technology has also been very slow and the level of digital literacy has been low contributing towards the widening of the skills gap. It has led to establishment of inequality and productivity limitation. SBTC explains the significance of technology training in education and learning in organizations.

Resource-Based View (RBV)

Resource based view (RBV) theory is the theory which has been originally postulated by Birger Wernerfelt (1984) but later on it was developed and popularized by Jay B. Barney (1991)(Seriki, 2023). The RBV gives special focus to the fact that the means through which organizations gain sustainable competitive advantage is the creation of valuable, rare, inimitable and non-substitutable resources of which, human capital is one. Nepal firms that fail to consider the development of the workforce will lose their competitiveness both in the domestic and international market. This model links the skills gaps with the organizational performance results.

Motivation and Job Engagement Theory

The Self-Determination Theory (a theory of Deci and Ryan) assumes the central role of intrinsic and extrinsic motivation in the learning process, developing skills, and gaining engagement at the workplace (Lopez-Garrido, 2023). Highly motivated employees are also prone to lifelong learning, adoption of new technologies and development of professional skills. The framework stresses the importance of recognition, promotion prospects and a supportive organizational environment in correcting skills gaps.

The theoretical models and current literature make possible the realization of objectives of this research. The empirical results demonstrate the weaknesses of the Nepales education system that limit the access to vocational education, lack of technological connectivity and lack of a professional development program as the primary factors contributing to the skill gap. Such gaps, both technical, communicative and behavioral, adversely affect the efficiency of an organization, innovativeness and the general economic development. The major theories, such as the Human Capital Theory, Skill-Biased Technological Change and the Resource-Based View highlight professional growth, employee motivation and integrating technology as some of the most suitable means of

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alleviating these disparities. Moreover, the academic research supports such remedial solutions as the curriculum redesign, more intensive industry-academia relationships, a more dense vocational preparation, and corporate investments in lifelong learning. Taken together, these propositions support an interest in the four categories of skills and provide practice-grounded prescriptions to policymakers and organizational executives in Nepal.

Research Methodology

Research Design

The research design is qualitative descriptive in that it explores the causes, consequences and effects of skills gap in Nepal workforce. The use of a descriptive approach is optimal in identifying patterns, relationships, and variables influencing skills of the workforce, without modifying any variables. The research is particularly on daily problems in conceptual, technical, communication, and behavioral skills to organizations and employees.

Data Sources

The study will use secondary data based on various reliable sources in order to establish a holistic understanding of the skills gap of Nepal. The academic journals present both theoretical constructs, case studies, and empirical evidence that help in explaining the lack of skills that are attributable in developing economies, hence offering a strong base on which the challenges of labour market in Nepal can be analyzed. Empirical information about current workforce development programs, skills gaps, and policy-based interventions aimed at improving employability is provided in governmental and policy documents, including Ministry of Education reports, the National Planning Commission reports, and the reports of the relevant agencies. The international organizations such as the World Bank, ILO, and OECD provide a broader regional and global perspective, highlighting the trends in vocational training, workforce readiness, and skills development that are relevant to placing the situation in Nepal. In addition, employer reports and industry surveys provide viable

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insights into challenges that are facing organizations within the banking, manufacturing and services industries and reveal shortcomings in conceptual, technical, communicative and behavioral skills. Together, the sources create a holistic view, which links policy, theory, and organizational needs, which support a rigorous examination of the causes, consequences, and future remedies of skills gaps.

Analytical Approach

This study uses content analysis and thematic synthesis to research rigorously the patterns, causes, and outcomes of skills gaps in Nepal workforce. The data are organized on four major skill areas, namely conceptual, technical, communication and behavioral to provide a holistic framework on which to understand the workforce shortfalls. Micro-level factors to such shortcomings including educational systems, curricula, pedagogical practices, access to vocational training, integration of technology and profession-building programs are outlined and evaluated. These results are then analyzed in terms of high profile theoretical models, namely: Human Capital Theory, Skill-Biased Technological Change, the Resource-Based View and Motivation Theory, which allows the systematic review of the individual and organizational level implications. Overall, the conclusion summarizes the relevant information about the performance of organizations and their competitiveness on the national level and provides practical recommendations that can be applied to close the skills gap by policymakers and corporate leaders.

Rationale

The qualitative descriptive method is suitable due to the problem of multi-faceted skills gap in Nepal. This disjuncture encompasses individual, organizational and systemic levels. The quantitative data is not sufficient to explain the context, including the methods of teaching, professional values and motivational factors. These factors are essential in knowing the weaknesses in conceptual, technical, communicative, and behavioral skills.

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This method unites different sources and also incorporates conceptual systems. It gives a comprehensive insight into the gaps in skills, their reasons and possible solutions as applied in the context of Nepal in terms of workforce and organizational performance.

