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Evaluation of Strategic Factors in HRD Practices of Nepali Banks: Towards Building an SHRD Model

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ABSTRACT

In view of a long-felt need to adopt the strategic factors of human resource development (HRD), this paper explores and evaluates the presence of strategic HRD factors instrumental to achieve theoretical HRD outcomes, and devise an SHRD model. An exploratory and analytical research approach was adopted to study all 25 non-state-owned commercial banks and all 14 national level development banks of Nepal through a questionnaire survey (July–December 2018) on 708 incumbent supervisors and managers chosen through a proportionate, stratified probability-sampling technique from (a) hierarchy-based strata, and (b) bank categories. A principal component analysis (PCA) was performed on 25 theoretically recognised strategic factors in current HRD practices; out of which 23 factors were identified as influential, and factor-labelled by the PCA into a three-factor model based on a regression analysis. The SHRD model factors so devised should prove instrumental to HR managers in strategically managing their HRD function for achieving expected HRD outcomes.

Keywords: Human resource development, strategic HRD factors, HRD outcomes, HRD practices, SHRD model

INTRODUCTION

Background and Study Objectives

Organisations across the world have increasingly recognised that properly developed human resources are the key to every organisation's success. Well-crafted human resource development (HRD) practices can have a direct impact on individual and organisational performance; this finding is built on the notion that people can play a significant role in an organisation's success (Garavan, 2007; Garavan & Carbery, 2012a; Garavan & Carbery, 2012b).

Competent human resources are the critical strategic resources in organisations for which effective HRD is important and indispensable (Sthapit, 2016). HRD typically aims at developing people's competency embedded in knowledge, attitude, skills, capability (KASC); as well as in emotional intelligence and emotional maturity. Hence, there is an imperative need for the organisations to steer their HRD practices into a strategically designed path that embodies the strategic factors with HRD practices, *inter alia*.

Essentially, HRD is considered to be an important component of effective strategy implementation (Garavan et al., 2012), and the role of HRD in effective implementation of organisational strategies is extremely crucial (Sthapit, 2008a).

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Strategic human resource development (SHRD) focuses on integrating HRD activities with organisational goals and values to develop core capabilities that enhance firm competitive advantage (Garavan, 1991, 2007). The concept of SHRD has been much explored in the training and development literature of the last decade (Noel & Dennehy, 1991; Garavan, 1991; Sloman, 1994; Rainbird, 1995; Garavan et al., 1995; Torraco & Swanson, 1995; Lee, 1996; Stewart & McGoldrick, 1996; Harrison, 1997; Garavan 1997). Lyons (2016) underscores the strategic HRD as the field of practice and academic discipline focused on improving organisational performance through strategic alignment and integration of multiple purposefully selected and proactively implemented methods for workforce training and development. But there has been relatively little work on what characterises an organisation with a strategic approach to HRD. Therefore, the paper has sought to identify the strategic characteristic factors in the context of current HRD practices that help generate expected HRD outcomes.

For strategic orientation, there is an observed need to embody the strategic factors with an organisation's HRD practices as per the theoretical framework postulated in the literature of Garavan (1991, 2007) and in preliminary studies of McCracken and Wallace (2000a) and Maxwell, Watson and Quail (2004), creating enough room for carrying out empirical studies.

The paper primarily aimed at examining and evaluating the presence of Strategic HRD factors in Nepali banks' HRD practices that help achieve the theoretical and expected HRD outcomes. Hence, the following specific study objectives have been formulated:

- To explore the presence of strategic factors in current HRD practices in Nepali banks; and
- To identify and evaluate the strategic HRD factors that help generate expected HRD outcomes in Nepali banks and devise a strategic HRD model

Review of Literature

The conceptual framework was developed on the basis of the review of literature in three compartments: (i) HRD components (consisting in different HRD programmes); (ii) expected HRD outcomes; and (iii) strategic factors (consisting in the performance of HRD programme-components resulting into the expected HRD outcomes) as shown in Fig 1.

HRD Programme-Components

Transforming an organisation's human *resources* into human *assets/capital* is the ultimate goal of modern human resource management (HRM). For transformation to be realised, the organisation's management is required to be engaged in various HRD programme-components as identified by different authors as the core components (McLagan, 1989; Swanson & Holton, 2001; Abdulla, 2009; Poojitha & Ramadevi, 2012; Sthapit, 2016; Sthapit, 2019; Routray & Padhi, 2020). The present paper has encompassed the four core HRD programme-components for its study: a) *Employee Training and Development,* b) *Career Development,* c) *Organisation Development,* and d) *Performance Development and Improvement*.

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Strategic Factors of HRD

A number of academics and researchers sought over the years to conceptualise HRD as a theory (Weinberger, 1998; Garavan, 1991; McLean & McLean, 2001). However, as McGoldrick, Stewart and Watson (2002) suggested, the process of defining HRD is thwarted by the lack of boundaries and parameters. More recently, attempts have been made to also define HRD from an international or global perspective (Metcalfe & Rees, 2005; Wang & McLean, 2007; Garavan et al., 2012). Torraco and Lundgren (2020 March) call for transformation of HRD, as HRD is no longer limited to be the primary agency for promoting learning and development among employees; rather, HRD is diffused and integrated into a broad range of leadership and supervisory roles. It obviously requires taking HRD strategically with the commitment and involvement of the leadership. Again, as more responsibility for learning and development is assumed by others (Torraco & Lundgren, 2020 March), there is the need that the HRD be integrated with other functional areas of management, as well as with corporate strategy. It again underscores the need for strategic HRD.

Scully-Russ & Torraco (2020 March), in the context of the nature and organisation of work, posited that rapidly changing environments and factors— such as platform economy, changing demographics, and technological advancements— have given work very different meanings, which will inevitably impact the role of HRD. It hints at considering the environmental factors while managing the HRD function, one of the strategic factors. Sthapit (2010) also ingeminated the same.

Earlier, Rothwell and Kazanas (1994) delineated a triad of strategic perspectives containing *long-term vision, competitive* and *efficiency component,* and *integrative approach* as the key strategic factors required for HRD. Garavan (1991) identified a total of nine factors of a strategic approach to HRD that are the strategic HRD factors comprehended in the present study as shown and summarised in Table 1. Furthermore, Garavan et al. (1995) underscored strategic HRD as a proactive corporate activity, as opposed to a reactive activity.

