

OWNERSHIP OF HRD RESPONSIBILITY AS A PREREQUISITE FOR STRATEGIC HRM IN NEPALI BANKS

Dr. Arhan Sthapit

Assistant Professor (Management)
Public Youth Campus, Faculty of
Management, Tribhuvan University,
Kathmandu, Nepal.

ABSTRACT

The paper examines the status of ownership preference of HRD function and responsibility in Nepali banks to make it strategic. It investigates into the dilemma whether the top management, or HR and HRD managers should own the responsibility for formulating HRD policy, plans and strategies and then for implementing them. Based on a survey of managers ($N=708$) chosen through a proportionate, stratified random sampling technique from three banking sectors (foreign joint venture commercial banks, private commercial banks and national development banks) and three strata (top, middle and lower management hierarchies), the study discovered that the Nepalese bank managers largely related the roles and responsibilities of HRD policy 'formulation' with top management, and those of 'implementation' to HR officials, and in both functional streams, they placed emphasis on collaboration with each other in developing human resources, so that it can contribute to strategic management of Nepali banks.

Keywords: Human resource development, strategies, policy formulation, implementation

Introduction:

In view of the widened recognition of paramount importance of human resource development (HRD), organisations have increasingly initiated different HRD programmes ranging from employee training, development and management development to performance development, career development, and organisation development. Managing the HRD function effectively is critical not only to accomplishment of corporate and organisation strategies but also to strategic management. Organisations have increasingly grappled with a critical issue as to who between top management and HR managers to assign the authority and responsibility of handling the HRD function. There should be a specific and congenial HRD climate to take root (Hamdani & Ahmad, 2015) for which the top management's involvement in HRD function is essential. Since HRD planning and organising is one of the key activities of corporate strategic management, involvement of the top management in HRD in one way or the other is indispensable (Sthapit, 2013); no matter how much devolved the organisation is.

There is also another proposition that advocates for entrusting the HRD function to the concerned line managers. But, Horwitz (1999) hinted at the role ambiguity between the HRD/training specialists and line managers in owning the HRD responsibility. Hence, it still has remained an unsettled issue who to be assigned the HRD function for ensuring strategic success of the organisation. It is so, because line managers, on the one hand, are not necessarily specialists in the HRD function, and HR managers as well as line managers, on the other, generally lack access to corporate decision-making and resources. Likewise, top management and HR managers would hardly have the grasp of real HRD needs of the workers.

Therefore, this study has sought to probe into the latest HRD practices as to which organisational unit should handle the HRD function (including formulation and implementation of HRD policies and programmes) to make it strategic in Nepali banks. It is fundamentally an organisation's strategic choice between getting the HRD function discharged through top management and/or HR specialist managers, or through their collaboration, as HRD is a prerequisite to strategic management in Nepalese banks. The study has looked into this issue at two fundamental levels:

- a. Formulation of the HRD policies, strategies and goals, and
- b. Implementation of HRD policies and plans and Organising of HRD programmes

Study Objectives:

The research question essentially seeks answer as to who (top management or HR authority in the organisation) should be made responsible for discharging HRD function in Nepali banks so as to make it strategic. The main objective is followed by the following specific objectives:

- To identify who of the HR officials and/or top corporate managers should be made responsible for formulating the HRD policies, strategies and goals, and
- To identify who of the HR officials and/or top corporate managers should be made responsible for implementing HRD policies and plans, and organising HRD programmes to make the HRD function strategically successful in Nepali banks

Review of Literature:

Theoretically, the job of organising HRD is to be entitled to a highly placed manager or top management, as authors emphasise on the top management's leadership (McCracken & Wallace, 2000a) as well as top management's commitment and involvement in HRD (Garavan, 1991) as imperatives for making HRD strategic in nature.

Earlier, Nadler and Nadler (1989), who are considered among the key initiators of modern HRD, posited that many firms' HRD 'needs' were provided through a sub-unit of the personnel department during the 'old' organisational function.