This study is aimed at examining the skills gap that persists within the workforce in Nepal and how it affects the performance of organisations and the economy of the country. The research will investigate four different types of skills that are often not found in our graduates - conceptual, technical, communication, and behavioural. The authors discuss specific aspects of where graduates often experience difficulty meeting expectations in the workplace; they discuss the underlying reasons for these skill gaps, such as the school system's focus on theory and not practical experience, the lack of practical experience on the part of graduates, and reviving the relationship between education and industry. The authors also demonstrate how the lack of skills within our graduates hinders productivity, innovation, and teamwork. The authors further explore the applicability of employee professional development, employee motivation, and technology in the workplace are potential solutions to the skills gap. Finally, the authors provide recommendations for educators and policymakers aimed at improving workforce development and enhancing Nepal's economic competitiveness.

Analysis of the Nepali labor force shows that there exist skill gaps in four significant areas: conceptual skills, technical skills, communication skills, and behavioral skills. These skill gaps result in inefficient working in organizations and restrain economic development. Now, the discussion will focus on each category of skills.

Conceptual Skill Gap

Conceptual skills entail learning of the complex systems of an organization, strategic reasoning as well as connecting the theory and practice (Coursera Staff, 2026). Graduates in Nepalese organizations do not easily read information, foresee the outcomes, or make

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contributions to the strategic planning (Republica, 2025). This implies that students even do not have conceptual skills of knowing things conceptually. This void is particularly apparent in banking, manufacturing and service industries where complexities of operation require higher order thinking.

Micro-level factors consist of rote-based pedagogy where memorization is more important than critical thinking (Cornell, 2024). There are also systems of assessment that promote recall over the analysis, and minimal exposure to complexity in the workplace in terms of internships or live projects. Recently, a concept of internship has been introduced in certain management course such as BBA final semester. In the absence of conceptual skills, graduates may get into organizations with theoretical information but have no systemic knowledge. Thus, lack of conceptual skills hinders strategic planning, innovation and cross-functional problem-solving, thus, derailing organizational learning and competitiveness within the sectors. Mitigation requires being experiential, pedagogical, based on cases, and designed strategic problem-solving opportunities.

Technical Skill Gap

Technical competencies denote skills that are needed to perform occupation-specific roles with the help of appropriate tools and processes. These shortcomings are common in the banking, manufacturing and service industries of Nepal. To illustrate, BFI graduates tend to be weak at digital banking, data analysis, and regulatory adherence, and manufacturing employees have difficulties with equipment handling, process efficiency, and quality management. These loopholes compel companies to spend a lot of money on on-the-job training and this slows down productivity and adds to the cost of operations.

The only-theory based curricula, lack of practical training, and effective industry-academia connections are contributing factors (Paudel et al., 2025). Within this context, technical skill deficiencies lower production efficiency, operational risks and service

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provision to the customers. According to the Resource-Based View, the fact that firms are underutilizing their human resources means that the firms cannot achieve sustainable competitive advantage (Gerhart & Feng, 2021). To close this divide, there is the need to modernize the curriculum, provide vocational training and greater involvement in the industries.

Communication Skill Gap

Communication skills involve verbal, written and interpersonal skills to communicate. They are critical in client engagement, reporting and teamwork. Nepal has an average graduate with lack of confidence, clarity, and professionalism (Parajuli, 2022). At the micro level, the major causes include a lack of training in the practical communication skills, mostly teacher-oriented pedagogy, and obstacles due to the loss of confidence in language mastery.

Lack of communication at the workplace can be a devastating blow to productivity, teamwork and performance in general. Studies reveal that poor business communication can result in poor management and reduced employee performance particularly in banking institutions. Conversely, high communication levels can be associated with a higher level of team cooperation and increased performance. According to surveys, 86 percent of knowledge workers are facing communication issues, which cause miscommunication and reduce their productivity (Soocial, 2025). Research conducted on such organizations as PT Etos Nasional also indicates that inefficient communication may also result in operational waste by performing the work twice, delay, and demorale, all of which decrease operational efficiency (Diasta et al., 2023).

Behavioral Skill Gap

Nepal scores low in behavioral skills, including adaptability, work ethic, teamwork, emotional intelligence, and time management. There is a tendency among employees to be lowly accountable, less responsive to feedback and poor teamwork.

Lack of behavioural skills in the work place is normally attributed to the less professional socialization of education, limited practicability of learning, as well as the lack of employee motivation based on poor compensation and recognition (Agarwal & Raghav, 2024). The study by Hannang et al. (2020) indicates that employees with low levels of such skills often require more supervision, they are less motivated to work independently, and they have problems collaborating in teams, which may slow down the innovation process in organisations. On the same note, Coronado-Maldonado et al. (2023) notes that a lack of adaptability as well as emotional intelligence and work ethic is the direct cause of weak collaboration, trust and productivity. It has also been found that the fewer the feedback and recognition practices, the less engaged and productive the employees of the organization (Alshurideh et al., 2024). Curriculum reforms, systematic mentorship, consistent feedback, and motivation tactics were proven to enhance the behavioral competencies and overall organizational performance.

