

# ST.MARY'S UNIVERSITY

# SCHOOL OF GRADUATE STUDIES

# ASSESSMENT OF HUMAN RESOURCE DEVELOPMENT PRACTICE: THE CASE OF NATIONAL BANK OF ETHIOPIA

BY:

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ID NO: SGS/0049/2008B

JANUARY, 2018 ADDIS ABABA



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A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST. MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

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ADDIS ABABA

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#### BY:

# MICHAEL TENNA

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#### Declaration

I hereby declare that the study entitled as "Assessment of Human Resource Development Practice: the case of National Bank of Ethiopia", is my own work towards the school of graduate studies masters of General Business Administration. I have carried out the research work independently with the guidance and support of the research advisor. This contains neither material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

Name of Student: Michael Tenna

Signature: \_\_\_\_\_

#### Endorsement

Here with I, state that, Michael Tenna has been carried out this research work on the topic entitled "Assessment of Human Resource Development Practice: The Case of National Bank of Ethiopia" under my supervision. This thesis paper has been submitted to St. Mary's University, School of Graduate studies for the examination with my approval as a University Advisor.

Advisor: Terefe Feyera (PhD)

Signature \_\_\_\_\_

Table of Contents	iii
Acknowledgements	vi
Acronyms & Abbreviations	vii
LIST OF TABLES	viii
Abstract	ix
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.2Statement of the problem	3
1.3 Research Questions	5
1.4 Objective of the study	5
1.4.1 General Objective:	5
1.4.2 Specific Objectives:	5
1.5 Significance of the study	5
1.6 Delimitation	6
1.7 Organization of the Study	6
1.8 Definitions of Key Terms	7
CHAPTER TWO	8
REVIEW OF RELATED LITERATURE	8
2.1 Theoretical background	8
2.2 Definitions and Concepts of HRD	9
2.3 Purposes and Importance of Human Resource Development System	10
2.4 Components of Human Resource Development Practice	
2.4.1 Individual Learning and Development	13
2.4.1.1 Self-Directed Learning	13
2.4.1.2 Coaching	14
2.4.1.3 Mentoring	15
2.4.1.4 Blended learning	

# **Table of Contents**

2.4.2 Training	15
2.4.3 Management Development	16
2.4.4 Organizational Learning	
2.5 The Human Resource Development Process	19
2.5.1. Need Assessment	
2.5.2. Training and Development Objectives	20
2.5.3. Instructional Method and Media	21
2.5.4. Implementing the Human Resource Development Program	21
2.5.5. Evaluation of Training and Development	22
2.6 Empirical Review	24
2.7 Conceptual Framework	27
CHAPTER THREE	
3.1 RESEARCH DESIGN AND METHODOLOGY	
3.1.1 Research Design and Approach	
3.1.2 Data Types and Sources	31
3.1.3 Data Collection Instruments	
3.1.4 Data Collection Procedure	
3.1.5 Validity and Reliability Test	
3.1.6 Ethical Consideration	
3.1.7 Population and Sampling Technique	
3.1.8 Data processing and analysis	
CHAPTER FOUR	
DATA PRESENTATION AND ANALYSIS	35
4.1 Demographic Characteristics of the Respondents	
4.2 Document Analysis and Survey result of HRD practices of NBE	
4.2.1 Document Analysis	
4.2.2 Participation of employees on HRD practices.	41
4.2.3 Components of HRD	44
4.2.4 Strength and weakness of the bank's HRD practice	51

4.3 Summary of Interview Results	53
CHAPTER FIVE	
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	
5.1 summary	
5.2 Conclusions	57
5.3 Recommendations	
BIBLIOGRAPHY	60
Appendices	64
APPENDIX I: Survey Questionnaire for Staff of NBE	64
Interview Questions	69

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## **Acronyms & Abbreviations**

- **HRD:** –Human resource development
- NBE: National Bank of Ethiopia
- **IMF:** –International monetary fund
- HR: –Human Resource
- **TNA:** Training need Assessment
- **HRM:** Human Resource Management
- NGO: Non-Governmental Organization

#### **EIBI:** –Ethiopian institute of Banking and insurance

**SPSS:** -Statistical package for social sciences

# LIST OF TABLES

<b>Table 2.1</b> Summary of criteria used to review HRD practices of an organization	.31
Table 4.1 Demographic characteristics of respondents	47
<b>Table 4.2</b> participation of employees in HRD programs	49
Table 4.3 Components of HRD practice	53
<b>Table 4.4</b> Strength and Weakness of HRD practice	59