Horwitz (1999) argued that the HRD literature is somewhat normative and rhetorical in exhorting line managers to take responsibility for training and development. The reality is that this is the exception rather than the norm. Delegating this responsibility effectively to line managers carries problems and risks and line managers are not necessarily specialists in development of people or human resources (Horwitz, 1999). While some form of partnership between HRD/training specialists and line managers is often mooted, role ambiguity occurs (Ibid, 1999). Hence, ownership of HRD responsibility and authority may not form part of the key performance objectives of a line manager. Line managers may also lack the confidence and organisational support to take on responsibility for HRD.

Despite these problems, the apparent reduction in size of central HR (HRM) departments, through decentralisation or outsourcing, suggests that HRD function is being shifted partly to line managers, who may then hire specialised

expertise from outside to assist with particular HRD priorities. Identifying training needs arising from strategic goals, new technology and work process redesign then becomes critical at the operational level for which a line manager is responsible. Without a systematic training needs analysis, HRD would not make a meaningful strategic contribution to enhancing organisational effectiveness (Horwitz, 1999). Hence, there should be some involvement of line managers in developing their human resources, but HRD literature and practice fails to address satisfactorily how this should occur. Horwitz (1999) argued that lack of line management enthusiasm for this role is reinforced by findings that the least popular training delivery mechanisms include job instructions, coaching and mentoring where line managers have to deliver HRD through transfer of knowledge and skills. This may be due to the large commitment of time and resources needed, yet these methods have consistently been lauded for their critical contribution to SHRD (Heraty & Morley, 1995).

Meggison, Meggison, Matthews and Banfield (1999), and Huang (2001) emphasised a separate HRD department to handle HRD activities. More specifically, Abdullah (2009a), and Abdullah and Hiok (2009) stressed desirability and existence of a separate HRD department within the organisation, so that the responsibility of organising HRD activities is strategically placed and located within the organisational structure. The structure can, not only promote the exploitation of opportunities, but also limit strategic choices that include, amongst other factors, the degree of centralisation and decentralisation, integration and differentiation of levels of hierarchy and the span of control (Abdullah, 2009d).

In Nepalese context, Pant (2006) and Sthapit (2008a, 2008b and 2016) observed that it was largely the administrative department and then personnel/ HRM department that performed the HRD and training function in Nepalese organisations, while Adhikari and Gautam (2008) claimed that almost 50 percent of the financial institutions in Nepal had no separate HR department.

Further, Gautam (2013) studied the practice of assigning HR management responsibilities to line management in Nepal's listed companies and found that those highly devolving the HR job to line managers had better organisation performance. The study is not specific to HRD and, for that matter, HRD formulation and implementation; nor has it probed into the managers' preference for assigning the specific HRD-responsibility to either of the HR people and top management for making it truly strategic in nature. In view of the research-lacuna, the present study has sought to investigate as to which organisation authority or unit should own and handle the HRD function (including formulation and implementation of HRD strategy and programmes) to make it strategic in Nepali organisations.

Research Methodology and Approach:

To examine the bankers' preference for entrusting the HRD function to the organisation unit(s), the study adopted an exploratory and analytical research approach. In line with this research approach, the further methodological arrangements followed during the study have been presented in the following sections.

Population and Sample:

With the national level commercial banks and development banks as its population, the study has chosen all the national level private banks (for complete enumeration), including 25 commercial banks (6 foreign joint venture and 19 domestic private banks) and 14 national-level development banks enlisted with the Nepal Stock Exchange (NEPSE), as of mid-July, 2014 when the only formal stock market published its final report on listed companies. The main criteria to choose the development banks are as under:

- Registered under the Banks and Financial Institutions Act (BAFIA), 2006
- Listed with NEPSE, the formal capital market
- Not declared financially problematic by the central bank
- No government equity participation
- Having a separate HRM Department

As far as sample respondents are concerned, the study identified the supervisor/ manager-level employees in all the studied banks as population, and adopted a stratified random sampling method to identify its sample respondents for which it has proportionately sampled from both the three hierarchical strata (top, middle and low levels) and two sectoral strata (commercial and development banks), as it has adopted a proportionate, stratified probability method as shown in Table 1.