There are similarities between indicators or factors of Harrison (2002) and those of Garavan (1991) and McCracken and Wallace (2000a), as far as the SHRD factors are concerned; viz., the strategic involvement, role of line managers, coherency with HRM policies, establishment of business partnerships and the importance of measuring the contribution of learning and development. These strategic factors have been considered during the present study, as exhibited in Table 1.

Table 1

Revised Strategic Factors of HRD by Typology

*Strategic Characteristics/ Factors of HRD **	*Categories***
1. Proactive planning with a long-term vision for HRD through continuous environmental analysis, in HRD terms	Enabler
2. HRD's Integration with organisational mission and goals and Ability to recognise and influence organisation/corporate culture	Enabler
3. Top management leadership and commitment in HRD	Enabler

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4. Strategic partnerships with line management for implementation of HRD strategies, plans and policies	Implementation
5. HRD's strategic partnerships with HRM activities	Implementation
6. Emphasis on HRD/trainer's role as organisational change consultants for result-oriented competitive competency professional intervention	Implementation
7. Emphasis on effective (regular, periodic) evaluation of HRD	Implementation-cum-controller

**Modified from Garavan (1991), and McCracken and Wallace (2000a)*
***Revised from Maxwell et al. (2004)*
Note: Researcher's tabulation derived from review of past literatures

Based on the works of Garavan (1991), and McCracken and Wallace (2000a), the present paper identified and modified the seven key strategic factors of HRD that were categorised into three groups on the basis of the typology developed by Maxwell et al (2004) for study purposes.

Hence, for achieving the expected HRD outcomes, the paper explored and examined the presence of strategic factors of HRD practices consisting in the different HRD components and/or programmes in Nepali banks.

HRD Outcomes/Outputs

Many macro-level trends in recent decades such as globalisation, technological innovation, growing competition and changes in organisational structure have required organisations to relate business performance with HRD (Sthapit, 2013). This has given rise to strategic perspectives on HRD (Garavan et al., 2012). Practising strategic HRD across the four core components of HRD in the changing business environment theoretically help achieve the expected HRD outputs and outcomes: viz., higher performance (Sandberg, 2000; Sthapit & Ghale, 2018); enhanced career and employability (Weick, 1996; Ghezavat & Hashemi, 2012; Raider & Burt, 1996); sustainable competitive advantage (Nordhaug, 1998); higher organisational commitment (Iles, Mabey, & Robertson, 1990); enhanced retention of HRs (Robertson, Iles, Gratton, & Sharpley, 1991; Sthapit & Shrestha, 2018 December); and job satisfaction and organisational effectiveness (Islam, Hasan, & Haque, 2011) and organisational performance (Lyons, 2016).

Hassan, Hashim, and Ismail (2006) observed that the HRD models devised by DeGeus (1997), Willis (1997), Currie (1998), and McCracken and Wallace (2000a, 2000b) identified the HRD as contributory to accumulating the "human capital" on which organisations may build their competitive advantages.

Hassan et al. (2006) categorised such strategic HRD outputs and outcomes into individual and organisational. For the present study, the strategic HRD outcomes were recast on the basis of works of Rao and Abraham (1999) and Sthapit (2013), as exhibited in Table 2.

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Table 2: **HRD Outcomes from Strategic HRD Practices**

Individual Outcomes	*Organisational/ Institutional Outcomes*
HR competency and performance HR commitment and job involvement Job satisfaction HR motivation Environment-adaptability and readiness to change	HR relations and teamwork HR/ Organisation effectiveness Human assets/capital

Empirical Evidences on Theoretical Strategic HRD Characteristics/ Factors

McCracken and Wallace's (2000b) survey-based study revealed evidence for all nine SHRD factors identified by the Garavan model (1991), as well as for the enhanced version of the model of McCracken and Wallace (2000a), but they found stronger evidence for the original version (the Garavan model, 1991). Hence, Maxwell et al. (2004) identified contradictions between McCracken and Wallace's (2000a) empirical evidence and theoretical positioning. McCracken and Wallace's (2000b) research of 86 Scottish firms had found little empirical evidence of organisations taking a strategic approach to HRD, when using their dimensions and the need for all strategic factors to be present.

The study by McCracken and Wallace (2000b) discovered a strong empirical evidence for such strategic factors as i) integration with organisation missions and goals, ii) top-management support, and iii) HRD plans and policies. The study found some evidence for all other strategic factors identified by Garavan (1991). Except for two factors, viz. "HRD strategies" and "ability to influence corporate culture", there was only weak evidence for all the other factors—proposed by McCracken and Wallace (2000a)—in Scottish firms' HRD. There was also weak evidence of line management support, and few strategic partnerships existed. Finally, there was emphasis on evaluation, but little on cost-effectiveness evaluation (McCracken & Wallace, 2000b).

Based on the empirical findings of McCracken and Wallace (2000b), the present paper identified the seven key strategic factors of HRD (as shown in Figure 1), and sought to empirically test them with the data collected from Nepali national bank managers.

Furthermore, Maxwell et al. (2004)—by applying a case-study research method—studied the presence of strategic HRD factors in the hotel sector and found such enabling factors as integration with organisation mission and goals, and recognition of organisation culture. Their study also reported the presence of such enabling factors as environmental scanning/analysis and top management leadership, though not in HRD terms, but in general business terms.

Their study further confirmed the presence of implementing factors, such as HRD plans and polices, HRM activities, and emphasis on HRD evaluation, but it could not vouch for the presence of the factor of line management's commitment. Likewise, it discovered that the factor of the expanded HRD/trainer's role (including the organisational-change-consultant's role) was not present at the operational level of

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the hotel sector, albeit existing to some extent at the decision-making level. The study results came closer to the Management Development Scenario-2012 (annual report of Management Association of Nepal, MAN) based on a survey of management stakeholders from public and private organisation in Nepal, which found that 32.5 per cent of the respondents acknowledged the senior or top management's help/support in employee development and empowerment, against 27.50 per cent disagreeing with it (Upadhyay & Khanal, 2012). Thus, this SHRD characteristic was endorsed and practised little in Nepalese organisations.