#### Abstract

This research is designed to assess HRD practices of National Bank of Ethiopia (NBE). The main objective of the study is to assess the HRD practice of the Bank: the opportunities for growth and development, components and dimensions of HRD practices, strengths and weakness of the organizations HRD practice. The research is designed as a case study. Both secondary and primary data were used in the research. A survey questionnaire with five point Likert scale was used a main tool for gathering primarv data about employees' satisfaction with human resource development practices of the organization. To this end, out of 922 employees 278(30%) samples from the Head office were participated in filling the questionnaires and 270 of them are considered for analysis. An interview was also made with officials of training and development team of the organization. The findings of the study indicated that the bank has recently developed a comprehensive HR procedure that is comprehensive enough to give recognition to the important of human resource, create alignment between learning and development activities with the strategic objective of the bank and the components, criteria's and performance rewarding systems except that the reward items are very limited. The result also shows that respondents perceived the HRD practices of the organization as unfairly focused on some work units only. Respondents also indicated there are problems with the relevance of trainings to their job, the appropriate implementation of HRD practices like the training need assessment, performance counseling, coaching, mentoring, evaluations of training and development activities, the promotional opportunities and the knowledge to gain from the work they do for the organization. Even though majority of respondents indicated that they think that the organization has good internal training facility, active training and development programs and give emphasis to development of its management and is the best place to develop themselves. The recommendation is that to prioritize and consider all work units in its training practice even if it is not equal, awareness creation and sensitization programs shall be conducted by top management of the bank to line managers and employees and strive to implement its HR policy and procedure.

## **CHAPTER ONE**

## **INTRODUCTION**

#### **1.1 Background of the study**

From financial transactions to operational decisions and beyond, the core of every business function relies on an organization's greatest asset: its human resources. As such, human resources boast significant responsibility for the success or failure of an organization (Haslinda, 2009).

Nowadays organizations operate in a complex and changing environment that greatly enhances and influences their growth and expansion. To cope up with this changing environment and technological advancement organizations need to develop and train their employees. In addition the survival of any organization depends on the quality of human resources of the company. Human Resource Development (HRD) was first introduced by Leonard Nadler in a conference at the United States. " He defined HRD as those learning experience which are organized from specific time and designed to bring about the possibility of behavioral change'( Nadler, 1986).

HRD is a planned continuous effort by management to improve employee competency and organizational performance through training, education and development programs (Mondy and Noe 1990). Training program is directed towards helping employees effectively perform their jobs, while developmental program helps individual handle future responsibilities with little concern for current job duties Werther and Davis 1996). It is a program focused on leadership competency and organizational issues. Education, on the other hand is learning experience that improve overall competency in a specific direction (Scarpello and Ledvinka 1988).

HRD is a series of organizational activities, conducted with specialized time and design to produce behavioral change". With his definition he identifies training, education and development as a common practice of HRD. Later he revised the definition as organized learning experience in a definite time period to increase the possibility of job performance and growth (Nadler, 1986)

HRD is a process by which the employees' of an organization are helped in a continuous and planned way to: Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles, Develop their journal capabilities as individual and discover and exploit their own inner potential for their own and/or organizational development purpose, and Develop an organizational culture in which superior-subordinate relationship, team work and collaboration among sub-units are strong and contribute to the professional well-being, motivation and pride of employees (Rao, 1985)

HRD as a process is about more than the provision of training courses in workplaces. The definition adopted here is that HRD involves a process of observation, planning, action and review to manage the cognitive capacities, capabilities and behaviors needed to enable and improve individual, team and organizational performance in work organizations (Gibb, 2013).

The national Bank of Ethiopia was established in 1963 by proclamation number 206 and began operation in January 1964.Perior to this proclamation the Bank used to carry out dual activities, i.e. Commercial banking and central banking. The proclamation raised the Banks capital to 10 million Ethiopian dollar granted broad administrative autonomy and juridical personality. The NBE was entrusted with the following responsibilities: To regulate the supply and cost of money and credit, To manage and administer the countries international reserve, To license and supervise banks and hold commercial banks reserves and lend money, To supervise loans, To issue paper money and coin, To act as an agent of government, To fix and control foreign exchange rates and many more.

Since the need for training and development is of no question, organizations have to conduct it effectively and efficiently. NBE has its own training and development institution, EIBI, to upgrade the skills and knowledge of governmental and also private banking and insurance employees in general and its employees in particular. More over the bank also sends abroad some of its selected staffs particularly management staff members for the training and development program provided by World Bank and IMF. To become a successful organization, companies may be required not only to place a greater emphasis on training but also to change human resource management systems to support learning. NBE to carry out its mandated supervisory roles it needs to have a well-articulated and designed HR development

policy and implementation, Accordingly, the objective of this research was to explore and asses the NBE's approach to human resource development practices.

#### **1.2Statement of the problem**

In today changing global context, both individual and collective skills are the most important assets for organizations and determine their productivity competitiveness. Employees must have the ability to adapt and to be proactive when faced with an uncertain environment. Thus, HRD is a key strategy for generating skills in people, since it enables them to both learn and unlearn skills. In other words employees will acquire new skills and change inappropriate skills that would not fit the organization (Pineda, 2010).

Successful organizations attribute their past successes partly to the way they deal with their people (Bowen &Ostroff, 2004). This is especially true within developing countries service sector such as National Bank of Ethiopia. Because they are mainly labor intensive, they are judged on the basis of the performance of their human resources. Well trained and motivated workforces are the lifeblood of an effective state (World Bank, 1997).