Table 1: Population and Sample

Banks	Total Population (Managers in KTM valley)				Sample of Respondents Successfully Surveyed							
	Management level			Total	Management levels/ hierarchies						Total	%
	Executive	Mid-level	Lower-level		Executive	%	Mid-level	%	Lower-level	%		
1. Commercial banks (foreign joint venture)	33	218	563	814	6	18.18	98	44.95	164	29.12	268	32.92
2. Commercial (Domestic) banks	67	337	1335	1739	18	26.86	76	22.55	206	11.85	300	17.25
3. Development banks	38	86	196	320	12	31.58	52	60.46	76	38.77	140	43.75
Total (Row)	138	641	2094	2873	36		226		446		708	24.64
%					26.09		35.25		21.30		24.64	

Source: Data from the concerned banks and researcher’s calculations (2015)

Sample was drawn from each stratum and sector as shown in Table 3. To ensure a proportionate representation from each stratum of total sample (N=708), a sample adequacy test (SAT) based on the model of Cochran (1999) was performed using the following relation:

$$n = \frac{n_0}{1 + n_0 / N} \dots\dots\dots \text{equation 1}$$

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)

$\pi = 30\%$ and $E = 3\%$, the required sample size (total) for the study, $n = 433$.

Therefore, the sample of 708 respondents is statistically adequate for the present study’s data analysis, as it is greater than the required sample size of 433.

As shown in Table 1, samples were drawn adequately and randomly from all strata and sectors where sample percentage in each stratum and sector ranged from 11.03 to 40.37 percent.

Nature of Data, Survey Instruments and Analysis Tools:

The study was based on primary data collected from respondents through structured questionnaires. The questionnaire was developed and recast from that of Sthapit (2012); and further modified on the basis of the pre-test administered on 8 respondents. The questionnaire survey was administered in June–November 2015, and posted a 95.5 percent success rate, out of the distributed questionnaires; so that it needed no test on ‘non-response bias.’

The questionnaire inquired basically into the respondents’ ranked preference for assigning the HRD function and responsibility to staff and/or line managers along with their demographic attributes. To collect the data on their preferences, the survey-questionnaire primarily consists of multiple choice questions; namely:

- Top management (CEO/ Managing/ Executive Director/General Manager)
- Chief of HR/Personnel Department
- Chief of Specialised HRD Unit

- Chief of Administrative Department
- Top management and HRM-chief combined
- Others

To analyse the data, the study applied the tools including percentage analysis, and chi-square tests.

Results and Discussion:

The data analysed relate to two key areas of ownership of the HRD function; namely, formulation of HRD policies and strategies, and implementation of HRD policies and programmes.

REsponsibility for Formulating HRD Policies, Strategies and Goals:

A little over three fourths of the respondents reported their organisations' top management team (CEO/General Manager) formulated HRD policies, strategies and goals. The finding also follows the established construct that top-level managers tend to reserve the authority of policy formulation in all corporate and functional areas.

Table 2 presents that three in every four bank managers emphasised on the HRD policy formulation by the top management to make HRD strategic. Of the rest, only 10.73 percent of them preferred the policy formulation jointly by the top management and HR department, while a little more than 13 percent stressed on the HRD policy formulation the HR manager either by the chief of HR department or specialised HRD unit.

Table 2: Formulation of HRD Goals, Policies and Strategies

Authorities	Frequency	Percent
Top management (CEO/ Managing Director/ Executive Director/ General Manager)	536	75.71
HR Chief	96	13.56
-HR/M Department	76	10.73
-Specialised HRD Unit within the HR Department	20	2.83
HR-Top management combined	76	10.73
Total	708	100
Source: Survey, 2015		

Overall, the finding underscored the top management's active and vital role in the HRD policy-strategy formulation; it also indicates the managers' emphasis on the need for integrating and aligning the HRD goals and policies with top management's corporate goals and policies. The involvement of top management in HRD policy formulation should prove instrumental to the organisation's effort to ensure the line managers' support and involvement in successfully implementing the HRD policies.

HRD Policy Formulation Preference by Manager Demographics:

Table 3 presents the demographic data cross-tabulated with the bank managers' preference for the organisational authority that the HRD responsibility should be entrusted to.

For the purpose of performing a chi-square (χ^2) test on the relationship between the managers' preference (for assigning the HRD function) and their demographic aspects, the following hypotheses have been set:

H_0 : There is no significant difference between managers' preference (for assigning the HRD policy formulation responsibility) and their gender, education level, academic specialisation, employer-bank category, hierarchy and affiliation to HR department.