Furthermore, for a more in-depth view of SHRD characteristics, Maxwell et al. (2004) advised focusing on obtaining cross-hierarchical and functional perspectives, including top management, operational HR specialists, line managers and employees. The present study aimed at studying SHRD factors (*Enabler,* and *Implementation-Controller*) in the cross-hierarchical and banking sub-sector contexts involving *top, middle* and *lower management levels* in both line and staff authorities, as well as HR specialists, HR chiefs and HRD professionals and trainers; as well as in the sub-sectors of *foreign joint venture commercial banks*, *private commercial banks* and *development banks*.

Sthapit (2012) in a Nepali study also followed the research framework similar to the one exhibited in Figure 1; but the study was limited only to induction-training practices instead of a broader system of HRD practices, creating a research gap in strategic HRD literature in Nepal.

Similarly, none of the previous studies was found to have performed a factor analysis to remove less-explanatory factors and develop a new set of most-explanatory factors from the studied variables. The present study has also performed a factor analysis on the studied variables.

Study Framework

The present study sought to test the strategic HRD factors that help Nepalese organisations generate expected HRD outputs in current HRD practices, since there is a marked research gap with no such studies discovered during the present study in Nepal. For this purpose, the study has been founded on the study framework that comprise seven theoretical strategic HRD factors purportedly contributing to attainment of expected HRD outcomes, as shown in Figure 1.

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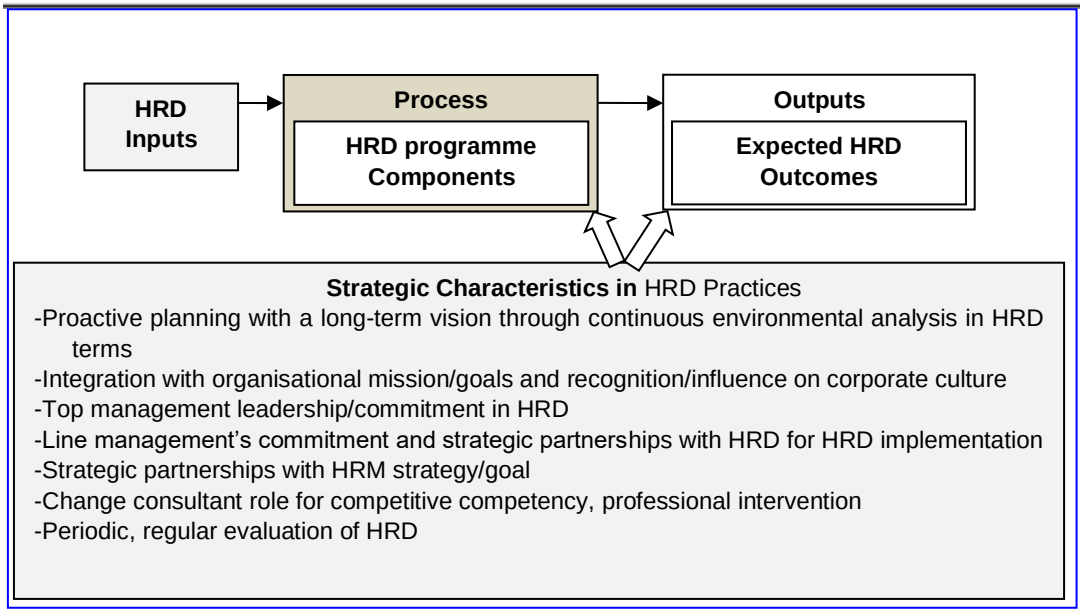

Figure 1: Study Framework on Strategic Characteristic Factors of HRD

The proposed study framework posits that the strategic factors infused in the HRD programme components (the process) comprising employee training, development, performance development, career development and organisation development would result in such HRD outcomes as HR competency, commitment, motivation, job satisfaction, teamwork and organisation effectiveness.

RESEARCH METHOD

Research Approach: The study has adopted an exploratory and analytical research approach to investigating the strategic factors consisting in current HRD practices of Nepali private banks. The study performed complete enumeration of all the national banks in the private-sector; they include 25 commercial banks (6 foreign joint-venture and 19 domestic private banks) and 14 national development banks listed on the Nepal Stock Exchange (NEPSE), the formal stock market of Nepal, by mid-July, 2018.

The Sample: Respondents were sampled from the population of supervisor/manager-level employees in all the studied banks through a proportionate, stratified random sampling method: the samples were proportionately drawn from (a) *hierarchical strata* (top, middle and low levels) and (b) *sectoral strata* (commercial and development banks), as shown in Table 3.

A sample adequacy test (SAT) based on the model of Cochran (1999) was performed to ensure adequacy of total sample (*N = 708*) as well as of proportionate representation from each stratum. Accordingly, the sample of 708 respondents was discovered statistically adequate for the present study's data analysis, as it is greater than the required sample size of 433 (please see the detail in Appendix 2: *Sample Adequacy Test*). Likewise, the sample drawn from each stratum is also adequate as per the test postulated by Cochran (1999).

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Table 3

Population and Sample of Respondents

Banks	Total Population (Managers in Kathmandu Valley)				Sample of Respondents Successfully Surveyed							
	Management levels/ hierarchies			Total	Management levels/ hierarchies						Total	%
	Executive	Mid-level	Lower-level		Executive	%	Mid-level	%	Lower-level	%		
1. Foreign joint venture commercial banks	33	218	563	814	6	18.18	98	44.95	164	29.12	268	32.92
2. Domestic, private commercial banks	67	337	1335	1,739	18	26.86	76	22.55	206	11.85	300	17.25
3. Develop-ment banks	38	86	196	320	12	31.58	52	60.46	76	38.77	140	43.75
Total (*Row*)	138	641	2094	2,873	36		226		446		708	24.64
%					26.1		35.25		21.30		24.64	

Note: Data from the concerned banks and researcher's calculations, 2018

Data and Instruments: The study was based on primary data collected from respondents for which a structured questionnaire consisting of a 7-anchor Likert scale was developed on the basis of previous studies of McCracken and Wallace (2000b), Kandula (2008), and Sthapit (2012), and was further modified on the basis of the pre-test administered on 7 respondents. The survey of self-administered questionnaires was performed over six months (July–December of 2015) on 735 potential respondents out of which 708 responses were discovered usable; posting a 96.32 per cent success rate that would require no "non-response bias" test.

The reliability of the questionnaire construction (7-anchor Likert scale) was established, as the Cronbach's alpha in all blocks of items were 0.739 and above, which was above the minimum of 0.7 required for social science research (Hair, Black, Babin, Anderson, & Tatham, 2009).

