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Organizational Learning and Performance in Nepal's Banking Sector

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Abstract

This study explores the relationship between organizational learning and organizational performance within Nepal's commercial banking sector. It specifically examines four key dimensions of organizational learning—continuous learning, benchmarking, empowerment, and teamwork—and their influence on performance outcomes. A quantitative, cross-sectional research design was adopted, utilizing structured questionnaires administered to 155 entry-level employees from four major banks in Kathmandu. Data analysis was conducted using descriptive statistics, correlation, and regression techniques. The results indicate that empowerment exerts the most substantial positive impact on organizational performance, followed by teamwork and continuous learning. Conversely, benchmarking was found to have no significant direct effect on performance. These findings underscore the importance of cultivating a learning-oriented organizational culture that prioritizes employee empowerment and collaboration to drive improved performance outcomes in the banking sector.

Keywords: Bank; Organizational Learning; Empowerment; Performance; Teamwork

INTRODUCTION

In today's fast-evolving global economy, organizational learning has emerged as a vital component for ensuring long-term competitiveness and performance, particularly in knowledge-intensive sectors such as banking. Organizational learning refers to the process through which organizations develop, enhance, and manage knowledge and capabilities, enabling them to adapt to changes, improve operations, and foster innovation (Hael et al., 2024). It is not merely about acquiring knowledge but about embedding it into the organization's culture, systems, and processes for continuous improvement.

Organizational learning is often driven by several interconnected factors such as continuous learning, benchmarking, employee empowerment, and teamwork. These elements collectively contribute to a learning-oriented culture, which in turn enhances organizational performance reflected in increased efficiency, customer satisfaction, financial outcomes, innovation, and employee engagement (Zhang et al., 2023). For example, continuous learning ensures that employees regularly update their knowledge and skills to meet emerging challenges. Benchmarking allows organizations to compare and adopt best practices, while empowerment encourages employees to take initiative and make informed decisions. Teamwork, on the other hand, enhances collaboration, creativity, and problem-solving capacity within the organization (Paredes-Saavedra et al., 2024).

A number of international studies have found a positive relationship between organizational learning and performance. However, there remains a limited body of empirical research in the context of Nepal, especially in the banking sector, which is undergoing rapid transformation due to digitalization, regulatory reforms, and increasing competition. While banks in Nepal are investing in systems and processes, the extent to which organizational learning practices contribute to their performance is still underexplored (Bhusal, 2023).

Moreover, most existing studies conducted in Nepal either focus broadly on knowledge management or examine only one or two dimensions of learning. There is a lack of considers key learning dimensions such as continuous learning, benchmarking, empowerment, and teamwork in relation to overall organizational performance. This gap limits the understanding of how internal learning mechanisms contribute to sustainable growth and strategic performance within Nepalese banks.

Given this context, the present study aims to investigate the relationship between organizational learning and organizational performance in Nepal's banking sector by focusing on four key learning dimensions: continuous learning, benchmarking, empowerment, and teamwork. Understanding this relationship is critical for bank leaders, HR professionals, and policymakers who seek to enhance organizational resilience and success in a competitive financial environment.