The most important question for human resource development (HRD) professionals is not how many employees are trained/developed, but how they are trained/developed, retained, and utilized. That is, employees" competence (ability to do), motivation (willingness to work), conducive working condition (transfer of learning), and retention (willingness to stay) are crucial if organizations are to retain the maximum contribution from their employees and create organizational excellence (Mussie, Craft, Subhani and Tewolde 2015)

Human Resource Development (HRD) is the framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. HRD is one of the most significant opportunities that employees seek when they consider you as an employer. The ability, and encouragement, to continue to develop their skills help you to retain and motivate employees. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development (Heathfield, 2017).

The factors or indicators of good HRD practices are Presence of clearly written and operational HRD/training policies:, Continuity of 'Training Needs Assessment' (TNA):, Presence of written and acceptable trainee-selection procedures:, Linkage of HRD programs to organizational objectives and strategy:, Linkages of HRD programs to other HR programs and policies:, Capacity of the organization to finance HRD programs:, Commitment of board of directors and top management to HRD:, Conduciveness of the working condition (transfer of training to work place):and Continuity of monitoring and evaluation of HRD programs: In order to deliver the collective skills of employees that in turn make the company reach higher level productivity, the HRD being applied must be efficient. An effective and efficient HRD has various pillars and key indicators. One main component that makes an effective HRD includes a pre-existing policy guideline that gives a clear indication of the objective. Also the timeliness of the development is another factor that contributes to the efficiency of the development that is being given. The objectives of the development may arise from a need assessment done by the company, which is considered another key component of an effective HRD. The timeliness and the appropriate choice of the employees can also be considered (Mussie, Craft, Subhani and Tewolde, 2015).

The National Bank of Ethiopia has had various human development sessions for its employees. As stated in the five years balanced score card (from 2005 to 2009) of the Bank; lack of skilled, knowledgeable, and motivated human resources with the right attitude was a major problem regarding the issue of employees. The prevailing problem regarding employees is a reflection of the problems of Human Resource Development Session. The delivery of efficient and effective training is required to enhance the productivity of employees and improve their performance. Therefore the existing gap between the Bank giving Human Resource Development sessions and not being able to see changes in the employees' behavior can be considered as a major break that can be researched. Therefore this paper has tried to assess the Human resource Development of the Bank, question the existing system and give suggestions so as to attain the pre specified objective.

### **1.3 Research Questions**

The study entails to address the following research questions keeping in mind answering these questions can give a brief and detailed knowledge about the subject matter.

- ➤ What does the HRD policy of the Bank look like?
- ▶ How does the Bank select employees to be part of HRD program?
- > What are the components of HRD activities in NBE?
- ➤ What are the strength and weakness of the Bank's HRD policy?

# **1.4 Objective of the study**

#### 1.4.1 General Objective:

The General objective of the study is to assess the Human Resource development practice of NBE.

#### 1.4.2 Specific Objectives:

The Specific objectives are

- > To assess the format of HRD policy of the Bank.
- > To assess how the Bank select employees to be part of HRD program.
- > To describe the components of training and development in NBE.
- > To identify principal weakness/strength of HRD policy and practice of the bank.

## 1.5 Significance of the study

- The primary importance of the study is assisting the HR policy formulating bodies and decision makers of NBE to give due emphasis to HRD and devise different mechanisms in order to scale up and continuously upgrade the employees' expertise to improve organizations' performance. Thus, it shall give signal to the human resource management to take remedial action.
- Second, the final report of this research paper to be served as a reference for further researchers who have interest to study on the subject of HRD practices.

The student researcher has benefited from this paper because this gives the chance to comprehend the existing knowledge about HRD theories and practices and in the process has come up with new practical evidences of HR practice with the case study referenced.

#### **1.6Delimitation**

For this paper the research focus on NBE's head office, since there are no branches in Addis Ababa and the only liaison office they have is in Dire Dawa which is geographically inconvenient to collect data and its purpose is limited to only as a FOREX office. Since HR is the core element of any organization developing this basic asset is very important ,that's why the paper focus on HRD, other issues like employee recruitment or employee retention are not covered due to the vast nature of the topic.

Besides as a governing organ of the financial sector NBE has mandate and responsibility engaging in HRD activities of other financial institutions but this research confined to the HRD practice of the bank itself internally.

Finally the paper covers only the five year practice of the Bank which is from 2005-2009 e.c practices before the period are not considered as it is difficult to collect and analyze the data, besides the researcher fells the recent activities will show a better picture of the Bank to the reader.

#### 1.7 Organization of the Study

The rest of the paper is organized as follows: chapter two reviews the theoretical and empirical literatures on human resource development. Chapter three deal with research methodology, methods and techniques applied in this paper. Chapter four presents the secondary and primary data analysis. Finally, chapter five will contain the summary, conclusion and recommendations.

# **1.8 Definitions of Key Terms**

The following definitions of terms used in this study are adapted from related literatures and modified to suit the study.