Model Specification: In line with the study-aim to examine if the strategic factors in the HRD practices (i.e., *independent variables*) of Nepali banks help generate expected (theoretical) HRD outcomes (i.e., *dependent variables*), the following regression model was formulated:

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Proposed Multiple Regression Model
HRD outcomes = f(strategic HRD factors) $HRDOM = \alpha + \beta_1 StgF_1 + \beta_2 StgF_2 + ... + \beta_n StgF_n + e_t$ Where, *HRDOM*=Expected HRD outcomes $StgF_{1-n}$ = Strategic factors (theoretical) of HRD e_t =Error terms

The model was based on the work of Garavan (1991), Rao (1999), Sthapit (2007), Sthapit (2008b), Sthapit (2012), and specifies that HRD outputs/outcomes depend on influential, key strategic HRD factors.

Limitations of the Study: The study suffers from covering only private commercial and national development banks, as it excluded state-owned banks of Nepal (three commercial, and one development banks). It encompassed a sample of respondents stationed only in the Kathmandu Valley, as the banks in the Capital Valley— Nepal's central bank reported— accounted for 60–65 per cent of total business of BFIs in Nepal (NRB, 2018).

Another limitation resulted from using opinion-based data on current HRD practices collected only from supervisors/ managers; it excluded assistant-level employees. Use of a limited number of statistical tools to analyse the data could also constrain the generalisability of the study findings.

RESULTS AND DISCUSSION

The data collected from the self-administered questionnaire survey were organised, coded and inserted into the SPSS (version 18) worksheet for analysis. The data were first analysed to see whether there was any strategic element in the HRD practices of the Nepali banks, followed by the identification of strategic factors vis-a-vis the theoretically posited ones. The key factors were established by removing the ones less relevant in the Nepalese context through a factor analysis; labelled factors were tested to establish a causal association with expected HRD outcomes through a regression analysis in order to formulate a new framework model of strategic HRD factors. The results from these data analyses are discussed in the following paragraphs.

Are Nepali Banks' HRD Practices Strategic in Nature?

The study examined whether Nepali banks' current HRD practices involved strategic factors. An attempt was made to analyse the strategic nature of HRD practices in terms of seven key factors, each of which had a number of sub-variables (total 25), as shown in Table 4.

In the HRD practices of Nepali firms there existed some magnitude of strategic factors measured on 25 variables lumped together into seven key categories. Based on percentages, the HRD practices in eight sub-variables are most strategic. They comprised: *enhanced comfort for line management after HRD* (81.64%); s*upportive, committed line management* (76.84%); *HRD contribution to key business*

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strategies/goal attainment (73.16%); and *integration with organisation mission, goals* (73.16%).

Likewise, the percentage of those agreeing with another three strategic sub-variables also exceeded 68%: i*ntegration, matching with HRM activities* (68.64%); t*op management leadership in HRD* (68.64%); and m*utual influence of HRD and HRM* (68.36%). These eight strategic variable areas are where Nepalese banks were most capable of exercising the strategic aspects in their current HRD practices. Another remarkable result is that those agreeing with the presence of all other remaining sub-variables in the current practices outnumbered those disagreeing.

The present study found 68.64 per cent agreeing with "*Top management leadership in HRD"*, while in the Management Development Scenario-2012 study of the Management Association of Nepal or MAN (Upadhyay & Khanal, 2012) only 32.5 per cent agreed. Between these two studies (present study and MAN's study), there was not much difference in those disagreeing with this particular strategic aspect. But, the study of Upadhyay and Khanal (2012) had reported 40 per cent neutral opinions compared with only 16.10 per cent in the present study. The smaller size of neutral opinions in the present study indicates that the respondents are relatively more decisive and clearer with this particular statement.

However, the proportion of disagreement with four sub-variables (statements) was larger, with more than 30 per cent of the respondents disagreeing with them. These strategic sub-variables included: *HRD/trainer's role as an organisational change consultant* (38.14%); e*xternal opportunity and threat analysis* (34.46%); b*enchmarking for HRD evaluation* (33.62%); and *HRD planning with a long-term vision* (30.79%). These results imply that Nepalese banks are relatively weaker in these strategic areas.

Overall, based on the survey response on the adoption of different strategic HRD factors, it can be deduced that strategic factors existed in current HRD practices of Nepalese banks; yet strategic maturity has not been achieved. McCracken and Wallace (2000b) also found the financial service organisations (that included banks in Scotland) had accomplished a moderate level of strategic maturity in their HRD practices.

Furthermore, as a non-parametric test, a binomial *Z*-test of the differences observed between the managers' opinions (agreed and disagreed) on the strategic factors in current HRD practices of Nepalese banks was also performed on the data.

Table 4:
Strategic Factor-Variables in HRD Practices

Strategic Factor Variables	*Respondents*	*Strongly disagreed (1)*	*Disagreed to a great extent (2)*	*Little Disagreed (3)*	*Neutral (4)*	*Little agreed (5)*	*Agreed to a great extent (6)*	*Strongly agreed (7)*	*Total*
Proactive planning based on HRD need analysis	No.	32	54	126	64	252	158	22	708
	%	*4.52*	*7.63*	*17.80*	*9.04*	*35.59*	*22.32*	*3.11*	*100*