Research Framework

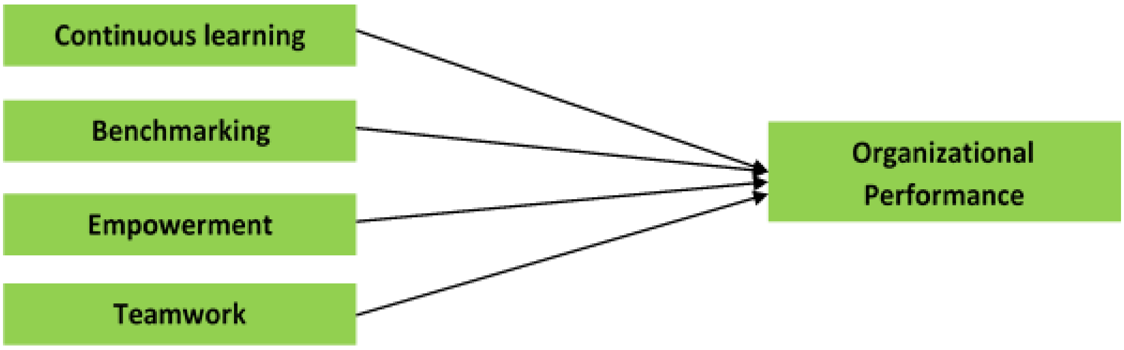

Figure 1. Research Framework

METHODS

This study employed a cross-sectional, quantitative research design, incorporating descriptive, correlational, and causal approaches to examine the relationship between organizational learning and organizational performance in Nepal's banking sector. The research was confined to Kathmandu district and targeted entry-level staff from four prominent commercial banks in Nepal: Nabil Bank, Siddhartha Bank, Himalayan Bank, and Sanima Bank. These banks were selected due to their strong market presence and reputation for structured organizational practices.

A total of 155 responses were collected using the convenience sampling method, which allowed the researcher to engage readily available participants. The sample was limited to entry-level employees to understand how foundational organizational learning practices impact operational-level performance. Data were collected through a structured questionnaire consisting of five-point Likert scale items, where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree." The questionnaire measured key dimensions of organizational learning continuous learning, benchmarking, empowerment, and teamwork as well as their influence on organizational performance.

Data analysis was carried out using inferential statistical tools through SPSS software. Descriptive statistics such as mean, standard deviation, frequency, and percentage were used to summarize demographic information and variable responses. Correlation analysis was used to explore relationships between variables, and regression analysis was conducted to determine the causal impact of organizational learning dimensions on organizational performance.

Prior to data collection, ethical clearance was obtained, and consent was sought from each participating respondent. Participation was entirely voluntary, and respondents were assured of the confidentiality and anonymity of their responses. All necessary ethical considerations, including informed consent and the right to withdraw at any time, were strictly observed.

RESULTS

The Results section presents the demographic information, the correlations between variables, and the impact of independent variables on the dependent variable.

Demographic Information

Table 1. Demographic

Gender			
		Frequency	Percent
Valid	Male	84	54.2
	Female	71	45.8
	Total	155	100.0
Age Group			
		Frequency	Percent
Valid	20 or less	30	19.4
	21-30	84	54.2
	31-40	34	21.9
	41-50	6	3.9
	51-60	1	.6
	Total	155	100.0
Education Background			
		Frequency	**Percent (%)**
Intermediate		47	30.3
Bachelor		80	51.6
Master		28	18.1
Total		**155**	100.0
Marital Status			
		Frequency	Percent
Valid	Married	66	42.6
	Unmarried	89	57.4
	Total	155	100.0

The demographic profile of the study respondents consisted of 155 entry-level bank employees from four major banks in Kathmandu. Regarding gender distribution, the sample included 84 males, representing 54.2% of the respondents, and 71 females, accounting for 45.8%, indicating a fairly balanced gender representation. In terms of age, the majority of participants (54.2%) were between 21 and 30 years old, followed by 19.4% aged 20 or less, 21.9% between 31 and 40 years, 3.9% between 41 and 50 years, and a small proportion (0.6%) aged 51 to 60. This indicates that the workforce is predominantly young to middle-aged adults.

Concerning educational qualifications, more than half of the respondents (51.6%) held a bachelor's degree, 30.3% had completed intermediate level education, and 18.1% possessed a master's degree. This suggests a moderate to high level of educational attainment among the participants. Finally, in terms of marital status, 57.4% of respondents were unmarried, while 42.6% were married, reflecting a slightly higher proportion of single individuals in the sample.