**Human Resource:** refers to the talents and energies of people who are available to an organization as potential contributors to the creation and realization of the organization's mission and vision.

**Development:** means improving the existing capabilities to the human resources in the organization and helping them to acquire new capabilities required for the achievement of the organizational as well as individual goals

**Human resource development:** it is a framework for helping employees developing their personal and organizational skills, knowledge and abilities to meet current and future job demands.

## **CHAPTER TWO**

#### **REVIEW OF RELATED LITERATURE**

#### 2.1 Theoretical background

Management scholars and practitioners alike have become increasingly interested in learning more about HR practices to enhance employee and organization performance. Basically, there are three dominant theoretical perspectives in their-organization performance literature: universalistic, contingency, and configurationally. A universalistic approach assumes organizations that adopt HR best practices will reap higher performance anytime and anywhere. A contingency approach assumes that organizations that adopt HR practices that best fit their strategy (vertical fit) will achieve higher performance. A configuration approach assumes in order to reach a level of high performance; organizations should adopt HR practices that best fit their strategy (vertical fit) and are consistent among them (horizontal fit) (Mussie, Craft, Subhni and Tewolde, 2015).

The three perspectives outlined all have a basic theoretical grounding in contingency, system theory or organizational behavior theory, human capital theory, and resource based theory. There is empirical support for each of the three main perspectives of HR and performance, but consistently stronger support for the universalistic perspective with its view that those organizations that use more high performance HR practices (sets of practices high-performance work system) report higher performance. The general perspective represented by this stream of research is sufficiently encouraging to suggest that it continues to improve. The above theoretical arguments provide necessary insight into how HR policies and practices translate into higher performance. Thus, the logic connecting the HR practices and performance is intuitively appealing and supported by theoretical arguments from a number of disciplines (*IBID*).

Most of the HRD theories and conceptual frameworks are based on HR in the private sector and from Western perspective. However, the context within which employees are managed (staffed, developed, and utilized) in the public sector is different from that of the private sector organization. Thus, the main objective of this paper is to assess the HRD practice of the national bank of Ethiopia which is a public organization in a developing country.

#### 2.2 Definitions and Concepts of HRD

The term human resource development (HRD) is coined in 1970 and offered a model with three components: training, education, and development (Nadler and Nadler 1991). Defining HRD is not easy and up till now not a single point of the view or framework of HRD has been predominant (Dilworth 2003). There is no single agreement on the definition of the field and that HRD is rather a mosaic of multiple perspectives. For many people HRD is synonymous with organizing training courses in the workplace. That is part of HRD, but there are also broader and deeper concerns (Weinberger, 1998)

HRD as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change, also, HRD ensures a match between individual and organizational needs (Kumar, 2012).

HRD involves observation during the assessment needs at work at various levels and in various ways. It involves planning, through setting objectives for HRD at work interventions to achieve specific kinds of outcome. It involves action, in professionally delivering HRD at work using a range of techniques. And it involves review, through evaluating HRD experiences and outcomes, from testing what learners have learned to assessing costs and benefits (Gibb, 2013).

HRD is the individual development, career development, and organization development roles to achieve maximum productivity, quality, opportunity, and fulfillment for organization members as they work to accomplish the goals of the organization (Pace, Smith, Pills 1991). HRD is a process, covering training of new employees, their adaptation, professional development, reskilling, career development and reserve formation, in order to improve and develop personal and team work performance, having combined organizational and personal employees' objectives and needs, and allowing employees continually develop, in this way achieving the best possible results of the organization. (Kumpikaite, 2004)

The study of HRD indicates that views on what constitutes HRD vary considerably. Traditionally, various terms were used such as training, development and education. The more contemporary terms are Human Resource Development (HRD) and Human Capital Development Human resource development is: "planned and continuous process of helping employees to become better at their tasks, knowledge and experiences through training, education and development programs" (Mondy and Noe, 1990).

From this definition we can understand that HRD is planned and continuous effort of organizations to enhance employees' task performance, knowledge and experiences. Therefore, HRD is primarily designed to benefit both organizations and employees through: improving employees' task performance and supporting employees' knowledge and experience development. The other concept that we infer from the definition is that HRD is done through three methods: training, education and other development programs. Training program is directed toward helping employees effectively perform their jobs after training, while developmental program helps the individual handle future responsibilities, with little concern for current job duties (Werther and Davis, 1996).

From the study conducted on current literatures of HRD shows that scope and nature of HRD is characterized by a view that HRD is too amorphous concept. The amorphous nature of HRD makes very difficult to clearly determine the scope of HRD. Yet, if HRD has a role to play in helping organizations develop, then there is a need for HRD professionals in an organization to accept that HRD itself is a continuously evolving, adaptive concept; and they need to embrace change and ambiguity in order to help individuals, groups and organizations (David, 2001).