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Planning with a long-term vision	No.	32	62	124	108	216	142	24	708
	%	*4.52*	*8.76*	*17.51*	*15.25*	*30.51*	*20.06*	*3.39*	*100*
External opportunity-threat analysis in HRD terms	No.	24	78	142	130	210	102	22	708
	%	*3.39*	*11.02*	*20.06*	*18.36*	*29.66*	*14.41*	*3.11*	*100*
External environment analysis in HRD terms	No.	20	42	128	124	224	140	30	708
	%	*2.82*	*5.93*	*18.08*	*17.51*	*31.64*	*19.77*	*4.24*	*100*
HRD contribution to key business strategies/ goal attainment	No.	10	32	68	80	252	226	40	708
	%	*1.41*	*4.52*	*9.60*	*11.30*	*35.59*	*31.92*	*5.65*	*100*
Interlink with organisation mission, goals	No.	16	26	92	62	260	172	80	708
	%	*2.26*	*3.67*	*12.99*	*8.76*	*36.72*	*24.29*	*11.30*	*100*
Organisation culture goal matched with HRD	No.	20	30	130	126	222	148	32	708
	%	*2.82*	*4.24*	*18.36*	*17.80*	*31.36*	*20.90*	*4.52*	*100*
HRD recognising/ influencing organisation culture	No.	24	44	120	114	230	144	32	708
	%	*3.39*	*6.21*	*16.95*	*16.10*	*32.49*	*20.34*	*4.52*	*100*
Top mgmt leadership in HRD	No.	14	38	90	80	234	194	58	708
	%	*1.98*	*5.37*	*12.71*	*11.30*	*33.05*	*27.40*	*8.19*	*100*
Top mgmt commitment to HRD	No.	14	42	88	98	214	204	48	708
	%	*1.98*	*5.93*	*12.43*	*13.84*	*30.23*	*28.81*	*6.78*	*100*
Top mgmt involvement (time, encouragement)	No.	20	82	88	126	212	132	48	708
	%	*2.82*	*11.58*	*12.43*	*17.80*	*29.94*	*18.64*	*6.78*	*100*
Supportive, committed line management	No.	12	18	44	90	246	238	60	708
	%	*1.69*	*2.54*	*6.21*	*12.71*	*34.75*	*33.62*	*8.47*	*100*
Line and top-mgmt strategic partnership for HRD	No.	16	40	90	132	240	152	38	708
	%	*2.26*	*5.65*	*12.71*	*18.64*	*33.90*	*21.47*	*5.37*	*100*

Note: Calculated from researcher's survey, 2018

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Table 4:
Strategic Factor-Variables in HRD Practices (*contd.*)

Strategic Factor Variables	*Respondents*	*Strongly disagreed (1)*	*Disagreed to a great extent (2)*	*Little Disagreed (3)*	*Neutral (4)*	*Little agreed (5)*	*Agreed to a great extent (6)*	*Strongly agreed (7)*	*Total*
Line mgmt-HR partnership to implement HRD	No.	14	36	112	108	264	144	30	708
	%	*1.98*	*5.08*	*15.82*	*15.25*	*37.29*	*20.34*	*4.24*	*100*
Enhanced comfort for line mgmt after HRD	No.	4	14	40	72	246	260	72	708
	%	*0.56*	*1.98*	*5.65*	*10.17*	*34.75*	*36.72*	*10.17*	*100*
Line mgmt's envy-free role in encouraging HRs for HRD	No.	12	108	86	96	166	176	64	708
	%	*1.69*	*15.25*	*12.15*	*13.56*	*23.45*	*24.86*	*9.04*	*100*
Interlink, matching with HRM activities	No.	22	26	68	106	244	188	54	708
	%	*3.11*	*3.67*	*9.60*	*14.97*	*34.46*	*26.55*	*7.63*	*100*
Strategically based on HR activities	No.	14	52	106	96	264	150	26	708
	%	*1.98*	*7.34*	*14.97*	*13.56*	*37.29*	*21.19*	*3.67*	*100*
Mutual influence of HRD and HRM	No.	16	26	82	100	244	194	46	708
	%	*2.26*	*3.67*	*11.58*	*14.12*	*34.46*	*27.40*	*6.50*	*100*
Trainers role as change consultants	No.	38	118	114	192	166	62	18	708
	%	*5.37*	*16.67*	*16.10*	*27.12*	*23.45*	*8.76*	*2.54*	*100*
Competent faculty, HR professionals	No.	18	32	110	110	230	180	28	708
	%	*2.54*	*4.52*	*15.54*	*15.54*	*32.49*	*25.42*	*3.95*	*100*
Trainers' emphasis on result-oriented competitive competency	No.	8	28	110	88	216	200	58	708
	%	*1.13*	*3.95*	*15.54*	*12.43*	*30.51*	*28.25*	*8.19*	*100*
Regular, periodic HRD evaluation	No.	24	30	138	110	206	162	38	708
	%	*3.39*	*4.24*	*19.49*	*15.54*	*29.10*	*22.88*	*5.37*	*100*
Emphasis on cost-effective HRD evaluation	No.	8	84	110	124	200	144	38	708
	%	*1.13*	*11.86*	*15.54*	*17.51*	*28.25*	*20.34*	*5.37*	*100*
Benchmarking for HRD evaluation	No.	32	70	136	176	166	106	22	708
	%	*4.52*	*9.89*	*19.21*	*24.86*	*23.45*	*14.97*	*3.11*	*100*

Note: Calculated from researcher's survey, 2018

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Table 5:
Binomial Z-test of Opinions on Strategic Factor-Variables

Strategic Factor Variables	*Respondents*	*Total Disagreed (1+2+3)*	*Neutral (4)*	*Total Agreed (5+6+7)*	*Total of ' agreed' and ' disagreed' responses*	*Z-value*
Proactive planning based on HRD need analysis	No.	212	64	432	644	*5.863
	%	*29.94*	*9.04*	*61.02*		
Planning with a long-term vision	No.	218	108	382	600	**2.105
	%	*30.79*	*15.25*	*53.95*		
External opportunity-threat analysis in HRD terms	No.	244	130	334	578	1.503
	%	*34.46*	*18.36*	*47.18*		
External environment analysis in HRD terms	No.	190	124	394	584	*3.007
	%	*26.84*	*17.51*	*55.65*		
HRD contribution to key business strategies/ goal attainment	No.	110	80	518	628	*12.327
	%	*15.54*	*11.30*	*73.16*		
Interlink with organisation mission, goals	No.	134	62	512	646	*11.876
	%	*18.93*	*8.76*	*72.32*		
Organisation culture goal matched with HRD	No.	180	126	402	582	*3.608
	%	*25.42*	*17.80*	*56.78*		
HRD recognising/ influencing organisation culture	No.	188	114	406	594	*3.909
	%	*26.55*	*16.10*	*57.34*		
Top mgmt leadership in HRD	No.	142	80	486	628	*9.922
	%	*20.06*	*11.30*	*68.64*		
Top mgmt commitment to HRD	No.	144	98	466	610	*8.418
	%	*20.34*	*13.84*	*65.82*		
Top mgmt involvement (time, encouragement)	No.	190	126	392	582	*2.856
	%	*26.84*	*17.80*	*55.37*		
Supportive, committed line management	No.	74	90	544	618	*14.281
	%	*10.45*	*12.71*	*76.84*		