Perception of respondents

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Continuous Learning	155	1.00	5.00	3.8677	.90557
Benchmarking	155	1.00	5.00	3.6430	.97005
Empowerment	155	1.00	5.00	3.6301	.94630
Team work	155	1.00	5.00	3.6753	.94124
Organizational performance	155	1.00	5.00	3.7129	.88814

The descriptive analysis of the key variables in the study shows that all variables were measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The variable Continuous Learning had the highest mean score of 3.87 with a standard deviation of 0.91, indicating that respondents generally agree that continuous learning is practiced in their organizations, though there is some variability in responses. Benchmarking had a mean of 3.64 and a standard deviation of 0.97, suggesting a moderate level of agreement among participants about the practice of benchmarking within their banks, with slightly higher variability compared to continuous learning. Similarly, Empowerment scored a mean of 3.63 and a standard deviation of 0.95, reflecting moderate perceptions of employee empowerment. The variable Teamwork had a mean score of 3.68

with a standard deviation of 0.94, showing a generally positive view towards collaborative efforts in the banking sector. Finally, Organizational Performance exhibited a mean of 3.71 and a standard deviation of 0.89, suggesting that overall, employees perceive their organizations to perform fairly well. The minimum and maximum values for all variables spanned the full Likert scale range from 1 to 5, indicating a wide range of opinions among respondents.

Correlation Analysis

Table 3: Correlations

	Continuous	Benchmarking	Empowerment	Team	OP
Continuous	1				
	155				
Benchmarking	.731**	1			
	.000				
	155	155			
Empowerment	.691**	.716**	1		
	.000	.000			
	155	155	155		
Team	.817**	.712**	.715**	1	
	.000	.000	.000		
	155	155	155	155	
OP	.735**	.674**	.776**	.755**	1
	.000	.000	.000	.000	
	155	155	155	155	155
**. Correlation is significant at the 0.01 level (2-tailed).					

The correlation analysis revealed strong and statistically significant positive relationships among all the key variables at the 0.01 level (2-tailed). Continuous Learning showed a strong positive correlation with Organizational Performance (r = 0.735), indicating that higher levels of continuous learning are associated with better organizational performance in Nepal's banking sector. Similarly, Empowerment had an even stronger positive correlation with organizational performance (r = 0.776), suggesting that employee empowerment plays a crucial role in enhancing performance outcomes. Teamwork was also strongly correlated with organizational performance (r = 0.755), emphasizing the importance of collaborative efforts within banks. Additionally, Benchmarking demonstrated a moderate to strong correlation with organizational performance (r = 0.674), indicating that comparing and adopting best practices contributes positively to performance.

All learning variables were highly interrelated as well. For instance, teamwork showed the highest correlation with continuous learning (r = 0.817), followed by benchmarking (r = 0.712) and empowerment (r = 0.715), highlighting that these factors tend to co-exist and reinforce each other within organizations. These results collectively suggest that continuous learning, empowerment, teamwork, and benchmarking are interconnected dimensions of organizational learning that significantly contribute to enhancing the performance of Nepalese banks.

Regression Analysis

Table 4: Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836[a]	.699	.691	.49351

a. Predictors: (Constant), team work, Benchmarking, Empowerment, Continuous learning

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.941	4	21.235	87.188	.000[b]
	Residual	36.534	150	.244		
	Total	121.474	154			

a. Dependent Variable: OP

b. Predictors: (Constant), team work, Benchmarking, Empowerment, Continuous learning

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.475	.182		2.607	.010
	Continuous learning	.199	.083	.202	2.405	.017
	Benchmarking	.033	.067	.037	.497	.620
	Empowerment	.397	.067	.423	5.942	.000
	Team work	.247	.080	.261	3.100	.002

a. Dependent Variable: OP

The multiple regression model was used to examine the combined and individual effects of continuous learning, benchmarking, empowerment, and teamwork on organizational performance (OP) in Nepal's banking sector. The model summary indicates a strong overall relationship between these predictors and organizational performance, with an R value of 0.836, meaning the predictors together have a strong correlation with OP. The model explains approximately 69.9% of the variance in organizational performance (R^2

= 0.699, Adjusted $R^2 = 0.691$), which suggests that these four factors collectively account for a significant portion of performance differences across the sample.

The ANOVA table shows that the regression model is statistically significant ($F = 87.188$, $p < 0.001$), indicating that the predictors reliably explain variation in organizational performance.