#### 2.3 Purposes and Importance of Human Resource Development System

The fundamental purpose of HRD system is to enhance resource capability in accordance with the belief that the human capital of an organization is a major source of competitive advantage. It is therefore about ensuring that the right quality people are available to meet present and future needs. This is achieved by producing a coherent and comprehensive framework for developing people. Some specific purpose of HRD are: to develop intellectual capital and promote

organizational, team and individual learning by creating a learning culture– an environment in which employees are encouraged to learn and develop and in which knowledge is managed systematically (Armstrong, 2006).

The main purpose of HRD systems is: To develop the capabilities of each employee as an individual, To develop the capabilities of each individual in relation to his or her present role, To develop the capabilities of each employee in relation to his or her expected future role(s), To develop the dyadic relationship between each employee and his or her supervisor, To develop the team spirit and functioning in every organizational unit (department, group, etc.), To develop collaboration among different units of the organization and to develop the organization's overall health and self-renewing capabilities which, in turn, increase the enabling capabilities of individuals, teams, and the entire organization.(Gupta, 2001).

Management development is designed to improve the overall effectiveness of managers in their present positions and to prepare them for greater responsibility when they are promoted. It is a process by which managers gain the experience, skills, and attitudes to become or remain successful leader in their enterprises. Among other things, making the organization a better environment to work is the responsibility of a manager. To effectively discharge this and other managerial responsibilities organizations must provide an opportunity for managers to improve their knowledge and skills through management development program (Stoner, et.al., 1996, Glueck, 1978).

HRD is a series of activities that support behavioral change and learning opportunities for employees HRD activities aim to develop employee skills and resilience to the current and future demands of the organization. The overall objective of HRD activities is to achieve high performance in organizations (Haslinda , 2009).

The deliberate development activities of HRD can be easily misaligned with learning and training programs seeking only to provide information or specific skills to employees. However, as this review illustrates, HRD constitutes purposeful actions that intervene with the natural learning process, driving employees to adopt behaviors and develop mental and physical

attributes. Therefore, the purpose of HRD is fundamentally connected to training and development of personnel proactively to address change (de Waal, 2007; Stewart &Sambrook, 2012).

The purposes for Human Resource development fall into two major areas -(1) the organization and (2) the individual – but these need not be mutually exclusive. Indeed, it is desirable that they could overlap, but no attempt should be made to force that relationship. For an organization, there can be several purposes for HR development. An important one is that organizations are continually changing, and it is not always possible to know the direction in advance.

#### 2.4 Components of Human Resource Development Practice

Economists have comprehensively listed eight components of HRD that are food and nutrition, clothing, housing and sanitation, health facilities, education, information media, energy, consumption and transport. Myrdal comprehends that when an individual need regards to the above eight components is satisfied human resource development is accomplished (Mydral, 1961).

In 1998 The Health and Family Planning Manager's Tool kit human resource development (HRD) assessment instrument for non-governmental organizations (NGO's) and public sector health organizations gives the components of HRD are **HRD Capacity:** consisting Budget and HRD staff. **HRD Data**: includes Budget Employee Data, HRD Staff Computerization of Data and Personnel Files. **HRD Planning:** Mission and Goals and HRD Planning. **Personnel Policy and Practice:** consists of Job Classification System, Compensation and Benefits System, Recruitment, Hiring, Transfer and Promotion, Orientation Program, Policy Manual, Discipline, Termination, Grievance, Procedures, Other Incentive Systems, Union Relationships, Labor Law Compliance. **Performance Management:** Job Descriptions, Supervision, Performance Planning and Evaluation. **Training:** Links to External Pre-Service Training, Management/Leadership Development, Staff Training.

The specific objectives of strategic HRD are to develop intellectual capital and promote organizational, team and individual learning by creating a learning culture an environment in which employees are encouraged to learn and develop and in which knowledge is managed systematically. HRD has five major components this are organizational learning, individual learning and development, blended learning, training and management development (Armstrong, 2006).

#### 2.4.1 Individual Learning and Development

The concept of human resource development should necessarily cover the individual development to facilitate and enhance teams and organization developments. As Armstrong clearly shows, the major focus of HRD is on individuals. In this sub section, the main components of individual learning and development which are Self-directed learning, coaching and mentoring techniques will be discussed.

#### 2.4.1.1 Self-Directed Learning

Self-directed learning involves encouraging individuals to take responsibility for their own learning needs, either to improve performance in their present job or to develop their potential and satisfy their career aspirations. It can be based on a process of recording achievement and action planning that involves individuals reviewing what they have learnt, what they have achieved, what their goals are, how they are going to achieve those goals and what new learning they need to acquire. The learning program can be 'self-paced' in the sense that learners can decide for themselves up to a point the rate at which they work and are encouraged to measure their own progress and adjust the program accordingly (Harris, 2008).

Self-directed learning is based on the principle that people learn and retain more if they find things out for themselves. But they still need to be given guidance on what to look for and help in finding it. Therefore, in self-directed learning, learners have to be encouraged to define; with whatever help they may require, and what they need to know to perform their job effectively. Furthermore, learners need to be provided with guidance on where they can get the material or information that will help them to learn and how to make good use of it. Learns also need support from their manager and the organization with the provision of coaching, mentoring and learning facilities, including e-learning (*IBID*).