Note: Calculated from researcher's survey, 2018

Table 5: Binomial Z-test of Opinions on Strategic Factor-Variables (*contd.*)

Strategic Factor Variables	*Total Disagreed (1+2+3)*	*Neutral (4)*	*Total Agreed (5+6+7)*	*Total of 'agreed' and 'disagreed'*	*Z-value*
Line and top-mgmt strategic partnership for HRD	146	132	430	576	*5.713
	20.62	*18.64*	*60.73*		
	162	108	438	600	*6.314

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Line mgmt-HR partnership to implement HRD	*22.88*	*15.25*	*61.86*		
Enhanced comfort for line mgmt after HRD	58 *8.19*	72 *10.17*	578 *81.64*	636	*16.837
Line mgmt's envy-free role in encouraging HRs for HRD	206 *29.10*	96 *13.56*	406 *57.34*	612	*3.909
Interlink, matching with HRM activities	116 *16.38*	106 *14.97*	486 *68.64*	602	*9.922
Strategically based on HR activities	172 *24.29*	96 *13.56*	440 *62.15*	612	*6.464
Mutual influence of HRD and HRM	124 *17.51*	100 *14.12*	484 *68.36*	608	*9.771
Trainers role as change consultants	270 *38.14*	192 *27.12*	246 *34.75*	516	*8.118
Competent faculty, HR professionals	160 *22.60*	110 *15.54*	438 *61.86*	598	*6.314
Trainers' emphasis on result-oriented competitive competency	146 *20.62*	88 *12.43*	474 *66.95*	620	*9.020
Regular, periodic HRD evaluation	192 *27.12*	110 *15.54*	406 *57.34*	598	*3.909
Emphasis on cost-effective HRD evaluation	202 *28.53*	124 *17.51*	382 *53.95*	584	**2.105
Benchmarking for HRD evaluation	238 *33.62*	176 *24.86*	294 *41.53*	532	*4.510

*significance at 1% level of confidence
**significance at 5% level of confidence
Note: Calculated from researcher's survey, 2018

The calculated z-value of the manager-opinions on the 25 variables (strategic factor variable) in current HRD practices is greater than the expected value (2.575) at $p < .01$; hence the null hypothesis was rejected (see Table 5). There are statistically significant differences in the Nepali managers' opinions (agreed and disagreed categories) regarding the presence of strategic elements in the current HRD practices at their respective organisations.

The Z-test, however, shows that there is no significant difference in their opinions regarding the presence of the variable "*Opportunity and threat analysis in HRD terms*". This result indicates that there is no variation in their views on this particular variable: a relatively larger number of respondents disagreed with the issue than they did with any of the other variables.

Correlation of Strategic Factors in Current HRD Practices

All the strategic HRD factors studied are positively and significantly correlated with one another at $p < .01$ (two-tailed), as shown in Table 6. The findings from the correlation analysis thus confirm Garavan's construct (1991) that asserted the strategic HRD factors to be interlinked.

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Table 6:
Correlation Matrix of Strategic Factors in Current HRD Practices

Strategic factors for current SHRD practices	*Proactive planning with environmental analysis*	*Integration with organisation/ business mission/ goals*	*Top management leadership, commitment*	*Strategic partnership with line management*	*Strategic partnerships with HRM*	*Change consultant role, professional competency*	*Regular, periodic HRD evaluation*
Proactive planning with environmental analysis	*1.000*						
Integration with organisation/ business mission/ goals	0.775* (0.000)	*1.000*					
Top management leadership, commitment	0.688* (0.000)	0.693* (0.000)	*1.000*				
Strategic partnership with line management	0.621* (0.000)	0.680* (0.000)	0.669* (0.000)	*1.000*			
Strategic partnerships with HRM	0.691* (0.000)	0.695* (0.000)	0.686* (0.000)	0.692* (0.000)	*1.000*		
Change consultant role, professional competency	0.689* (0.000)	0.636* (0.000)	0.692* (0.000)	0.684* (0.000)	0.751* (0.000)	*1.000*	
Regular, periodic HRD evaluation	0.629* (0.000)	0.578* (0.000)	0.635* (0.000)	0.645* (0.000)	0.676* (0.000)	0.750* (0.000)	*1.000*

*Significance at 1 per cent level (two-tailed)

Note: Figures within the parentheses indicate the p-value

Note: Calculated from researcher's survey, 2018

Given the multi-collinearity among the variables studied, a factor analysis was performed for data reduction and elimination of irrelevant variables (see the following Section).

Factor Analysis on Strategic Factors in Current HRD Practices

The study examined seven strategic HRD factors embodying a total of 25 strategic sub-variables. Since the study is interested in identifying the strategic aspects or factors most relevant and influential in generating HRD outcomes, it has attempted to remove less-explanatory factors through a principal component analysis (PCA). PCA transforms all the variables into a set of composite variables that are not correlated to one another (Sekaran, 2010).

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***Table 7*: KMO and Bartlett's Test**

The table reports the results of a reliability test for performing a factor analysis on the data. The reported figures are the test statistic of KMO and Barlett's test with significant p-value. The result here is significant at 1 per cent level, since p-value<0.01.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.950**
Bartlett's Test of Sphericity	Approx. Chi-Square	13493.021*
	Df	300
	Sig.	0.000

***** *Significant at 1 per cent level*

Note: Researcher's calculations

The Kaiser–Myer–Olkin (KMO) Measure of Sampling Adequacy was 0.950: the KMO value indicated that the correlation matrix is appropriate for PCA. Tabachnick & Fidell (2001; cited in Eyduran et al., 2009) suggested that a KMO value of 0.6 or more was preferable for performing a good factor analysis, while Eyduran et al. (2009) advised the KMO value greater than 0.80. Bartlett's test of sphericity was significant ($\chi^2 = 13493.021$, $p < .001$), indicating that the factor model is appropriate. As a rule, Bartlett's test of sphericity should be significant to further the analysis job (Eyduran et al., 2009).