H_1 : There is significant difference between managers' preference (for assigning the HRD policy formulation responsibility) and their gender, education level, academic specialisation, employer-bank category, hierarchy and experience at HR department.

Gender:

Female managers showed more penchants for top management, as four in every five managers (80%) of fairer sex entrusted the HRD responsibility to the top management, which was preferred only by three in every four male

bankers (74%). Consequently, female managers had fairly less preference (11%) than their male counterparts (15%) on HR officials to assign the HRD policy-formulation job, and the former's propensity (8%) for HR-top management combination is also smaller than male managers (12%).

Education level: In the same regard, those holding PhD or MPhil degrees were equally split between the top management and HR authority; but about three fourths of those with Masters and Bachelor degrees showed their preference for entrusting the top management alone for the responsibility of HRD policy formulation.

Academic specialisation: A little more than half (56.5%) of those majoring in the management streams other than HRM, Marketing and Finance/Accountancy preferred the top management's responsibility in HRD policy formulation. But, on an average, a little more than three in every four bankers with their management majors and even non-management subjects opined that the top management should be made responsible for formulating HRD goals and policies. Fewest non-management graduates wanted the combination of HR-top management in the said responsibility.

Table 3: Choice of Organisation Authorities for HRD Policy Formulation by Different Criteria (Chi-square Test and Percentage Analysis)

	Authorities to Formulate HRD Goals, Policies, Strategies				Total
	Top Mgmt	HR Authorities		HR+Top Mgmt	
		HR Dept	HRD Unit		
1. By Gender	536	76	20	76	708
Male	364 (74%)	58 (12%)	14 (3%)	58 (12%)	494
Female	172 (80%)	18 (8%)	6 (3%)	18 (8%)	214
Calculated χ^2 value 3.967 < Tabulated value 7.815; df=3; Asymp. Sig. (2-sided)=0.265 H ₀ is accepted. No significant difference by the managers' gender exists					
2. By Education Level	536	76	20	76	708
Bachelor	114 (74%)	18 (11.7%)	8 (5.2%)	14 (9.1%)	154
Masters	418 (76.6%)	54 (9.9%)	12 (2.2%)	62 (1.3%)	546
PhD/MPhil	4 (50%)	4 (50%)	0	0	8
Calculated χ^2 value 18.282 > Tabulated value 12.592; df=6; Asymp. Sig. (2-sided)=0.006. H ₀ is rejected. Significant difference by the managers' education level exists.					
3. By Academic Specialisation	536	76	20	76	708
HRM	60 (76.9%)	6 (7.7%)	0	12 (15.4%)	78
Marketing	68 (77.2%)	10 (11.4%)	0	10 (11.4%)	88
Finance/Accountancy	320 (76.5%)	46 (11%)	12 (2.9%)	40 (9.6%)	418
Other management Subjects	26 (56.5%)	8 (17.4%)	4 (8.7%)	8 (17.4%)	46
Non-management Subjects (arts, economics, science, engineering, etc)	62 (79.5%)	6 (7.7%)	4 (5.1%)	6 (7.7%)	78
Calculated χ^2 value 22.245 > Tabulated value 21.026; df=12; Asymp. Sig. (2-sided)=0.035. H ₀ is rejected. Significant difference by the managers' academic specialisation exists.					
4. By Bank-categories	536	76	20	76	708

Foreign JV Commercial Banks	198 (73.9%)	44 (16.4%)	14 (5.2%)	12 (4.5%)	268
Private Commercial Banks	230 (76.7%)	18 (6%)	6 (2%)	46 (15.3%)	300
National Development Banks	108 (77.1%)	14 (10%)	0	18 (12.9%)	140
Calculated χ^2 value 41.002>Tabulated value 12.592; df=6; Asymp. Sig. (2-sided)=0.000. H_0 is rejected. Significant difference by the managers' bank categories exists.					
5. By Hierarchies	536	76	20	76	708
Executive-top-mgmt	18 (50%)	0	0	18 (50%)	36
Middle management	154 (68.2%)	34 (15%)	4 (1.8%)	34 (15%)	226
Lower management	364 (81.6%)	42 (9.4%)	16(3.6%)	24 (5.4%)	446
Calculated χ^2 value 85.752>Tabulated value 12.592; df=6; Asymp. Sig. (2-sided)=0.000. H_0 is rejected. Significant difference by the managers' hierarchies exists.					
6. By HR Experience	536	76	20	76	708
Work experience at HR Dept	116 (69.9%)	20 (12%)	0	30 (18.1%)	166
No work experience at HR Dept	420 (77.5%)	56 (10.3%)	20 (3.7%)	46 (8.5%)	542
Calculated χ^2 value 18.323>Tabulated value 7.815; df=3; Asymp. Sig. (2-sided)=0.000. H_0 is rejected. Significant difference by the managers' HR-experience exists.					