Interconnectedness of Skill Gaps

The four skill domains are dependent. Lack of conceptual skills will impede problem-solving, technical shortcomings will diminish efficiency, lack of coordination will arise as a result of poor communication and behavioural gaps will disrupt the teamwork. All this leads to a low-skill equilibrium, which places organizations below their possible level with formally qualified employees.

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Role of Professional Development, Motivation, and Technology

Technical skills and behavioural skills are enhanced through continuous learning, certification programs and mentoring. With the help of recognition, the career progression, and intrinsic satisfaction, active engagement is motivated (Sthapit, 2023). Technology allows digital learning and connection to the best practice worldwide, but infrastructure and digital illiteracy gaps need to be overcome.

Organizational and Policy Implications

The results point to the necessity of organizing interventions at the organizational and policy level. Organizations are supposed to invest in training, mentoring, internship, as well as development in digital skills. To enhance workforce readiness and national competitiveness, policymakers should match curricula in response to labor market demand, increase the vocational programs, sustain technology enhanced learning and enhance industry-academia connections.

Findings and Discussion

An assessment of the workforce in Nepal shows that there are major gaps in conceptual, technical, communication, and behavioral skills, which when combined together make organizational performance limited, slowing down economic development.

Intellectual skills, including the skill of strategic thinking and the capabilities to implement theory in practice are not always developed with the help of rote-based learning, exams with tendency to memorization, and a lack of practical experience. Consequently, graduates are not able to perform well in the areas of planning, problem-solving, and innovation especially in such complicated areas as banking, manufacturing, and services.

There are also no technical skills and many of the graduates struggle to use computerized tools, analyze information or operate industry-specific equipment. The old

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curricula and failure to develop a connection between industry and education further decrease productivity and efficiency of operations.

The problem of communication skills still exists that provides the occurrence of misunderstandings, delays, and teamwork problems. Lack of communication may bring about duplication of work, demotivation and inefficiency.

Behavioral skills such as adaptability, team work, emotional intelligence, and work ethic are usually restricted by a shortage of professional socialization, a lack of practical learning, and a lack of motivation. These deficiencies make the process of supervision more necessary and delay organizational innovation.

The four areas of skills are tightly interrelated, as one area of weakness frequently exacerbates other areas of weakness. Solving them needs to be approached through professional growth, mentoring, constant feedback, motivation plans, and learning using technology. The response to this is that concerted action to change the curriculum, vocational education, and improve collaboration between industry and academia are needed to create a more skilled labor force and enhance Nepal economic competitiveness.

Conclusion and Implications

The current research points to the fact that there are notable skill deficiencies in the Nepali labor force in terms of conceptual, technical, communication, and behavioural areas that, altogether, limit the organizational performance and national economic growth. Regarding the first goal, which is to investigate the key reasons behind the skills gap, the results show that the weaknesses in the education and training system, the outdated curriculum, lack of practical exposure, ineffective vocational programs, slow technological uptake, and the lack of professional development mechanisms are the key factors. These are both macro and micro factors, which affect the individual preparedness and general ability of organizations to fulfil the changing demands of the industry. The paper also highlights the

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fact that pedagogy that places importance on rote-based learning, assessment that focuses on exams, and little interaction with the industry also contribute to the shortcomings and graduates do not get prepared to complexities in the work place.

In terms of goal two, which is understanding the implications on organizational performance and economic development, the study illustrates how skill shortages impair strategic decision-making, impair operational effectiveness, constrain innovation and deter collaboration ability in organisations. Conceptual skill gap inhibits analytical thinking and problem solving and technical skill gap inhibits productivity and effective utilization of technological tools. Weaknesses in communication lead to poor collaboration, contact with clients and transfer of knowledge whereas weak behavioural skills have an adverse impact on teamwork, flexibility, and professional behaviour. All these loopholes generate inefficiencies which decrease competitiveness, innovation, and growth potential in major sectors in Nepal including banking, manufacturing, and services, which in the end are restricting national economic performance.

The third goal examines the impact of professional development, motivation and technology adoption. Technical and behavioural competencies are developed through continuous learning programs, mentorship, skill-based certification, as well as organized on-the-job training. The recognition, opportunities, and intrinsic incentives can be used to strengthen motivation. Such offers help in stimulated commitment to skill learning and growth. Technology supports the existence of digital literacy, access to best global practice, and training online. The inequalities in the infrastructure and digital preparedness should be resolved in order to exploit the benefits.

Lastly, and per the fourth objective, which is suggesting policy-level and organizational recommendations, the paper proposes the extensive changes.

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These involve modernizing higher education programs to industry demands, enhancing industry-academia partnership, increasing vocational and digital education. This, in its turn, encourages the organizational cultures based on the value of constant learning and development of employees. The government incentive on skill development, incorporation of practical training in educational programs, and investments in digital infrastructure is very important towards closing skill gaps. Taken together, these measures will be able to boost workforce preparedness, organizational performance, and long-term economic competitiveness of Nepal, so that human capital will be a strategic force behind sustainable development.

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