## 2.4.1.2 Coaching

Coaching is aimed at the rapid improvement of skills, behavior and performance, usually for the present job. A structured and purposeful dialogue is at the heart of coaching. The coach uses feedback and brings an objective perspective. They noted that the boundaries between what a coach, mentor, counselor or organization development consultant do are inevitably blurred – they all use similar skills (Hirsh and Carter, 2002). The need for coaching may arise from formal or informal performance reviews but opportunities for coaching will emerge during normal day-to-day activities. Coaching as part of the normal process of management consists of:

- making people aware of how well they are performing by, for example, asking them questions to establish the extent to which they have thought through what they are doing;
- controlled delegation ensuring that individuals not only know what is expected of them but also understand what they need to know and be able to do to complete the task satisfactorily; this gives managers an opportunity to provide guidance at the outset – guidance at a later stage may be seen as interference;
- using whatever situations may arise as opportunities to promote learning;
- Encouraging people to look at higher-level problems and how they would tackle them.

Coaching should provide motivation, structure and effective feedback if managers have the required skills and commitment. As coaches, managers believe that people can succeed, that they can contribute to their success and that they can identify what people need to be able to do to improve their performance.

#### 2.4.1.3 Mentoring

When an older, more experienced member of an organization takes a junior colleague "under his or her wing" Aiding in the organizational socialization of the less experienced person and passing along knowledge gained through years of living within the organization, a mentoring relationship is said to exist.

Mentoring can be defined as a method of helping people to learn, as distinct from coaching, which is a relatively directive means of increasing people's competence. It involves learning on the job, which must always be the best way of acquiring the particular skills and knowledge the job holder needs. Mentoring also complements formal training by providing those who benefit from it with individual guidance from experienced managers who are 'wise in the ways of the organization' (Armstrong, 2006)

#### 2.4.1.4 Blended learning

Blended learning (sometimes referred to as hybrid learning) has a complex heritage that has evolved from the distance and open education movements and the development of online or e-learning (Friesen, 2012). It is the combination of different modes of delivery that take into account the learner's environment, motivation and learning styles with different theoretical approaches. Recognition of the need to blend learning avoids the pitfall of over-reliance on one approach. It means using conventional instruction, e-learning and self-directed learning as well as experiential learning.

#### 2.4.2 Training

Training is an important tool of HRD and it refers to the organizations effort to improve an individual ability to perform a job or organizational role (Dunn and Stephens, 1972). Training enables employees to undertake with greater responsibility and efficiency. The basic idea or objective of training is to reduce waste in the use of manpower, money, machine and material.

Training is the use of systematic and planned instruction activities to promote learning. The approach can be summarized in the phrase 'learner-based training'. It involves the use of formal processes to impart knowledge and help people to acquire the skills necessary for them to perform their jobs satisfactorily. It is described as one of several responses an organization can undertake to promote learning (Desalegn, 2010).

Training is the planned and systematic modification of behavior through learning events, programs and instruction, which enable individuals to achieve the levels of knowledge, skill and competence needed to carry out their work effectively. Training will improve the employees" performance and productivity. Apart from recruiting, selecting, orienting and placing employees in jobs do not ensure success. In most cases, there may be gap between employee knowledge and skill and what the job demands that could be filled through training programs (Haslinda, 2009). Training can be given internally and externally. Internally, could be on-the-job at the work station and off-the job through lecture and demonstration, while externally, by universities and colleges to develop depth expertise.

#### 2.4.3 Management Development

Management development is the overall concept that describes the many ways in which organizations help employees develop their personal and organizational skill, either as management in a management job or with an eventual management job in mind.

Organizations need a process for developing the skills of these managers as these employees direct and organize the work of all of your other employees. Additionally, if you want to retain your best managers most significant among their needs from work is the opportunity to continue their personal and professional carrier (Susan, 2017)

Management development is designed to improve the overall effectiveness of managers in their present positions and to prepare them for greater responsibility when they are promoted (Stoner, et.al., 1996). Management development is the process by which managers gain the experience, skills, and attitudes to become or remain successful leader in their enterprises. Among other things, making the organization a better environment to work is the responsibility of a manager. To effectively discharge this and other managerial responsibilities organizations must provide an

opportunity for managers to improve their knowledge and skills through management development program (Glueck, 1978)

Management development is a process of individual managerial competencies and providing activities and experiences designed to build individual managerial competencies based on these assessment. Management development contributes to business success by helping the organization to grow the managers it requires to meet its present and future needs. It improves managers' performance, gives them development opportunities, and provides for management succession. Development processes may be anticipatory (so that managers can contribute to long-term objectives), reactive (intended to resolve or preempt performance difficulties) or motivational (geared to individual career aspirations) (Armstrong, 2006).