Table 8: Factoring of Strategic Factor-Variables in Current HRD Practices

Method: **Principal Component on Correlation Matrix**

Rotation: **VARIMAX**

Criterion for the number of factors: **Kaiser's Criterion**

	Rotated Factor Loadings			***Communalities***
Strategic Factor Variables	***Loadings: Factor 1***	***Loadings: Factor 2***	***Loadings: Factor 3***	*(h^2)*
1. Proactive planning based on HRD need/ potential analysis	.773			.673
2. Planning with a long-term vision	.803			.701
3. External opportunity-threat analysis in HRD terms	.730			.658
4. External environment analysis in HRD terms	.734			.654
5. HRD contribution to key business strategy/ goal attainment	.710			.694
6. HRD integration with organisation mission, goals	.642			.614
7. Organisation culture/goal matched with HRD	.612			.632
8. HRD recognising/influencing organisation culture	.645			.647
9. Top management leadership in HRD	.605			.547

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10.Top management commitment to HRD	.656			.662
11.Top management involvement (time, interest, encouragement)		.609		.693
12.Supportive, committed line management			.768	.711
13.Line and top-management strategic partnership for HRD			.700	.722
14.Line management-HRD partnership for HRD implementation			.740	.690
15.Enhanced comfort for line mgmt after HRD			.778	.706
16.Line management's envy-free role in encouraging HRs for HRD		.717		.542
17.Integration, matching with HRM activities	.577			.588
18.Strategically based on HR activities	.521			.617
19.HRD/Trainers' role as change consultants		.702		.620
20.Trainers/ HRD professionals' emphasis in developing result-oriented competitive competency	.528			.629
21.Regular, periodic HRD evaluation	.566			.606
22.Emphasis on cost-effective HRD evaluation		.790		.658
23.Benchmarking for HRD evaluation		.548		.548
Cumulative % of variance extracted	**29.192**	**46.452**	**63.371**	

Note: The table displays only loadings above **0.51**.

Table 8 presents the factor-score coefficient values, rotated factor loadings, and communalities. The present analysis has considered factor loadings of 0.51 and greater as reflective of practical significance: Hair et al (2009) contended that although factor loadings of ±.30 to ±.40 are minimally acceptable, values greater than ±.50 are generally considered essential and more desirable.

Table 8 further shows that three variables have Eigen-values higher than one; therefore, from the above analysis, three principal components have been identified and they explain 63.371% of the variance in the data. Three different compartments in the component matrix table depict three different dimensions.

The study examined 25 strategic factor variables that were assumed and used to explain seven theoretical strategic factors of HRD being practised in Nepalese banks. The factor analysis—with the loadings of above 0.51 only—eliminated two of

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the sub-variables, viz., (i) "HRD strategies/ programmes influence HRM and vice versa", and (ii) "Competent trainers/faculty handle HRD/ training programmes to deliver professional competency".

Table 9:
Labels of Strategic HRD Factors/Characteristics After Factor Analysis

Labelled Factors	*Cumulative Loadings*	*Detailed Factors/ Characteristics*
Enablers	29.192 (Factor 1)	Proactive planning based on HRD need/ potential analysis Planning with a long-term vision External opportunity-threat analysis in HRD terms External environment analysis in HRD terms HRD contribution to key business strategies/ goal attainment Integration with organisation mission, goals Organisation culture goal matched with HRD HRD recognising, influencing organisation culture Top management leadership in HRD Top management commitment to HRD Integration, matching with HRM activities* Strategically based on HR activities* Trainers/ HR professionals' emphasis in developing Result-oriented competitive competency * Regular, periodic HRD evaluation*
Mixed Factors (Enabling, Implementing and Control)	46.452 (Factor 2)	Top management involvement (time, interest, encouragement) Line management's envy-free role in encouraging HRs for HRD HRD/Trainers role as change consultants Emphasis on cost-effective HRD evaluation Benchmarking for HRD evaluation
Implementation Factors	63.371 (Factor 3)	Supportive, committed line management Line and top-management strategic partnership for HRD Line management-HRD partnership for HRD implementation Enhanced comfort for line management after HRD

* *Since there is the domination of enabling SHRD factors having higher score-loadings in this category, these few variables having smaller score-loadings were grouped into the enabler category — although they are related to implementation and control.*

The loadings of factor-1 explained the strategic aspects of current HRD practices in Nepal by 29.192%; the loadings of factor-1 mostly comprised the enabling HRD factors, the typology-concept along with implementation factors developed by Maxwell et al. (2004). Likewise, cumulative loadings of factor-1 and factor-2 explained 46.452% where loadings of factor-2 mostly included implementation factors as well as controlling factors of HRD (Ref. Table 8 and 9).

The loadings up to factor-3 explained almost two thirds of the total variability in the data, which is sufficient and satisfactory from a research point of view. Hence, three key factors embodying a total of 23 strategic factor variables have been identified from the analysis, and they have been labelled as presented in Table 8 and 9.

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Regression Analysis

To analyse the fit of the regression-model to the data, the study first examined the presence of autocorrelation. The Durbin-Watson (DW) *d*-statistic for the regression model was 1.977, and was found to be well between the 'independent area' (between the tabulated *d*-values of d_U of 1.789 and 4-d_U of 2.211), indicating the absence of first-order autocorrelation in the data and supporting the use of regression analysis.

Importantly, the regression model fit well with the data when performing a regression of key strategic factors (enabling, implementation and controlling factors) with the expected HRD outcomes [F (df 3) = 55.574, $p < .01$ as shown in Table 10].

Table 10

Multiple Regression of HRD Outcomes on Strategic Factors in Current HRD Practices (after Factor-Labelling)

Dependable variable: *HRDOM*	
$HRDOM = \alpha + \beta_1 ENABLER + \beta_2 MIXED + \beta_3 IMPLEMENT + e_t$	
Coefficients	
(Constant)	6.144*
	(.000)
Factor 1: Enabling factors of HRD (ENABLER)	.185*
	(.000)
Factor 2: Mixed factors of control and implementation of HRD (MIXED)	.017
	(.574)
Factor 3: Implementation factors of HRD (IMPLEMENT)	0.334*
	(.000)
F-value	55.574*
	(.000)
R^2	19.148

Note: The numbers in the parentheses are the p-values.
* $p < .01$

It can be concluded that 19.15% of total variation in the dependent variable (expected SHRD outcomes) can be explained by the variation in independent variables (key strategic factors of HRD, i.e., Enabling, Mixed and Implementing Factors).