Note: All tabulated values were at 0.05 level (at various dfs: degrees of freedom)

Source: Survey, 2015

Bank category: About three fourths of the managers from all three bank categories preferred assigning the responsibility of HRD policy formulation to the top management; yet fewer foreign joint-venture commercial bank managers did so, but more of them wanted the HR people to handle this function than those of private and development banks. Among those preferring the combined role of HR and top management in policy formulation, managers from the private commercial banks (15.3%) outnumbered those from foreign joint venture banks (4.5%).

Hierarchy: For assigning the formulation responsibility, managers from the executive, top management equally split between top management and HR-top management combination; none of them desired the HR people independently handling the same. Managers belonging to other hierarchies showed noticeable variance in their preference. Of those favouring top management, lower level managers (81.6%) outnumbered all other hierarchies.

HR experience (Affiliation): Even though more of the manager— whether having worked or not— at the HR department at some point of time have opined in favour of assigning the HRD policy formulation to the top management, a little more of those with an HR experience have shown their preference for involving HR managers— either alone or in combination with the top management— in this function.

Chi-square test:

Insofar as demographic aspects are concerned, there is a significant difference between the managers' choice for HRD formulation responsibility and their education level, academic specialisation, bank categories, hierarchies, and HR-experience (Table 3). But, there is a significant difference between managers' preference for HRD formulation

responsibility and gender.

4.2 REsponsibility for implementing/ Organising HRD Plans/ Programmes

The responsibility for implementing HRD goals, policies and plans, as well as organising the HRD programmes largely lies with the HR management team as preferred by nearly three fourths (74.01) of the bank managers; it defines the HRD implementation as the key job of HR people assigned either to the overall HR department (55.37 percent) or to the specialised HRD unit (18.64 percent).

Table 4: Responsibility for Organising/ Implementing HRD Policy, Plans and Programmes

Authorities	Frequency	Percent
Top management (CEO/ General Manager)	178	25.14
HR Chiefs	524	74.01
HR (HRM) Department	392	55.37
HRD Unit	132	18.64
Others	6	0.85
Total	708	100
Source: Survey, 2015		

Yet, one fourth (25.14 percent) of the respondents bolsters up the current practice to centralise the HRD implementation responsibility within the top management's ambit; no matter if there were the HR department in the organisation structure. The top management's organising HRD programmes and implementing HRD policies and plans can also be justified, on the ground that HRD implementation requires cooperation and involvement of many departments, and without the top management's leadership and direction, other departments and line managers would not extend their support to the HRD function. It is customary that other departments follow the line of command from the top management.

HRD Implementation Preference by Manager Demographics:

Table 5 presents the bank managers' preference for organisational authorities to handle HRD policy implementation cross-tabulated by the respondents' demographics, as well as chi-square test results for which the following hypotheses were formulated:

- H₀: There is no significant difference between managers' preference (for assigning the HRD policy implementation responsibility) and their gender, education level, academic specialisation, employer-bank category, hierarchy and affiliation to HR department.
- H₁: There is significant difference between managers' preference (for assigning the HRD policy implementation responsibility) and their gender, education level, academic specialisation, employer-bank category, hierarchy and experience at HR department.

Gender: Table 5 exhibits that three (75%) in every four male managers preferred assigning the HRD implementation job to the HR people (HR department and HRD unit together); it is noticeably more than their female counterparts (71%). But the bankers of fairer sex showed slightly more (29%) penchant for top management than the male (23%); and outright rejected the notion of assigning this responsibility to administration and line managers alone.