A systematic approach to management development is necessary because the increasingly demands made on line managers mean that they require a wider range of developed skills than ever before. Managers need the ability to: empower and develop people – understand and practice the process of delivering objectives through the capability of others; manage people and performance – managers increasingly need to maintain morale whilst also maximizing performance; Work across boundaries, engaging with others, working as a member of a team, thinking differently about problems and their solutions; Develop relationships and a focus on the customer, building partnerships with both internal and external customers; Balance technical and generic skills – the technical aspects of management and the management of human relationships(Tamkin, Hirsh & Tyers, 2003).

Three elements have to be combined to produce an effective management development system: *Self-Development* – a recognition that individuals can learn and that the initiative for development often rests with the individual; *Organization-Derived Development* – the development of the systems of formal development which belongs to personnel and management development specialists; and B*oss-Derived Development* – those actions undertaken by a senior manager with others, most frequently around real problems at work(Mumford ,1993)

#### 2.4.4 Organizational Learning

Organizational learning has been defined as a process of coordinated systems change, with mechanisms built in for individuals and groups to access, build and use organizational memory, structure and culture to develop long term organizational capacity'. *Organizational learning* is taking steps to enhance intellectual capital and the organization's resource-based capability by developing a learning organization (Marsick, 1994)

Organizational learning strategy aims to develop a firm's resource-based capability. This is in accordance with one of the basic principles of human resource management, namely that it is necessary to invest in people in order to develop the human capital required by the organization and to increase its stock of knowledge and skills (Armstrong, 2006)

Garvin (1993) as cited by Armstrong 2006 defines a learning organization as one that is 'skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights'. He suggested that learning organizations are good at doing five things:

1. *Systematic problem solving*, which rests heavily on the philosophy and methods of the quality movement. Its underlying ideas include relying on scientific method, rather than guesswork, for diagnosing problems

2. *Experimentation* – this activity involves the systematic search for and testing of new knowledge. Continuous improvement programs – 'kaizen' – are an important feature in a learning organization.

3. *Learning from past experience* – learning organizations review their successes and failures, assess them systematically and record the lessons in a way that employees find open and accessible. This is called the 'Santayana principle', quoting the philosopher George Santayana who coined the phrase: 'Those who cannot remember the past are condemned to repeat it.'

4. *Learning from others* – sometimes the most powerful insights come from looking outside one's immediate environment to gain a new perspective. This process has been called SIS for 'steal ideas shamelessly'. Another, more acceptable word for it is 'benchmarking' – a disciplined process of identifying best practice organizations and analyzing the extent to which what they are doing can be transferred, with suitable modifications, to one's own environment.

5. *Transferring knowledge quickly and efficiently throughout the organization* by seconding people with new expertise, or by education and training programs, as long as the latter are linked explicitly with implementation.

One approach is to focus on collective problem-solving within an organization. This is achieved using team learning and a 'soft systems' methodology whereby all the possible causes of a problem are considered in order to define more clearly those that can be dealt with and those that are insoluble. A learning organization strategy will be based on the belief that learning is a continuous process rather than a set of discrete training activities. It will incorporate strategies for organizational learning as described above and individual learning as discussed below (Senge, 1990).

#### 2.5 The Human Resource Development Process

In today's changing environment, employees at all levels need additional training and opportunity to managers to develop their management thinking. In this respect, organizations are required to be engaged in continuous employees training and management development programs. As (Mondy and Noe, 1990) explained it below, the steps in the human resource development process are:

- 1. Identifying training and development needs
- 2. Establishing training and development objectives.
- 3. Selecting training and development methods and media.
- 4. Implementing the actual training and development program.
- 5. Conducting evaluation and follow-up.

#### 2.5.1. Need Assessment

The first step in human resource development process is to identify training and management development needs. Since training and development is a need-oriented effort, determining the level, type and duration of the training and development is of prime importance at this stage of the process. If human resource development need analysis is incorrect at this stage:

- > Then the later development activity will be inappropriate
- > Organization could end up in wasting time, resource and also demotivating staff.
- Employees will develop negative attitudes towards future program.

The dominant framework for identifying organization's human resource development needs has been McGehee and Thayer's three-category need analysis approach (Scarpello and Ledvinka, 1988), this are

- 1) Organizational analysis
- 2) Task (job) analysis
- 3) Person analysis

Organizational analysis is the process of identifying job-related knowledge and skills that are needed to support the organization's short-range and long-range goals (Scarpello and Ledvinka, 1988). This implies that organization's strategic goals and plans must carefully be examined in line with the human resource planning. In this approach, information related to organizational structure, size, growth, objectives and other factors is gathered to effectively determine where and how training and development programs should be conducted.

Task or job analysis approach refers to the determination of skill and knowledge, the job requires. Another training and development need analysis approach is person analysis. Here the Concentration is on the individual employee. It is used to analyze the substantive knowledge and skill possessed by the employee (Scarpello and Ledvinka, 1988).