In the current HRD practices, regression of HRD outcomes is already significant and positive with two strategic factors, namely, *Enabling* and *Implementing* factors; they include 15 and 4 out of 23 variables, respectively, recognised by the principal component analysis as shown in Table 9. The result implies that Nepalese banks have already done well with these two strategic aspects that the respondents believe can contribute to the banks' pursuit for expected HRD outcomes.

However, the impact of the mixed factors of SHRD is insignificant. The result elucidates that the banks' current performance in these strategic HRD factors was not good enough to make the bank managers confident of their contribution to generate expected HRD outcomes. As shown in Table 9, the category of SHRD

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factors is mixed of *Enabling, Implementing and Control* variables that include five aspects: top management involvement, line management's envy-free role in encouraging HRs for HRD, HRD/trainer role as change consultants, emphasis on cost-effective HRD evaluation, and benchmarking for HRD evaluation. Therefore, there is enough room for the Nepali banks to improve their performance in this 'mixed' category of five strategic aspects.

Overall, the result implies that application of all key strategic factors in the HRD practices contributes to the generation of expected SHRD outputs/outcomes in the organisation, as the Enabling and Implementation factors are the significant predictors of the expected HRD outcomes. Yet, Nepali banks need to improve their performance in the *Mixed* strategic factors. Hence, a framework of key strategic factors of the HRD practices in Nepali national-level private banks has been formulated and devised as an SHRD model in Figure 2.

CONCLUSIONS

The SHRD model (comprising Key SHRD Factors): Strategic factors are present in the current practices of the Nepalese banks albeit at varying magnitudes, based on the data collected from the Nepali managers' opinions.

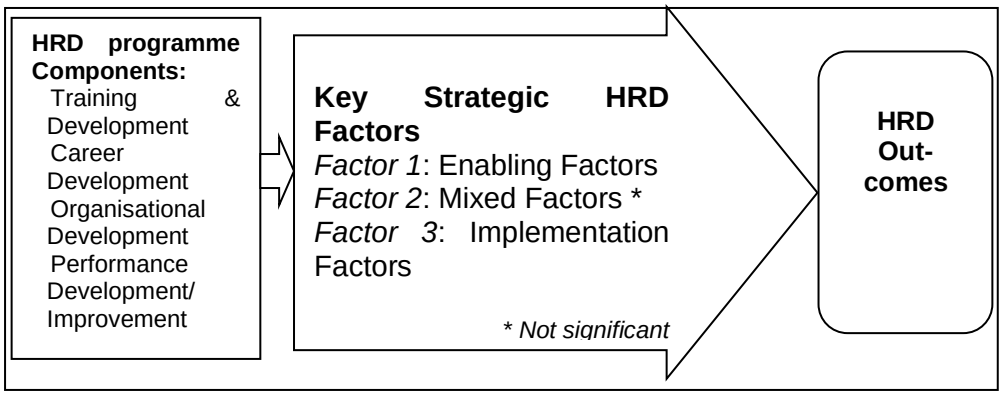

Figure 2: The SHRD Model with Key Strategic Factors

All the strategic HRD factors present in current HRD practices in Nepali banks are positively and significantly correlated with one another; this finding confirms the construct of Garavan (1991). Most significantly, the two-key strategic HRD factors, viz., *Enabling,* and *Implementation* factors are relevant and influential in current HRD practices in order of generating expected HRD outcomes in Nepalese banks. Yet, current HRD practices in Nepalese banks have not yet been strategically mature; more particularly, in the '*mixed'* factors which comprise enabling, implementing and controlling factors where Nepali banks' current strategic HRD performance have to be improved. Consequently, the practical implication of the present study and the SHRD model (Fig. 2) is that strategically emphasising on the *Enabling, Mixed* and *Implementation* factors and the sub-variables (all exhibited in Table 9) embodied with each of these three helps the managers achieve expected strategic HRD outcomes in the banks.

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Appendix 1

Sample Adequacy Test (SAT) and Strata-wise Sample Adequacy

A sample adequacy test (SAT) based on the model of Cochran (1999) was performed using the following relation:

$$n = \frac{n_0}{1 + n_0 / N} \quad \text{..... } \textit{equation 1}$$

where, $n_o = \left(\frac{z_{\alpha/2}\pi}{E} \right)^2$

With population size, N = 2,873 at 99% confidence interval estimate value of $z_{\alpha/2}$ = 3 (instead of 2.575 which is approximated to 3)
π = 30% and E = 3%, the required sample size (total) for the study, *n* = 433.

Sample Size Estimation (Sample Adequacy Test) for Strata of Banking Sub-Sectors

By the banking sub-sectors, the sample surveyed was also adequate in each stratum of foreign joint venture commercial banks (268), domestic (private) commercial banks (300) and national level development banks (140), as shown in Table 2.6.

Table 2.6: Sample-size Estimation (Sample Adequacy Test) for the Strata of Banking Sub-Sectors

Banking Sub-sectors	Population	Required sample $n = \frac{n_0}{1 + n_0 / N}$	Actual sample surveyed	Remarks
Foreign joint venture commercial banks	814	123	268	Sample is adequate as *Required sample< actual sample surveyed#*
Domestic (private) commercial banks	1,739	262	300	Sample is adequate as *Required sample< actual sample surveyed#*
Development banks (National level)	320	48	140	Sample is adequate as *Required sample< actual sample surveyed#*
Total	2873	433	708	Sample is adequate as *Required sample< actual sample surveyed#*

#Note: Sample size of all banking sub-sectors was calculated at 99 percent confidence level

Note: From the researcher's calculations

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Sample-size Estimation (Sample-Adequacy Test) for Strata of Management Hierarchies

The sample actually surveyed was also adequate in each stratum of management hierarchy, namely, top/executive level (36), mid-level (226) and low level (446).

Table 2.7: Sample-size Estimation (Sample Adequacy Test) for the Strata of Management Hierarchies

Management hierarchies	Population	Required sample $n = \frac{n_0}{1 + n_0 / N}$	Actual sample surveyed	Remarks
Top/executive level	138	21	36	Sample is adequate, as *Required sample< actual sample surveyed#*
Middle level	641	97	226	Sample is adequate, as *Required sample< actual sample surveyed#*
Lower level	2094	315	446	Sample is adequate, as *Required sample< actual sample surveyed#*
Total	2873	433	708	Sample is adequate, as *Required sample< actual sample surveyed#*

#Note: Sample size of all banking sub-sectors was calculated at 99 percent confidence level

Note: From the researcher's calculations