Education level: The more educated the managers, the higher preference they attached to the HR people for handling the HRD implementation job. All PhD/MPhil holders believed that the HR people owning the responsibility of implementing HRD policies and organising HRD programmes will contribute to the bank's strategic management. The same was also opined by so nearly two thirds (72%) of those with masters' degree, and four fifths (79%) of the bachelor degree holders. Of those preferring the top management to handle the HRD implementation, Masters' degree holders (27%) outnumber the Bachelors (19%).

Table 5: Choice of Organisation Authorities for HRD Implementation (Organising) by Different Criteria (Chi-square Test and Percentage Analysis)

	Authorities for HRD Implementation					Total
	Top Mgmt	HR		Admn. Dept	Others*	
		HR Dept	HRD Unit			
1. By Gender	178	388	132	4	6	708
Male	116 (23%)	280 (57%)	88 (18%)	4 (1%)	6 (1%)	494
Female	62 (29%)	108 (50%)	44 (21%)	0	0	214
Calculated χ^2 value 7.778 < Tabulated value 9.488; df=4; Asymp. Sig. (2-sided)= 0.100 H ₀ is accepted: no significant difference exists						
2. By Education Level	178	388	132	4	6	708
Bachelor	30 (19%)	88 (57%)	34 (22%)	0	2 (1%)	154
Master	148 (27%)	294 (54%)	96 (18%)	4 (1%)	4 (1%)	546
PhD/MPhil	0	6 (75%)	2 (25%)	0	0	8
Calculated χ^2 value 8.840 < Tabulated value 15.507; df=8; Asymp. Sig. (2-sided)= 0.356. H ₀ is rejected: a significant difference exists.						
3. By Academic Specialisation	178	388	132	4	6	708
HRM	18 (23%)	50 (64%)	10 (13%)	0	0	78
Marketing	28 (32%)	44 (50%)	12 (14%)	2 (2%)	2 (2%)	88
Finance/Accountancy	108 (26%)	226 (54%)	82 (20%)	0	2	418
Other Management Subjects	10 (22%)	26 (57%)	8 (17%)	0	2 (4%)	46
Non-management Subjects (arts, economics, science, engineering, etc.)	14 (18%)	42 (54%)	20 (26%)	2 (3%)	0	78
Calculated χ^2 value 34.048 > Tabulated value 26.296; df=16; Asymp. Sig. (2-sided)= 0.005. H ₀ is accepted: no significant difference exists						
4. By Bank-categories	178	388	132	4	6	708
Foreign JV Commercial Banks	38 (14%)	172 (64%)	56 (21%)	2 (1%)	0	268
Private Commercial Banks	84 (28%)	150 (50%)	62 (21%)	0	4 (1%)	300
National Development Banks	56 (40%)	66 (47%)	14 (10%)	2 (1%)	2 (1%)	140
Calculated χ^2 value 47.502 > Tabulated value 15.507; df=8; Asymp. Sig. (2-sided)= 0.000. H ₀ is accepted: no significant difference exists						
5. By Hierarchies	178	388	132	4	6	708
Executive-top-mgmt	10 (28%)	22 (61%)	0	0	4 (11%)	36
Middle management	46 (20%)	146 (65%)	34 (15%)	0	0	226
Lower management	122 (27%)	220 (49%)	98 (22%)	4 (1%)	2	446

Calculated χ^2 value 70.476 > Tabulated value 15.507; df=8; Asymp. Sig. (2-sided)= 0.000. H ₀ is accepted: no significant difference exists						
6. By Experience at HR Dept	178	388	132	4	6	708
Work experience at HR Dept	40 (24%)	96 (58%)	24 (14%)	2 (1%)	4 (2%)	166
No work experience at HR Dept	138 (25%)	292 (54%)	108 (20%)	2(0.5%)	2(0.5%)	542
Calculated χ^2 value 10.311 > Tabulated value 9.488; df=4; Asymp. Sig. (2-sided)= 0.036. H ₀ is accepted: no significant difference exists						

*Others=Line Managers/ Concerned Dept Heads

Note: All tabulated values were at 0.05 level (at various dfs: degrees of freedom)

Source: Survey, 2015

Academic specialisation: Three fourths of those who specialised in HRM (77%), and non-management subjects (80%) preferred the HR authorities to own the HRD policy implementation job. Of those preferring the HR officials for this job, those specialising in marketing posted the smallest portion (64% only); instead they outnumbered (32%) those specialising in all other subjects in entrusting the top management with the said responsibility.