Looking at individual predictors in the coefficients table, empowerment emerged as the strongest and most significant predictor of organizational performance ($\beta = 0.423$, $p < 0.001$), suggesting that employee empowerment has the greatest positive impact on performance. Teamwork also significantly influences performance ($\beta = 0.261$, $p = 0.002$), highlighting the importance of collaboration among employees. Continuous learning has a moderate but significant effect ($\beta = 0.202$, $p = 0.017$), indicating that ongoing learning and development contribute positively to performance outcomes.

Interestingly, benchmarking, although positively related, did not have a statistically significant effect on organizational performance in this model ($\beta = 0.037$, $p = 0.620$). This suggests that, within the sample studied, benchmarking practices may not directly impact performance as strongly as the other factors or that its effect is mediated through other variables.

In summary, the results underscore that fostering empowerment, teamwork, and continuous learning are key strategies for enhancing organizational performance in Nepalese banks, while benchmarking's direct effect appears limited in this context.

DISCUSSION

This study cover three objectives to measure the organization learning and organization performance; the first objective explored the current status of continuous learning practices among entry-level bank staff in Kathmandu. The mean score of 3.87 (on a 5-point scale) suggests that employees generally agree continuous learning is integrated into their daily work routines. This finding is in line with Khadka (2020), who reported that learning mechanisms such as regular training, leadership support, and collaborative learning were actively practiced and well-received in Nepalese commercial banks. Similarly, Bhusal (2023) found that learning-oriented environments exist extensively across both public and private Nepali banks. Together, these studies reinforce the conclusion that continuous learning is widely implemented and positively perceived in the Nepalese banking context.

The second objective examined the relationships among continuous learning, benchmarking, empowerment, teamwork, and organizational performance (OP). Correlation results revealed strong positive associations: continuous learning ($r = 0.735$), empowerment ($r = 0.776$), and teamwork ($r = 0.755$) all significantly correlated with OP at the 0.01 level. Benchmarking also showed a positive, though slightly weaker, relationship ($r = 0.674$). These findings are consistent with Khadka (2020) and Bhusal (2023), both of whom found significant correlations between organizational learning dimensions and performance outcomes in Nepalese banks. These results also align with international studies suggesting that learning-focused cultures especially those that support empowerment and collaboration are closely linked to improved productivity and service delivery.

Using regression analysis, the third objective assessed the impact of these learning factors on organizational performance. Empowerment had the strongest effect ($\beta = 0.423$, $p < 0.001$), followed by teamwork ($\beta = 0.261$, $p = 0.002$) and continuous learning ($\beta = 0.202$, $p = 0.017$), while benchmarking was not statistically significant ($\beta = 0.037$, $p = 0.620$). These results strongly support Paudel & K.C. (2019) and Yukl (2010), who noted that empowered employees are more productive, motivated, and aligned with organizational goals. The positive impact of teamwork mirrors the findings of Katzenbach and Smith (1993), who emphasized that well-structured teams enhance problem-solving and execution in service organizations. The moderate but significant effect of continuous learning also supports Senge's (1990) concept of learning organizations. However, the lack of significant impact from benchmarking may suggest that benchmarking practices are not formalized or effectively utilized within the Nepali banking system, a challenge similarly noted in developing economies such as Indonesia and Nigeria.

CONCLUSION

This study underlines the critical role of organizational learning in enhancing the performance of Nepalese commercial banks. Among the four dimensions explored, empowerment emerged as the most influential factor, followed closely by teamwork and continuous learning, while benchmarking showed no significant direct effect. These findings highlight that performance thrives in environments where employees are trusted, teams collaborate effectively, and learning is continuous and embedded in organizational culture. Although benchmarking is widely recognized globally as a driver of excellence, its limited impact in this context suggests that Nepalese banks may lack structured or strategic approaches to benchmarking. The study not only confirms existing global theories but also contextualizes them within Nepal's unique banking environment. Ultimately, fostering a learning-driven, empowered, and team-oriented workforce is not just a managerial choice it is a strategic imperative for banks seeking sustainable performance in an increasingly dynamic financial landscape.

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