Bank categories: Most managers (85%) from the foreign joint venture bank category exhibited preference for entrusting the HRD implementation responsibility to HR people while only 71 percent of the private commercial bankers and 57 percent of development bankers did so. More of development bankers (40%) recommended that the top management implement the HRD policies and programmes than foreign joint-venture (14%) and private (28%) commercial bankers.

Hierarchy: More of the middle level managers showed their penchant for HR officials to handle the said responsibility, as four fifths (80%) of them preferred the HR bosses against 61 percent of executive level managers and 71 percent of lower level managers. Instead, more (28%) of the surveyed top-level managers were of the opinion that the top management should own the HRD implementation responsibility, and another 11 percent preferred assigning it to line managers and other department heads. Almost none of middle and low level managers recommended doing so to line managers.

HR experience: Almost equal portions of the bankers both experienced and inexperienced in HR jobs have shown their preference for assigning the HRD responsibility to both HR and top management.

Chi-square test

The chi-square test has discovered no significant difference existing between the managers' choice for HRD implementation responsibility and their demographic aspects; viz., gender, academic specialisation, bank categories, hierarchies, and HR-experience (Table 4). It also drew one exception to the phenomenon: there is a significant difference between managers' preference for HRD implementation responsibility and education level.

4.3 Comparison and discussions

The responsibility of planning the HRD function, particularly of formulation of policies and strategies in Nepalese banks, should be given to the top management according to the three-fourths (75.71 percent) of the respondents (Table 6), whereas only one-third recommended the top management to hold the responsibility for implementing the same.

Three fourths (74.86 percent) prescribed assigning the HRD implementation responsibility to the HR people (HR department and/or its HRD unit wherever applicable), which only 13.55 percent of the managers prefer for the policy formulation job, while 10.73 percent of them prescribed the top-management and HR department jointly should formulate HRD policies and programmes. Even though Adhikari and Gautam (2008) observed that almost 50 percent of the financial institutions in Nepal have no separate HR department, the present study found all the sampled banks— all financial institutions studied— have had a separate HR department also entrusted with the HRD responsibility, where the top management has, however, reserved HRD policy formulation responsibility.

Then, top management and HR department should exclusively hold the HRD responsibility in Nepalese banks, and understandably, they would need to assign the HRD responsibility neither to an administration department nor to line managers. Nepali managers' preference for assigning the HRD responsibility also has not supported what Gautam (2013) had discovered in the current practices of Nepali listed companies. The present study findings have

differed from Heraty and Morley’s (2000) work on HRD practices, as the latter found that the responsibility for setting HRD policies was partly devolved to line managers in Ireland’s 221 organisations, and the rest remained with the HR department. However, the job of organising HRD is to be entitled to the top management, as McCracken and Wallace (2000a and 2000b) emphasised on the top management’s leadership, and Garavan (1991) on top management’s commitment and involvement in HRD as imperatives for making HRD truly strategic in nature (Sthapit, 2013). Heraty and Morley (2000) also contend that high importance of the HRD activity from a strategic perspective inhibits organisations from devolving HRD responsibility to line managers.

Table 6: Ownership of HRD Responsibility (for Formulating and Implementing HRD Goals, Policies and Strategies)

Authorities	Formulation	Implementation
Top management	75.71%	25.14%
HR/M Dept and/or HRD Unit	13.55%	74.86%
HR-Top management combined	10.73%	-
Total	100	100
Source: Survey 2015		

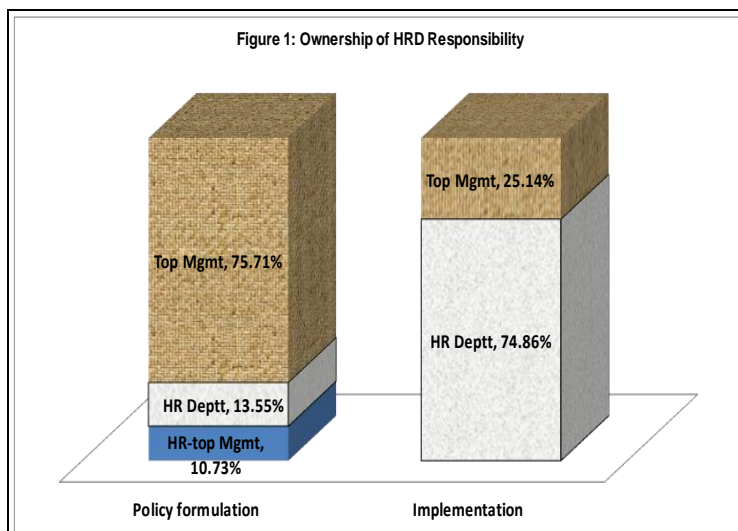


Table 7: Comparison of Significance of Demographics between HRD Formulation and Implementation Preferences

Authorities	Formulation	Implementation
Gender	No significant difference	No significant difference
Education level	Significant difference	Significant difference
Academic specialisation	Significant difference	No significant difference
Bank categories	Significant difference	No significant difference
Hierarchies	Significant difference	No significant difference
HR experience	Significant difference	No significant difference
Source: Survey 2015		

The present study has come in contrast to that of Mayne and Brewster (1995) which found evidences that the HRD responsibility for taking major policy-level decision making, particularly that of training and development, was devolved to line managers in 12 big economies in Europe, viz., Germany, Denmark, Spain, France, Finland, Ireland, Norway, The Netherlands, Portugal, Sweden, Turkey and UK. The Europe-based study further discovered

that devolvement of sole responsibility for major policy decisions on training and development to line management was least in France, the UK, The Netherlands and Ireland; the training and development responsibility in these countries remained mainly with the HR department. On the other hand, training and development responsibility in Turkey, Denmark and Portugal was most devolved to line managers.

Which organisational authority should own the HRD responsibility is critical from the strategic HR point of view, as the empirical study of McCracken and Wallace (2000b) carried out on 86 firms in Scotland (Britain, Europe) discovered that firms assigning the HRD responsibility to a separate HRD department would emerge mature in practising strategic HRD.

Similarly, it is noticeable from Table 7 that demographics of the respondent managers exhibited a significant difference between their opinion about assigning responsibility for formulating and implementing HRD policies and programmes. By all demographic aspects except gender there was a significant difference in the measurement of opinions on HRD policy formulation, whereas there was no significance difference in case of HRD implementation by all demographic variables except education level.

Conclusion:

A majority of the managers identified HR people (HR department and/or its HRD unit wherever applicable), as the authority that should own the responsibility of HRD policy/strategy implementation but not the HRD policy formulation job which they recommended for the top management. Hence, the Nepalese bank managers relate the roles and responsibilities of HRD policy ‘formulation’ and ‘implementation’ with top management and HR officials, respectively. A sizable number of managers surveyed have surmised the proliferation of a separate HR department and even HRD unit in Nepalese financial institutions; it may be attributed to the increasing realisation of the banks towards HRD function and their action towards setting up a separate HRD-authority within the organisation structure. It is also significant in view of the empirical study of McCracken and Wallace (2000b) which evinced that Scottish (British) firms assigning the HRD responsibility to a separate HRD department would emerge mature in practising strategic HRD.

The present study’s findings that the banks’ top management and subsequently the HR department should own the HRD responsibility without devolving the same to the line manager should not, however, be taken as a ‘mismatched practice,’ as line managers may not be HRD specialists and may also lack the confidence and organisational support to take on the HRD responsibility according to Horwitz’s (1999) research.

Future Research Needs: The present study findings are likely to suffer from three key limitations. One, the study encompassed only private banks (both commercial and development banks) and excluded state-owned banks (two commercial banks and a development bank); and it covered only those banks listed with the NEPSE, the formal stock market, by mid-July, 2014. Two, it is based on the perceptual opinions collected from the different strata/hierarchies of bank managers regarding the preferability of assigning the HRD function between HR specialists and line managers. Three, using only a limited number of statistical tools could constrain the opportunity to generalise the study-findings. Future studies could address these limitations to come up with more generalisable findings.

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