#### 2.5.2. Training and Development Objectives

Once training and development needs are clearly identified, the next process is to establish objectives. An objective is a specific outcome that the training or the development programs intended to achieve. In most cases, training and development objectives are set for the trainees. These objectives define the performance that the trainee should be able to exhibit after training .Human resource development experts suggest that objectives should be stated explicitly and answer the following questions (Scarpello and Ledvinka, 1988):

- 1. What should the trainees be able to do after training?
- 2. Under what conditions should the trainee be able to perform the trained behavior?
- 3. How well should the trainee perform the trained behavior?

Training and development objectives must be specific, measurable and time-targeted (Werther and Davis, 1996). Objectives with such characteristics serve a number of purposes. They assist in developing the criteria to be used in evaluating the training or development outcome. Objective and the evaluation criteria also help in choosing relevant instructional method, media, and material.

#### 2.5.3. Instructional Method and Media

The instructional method and media depend on the program content. The content in turn is shaped by training or development need identification and established objectives. The objective here may be to teach specific skill, provide needed knowledge, or try to influence attitudes (Werther and Davis, 1996). The content, method, and media must match the job requirement of the organization and the learning style of the participant. Training and development are more effective when learning is based on principles. Learning Principles are guidelines to the ways in which people learn most effectively (Werther and Davis, 1996).

#### **2.5.4. Implementing the Human Resource Development Program**

Human resource development program should aim at enabling organizations to achieve their objectives. Hence, the program should be set up after having clear-cut objectives in mind. In every program decisions have to made as who should be trained, who are the instructors, where and when the program is to be conducted and what are the material requirements. Moreover providing answers to questions like what skills are going to be taught, what kind of employee development is sought, what long or short-term objectives are proposed will determine the design and details of the programs. Since human resource development program decisions are based on cost considerations, the management must believe that the program will:

- Increase the skill and knowledge of employees and hence, they will perform better towards organizational success.
- > Motivate employees to learn and attain their personal goals.
- Provide feedback to improve the program.( Chatterjee ,1995)

## 2.5.5. Evaluation of Training and Development

Evaluation is the final phase of the training and development program. It is a means to verify the success of the program, i.e. whether employees in the program do the jobs for which they have been trained. The concept of evaluation is most commonly interpreted in determining the effectiveness of a program in relation to its objectives. Human resource development is an investment in people. The major reason management investment in training and development program is that to help employee to perform better in the achievement of organizational objectives. Hence, evaluation is a means to assess the cost/benefit of the program to the organization (Ahuja, 1988). However, as Milkovich and Boudreau (1991) noted, evaluation is like brushing your teeth after every meal every one advocates it but few actually do it. Evaluation can be done for various purposes. It may be done:

- To increase effectiveness of the program while it is going on.
- To increase the effectiveness of the program to be held next time.
- To help participants to get feedback for their improvement and efficiency.
- To find out to what extent the objectives are achieved
- -Evaluating the worth of specific programs, sets of measurement criteria should be identified.

# Table 2.1 Summary of criteria used to review HRD practices of an organization

	Criteria	Employees perceived strength
1	Importance give to HRD	
	Top management's commitment to HRD	
	Focus on employee development throughout	
	Participation in HRD at all levels	
	Every one trained in HRD	
2	Good HRD system, Department and Staff	
	Good HRD department	
	Competent personnel involved in HRD	
	Integrated HRD system	
	HRD is synchronized with culture	
	Linkage of HRD with long-term planning	
3	Supportive Personnel policies	
	Well defined personnel policies	
	Sound recruitment policies	
	Better compensation and job security	
	Good welfare schemes	
	Good use of personnel data	
4	Organization Culture	
	Quest for excellence	
	Culture of openness	
	Credibility and fairness of top management	
	Encouraging experimentation/ risk taking	
	Informality	
	Team sprit	
	Non- bureaucratic organization	
	Emphasis on individual strengths	
	No competition among employees	
	Good climate for HRD	
5	Training	
	Emphasis on need-based training	
	Good internal faculty for training	
	Adequate finance for training	
	Good training center	
6	Other HRD subsystems	
	Good performance appraisal system	
	Good career planning systems	
	Counseling	
	Role clarity	
7	General	
	Young and qualified work force	
	Capable employees	
	Support by the board	

Source: C.B. Gupta (2001)

#### **2.6 Empirical Review**

Prior research indicate that in spite of the importance of allocating resources for an adequate budget for HRD purposes, many countries, recently, have decreased their investment in HRD (e.g., Berman et al., 2012; ILO, 1998; Pfeffer, 1994). In the words of Berman et al. (2012), "training is often the forgotten budget item". Under short-term budget pressure, HRD is often the first thing to be cut. However, Berman et al. (2012) argued that personnel have to be treated as enough attention is not being given to the need for follow-up (monitoring and evaluation) after HRD. In connection to HRD, an important question is not how many employees are trained, but how they are trained/developed, utilized, and retained that matters (Mussie et al., 2005).

Critics argue that the purpose of HRD is to improve productivity and financial outcome with little to no regard for the psychological issues within an organization. The contradictory needs of employers and employees separate HRD activities from the overall organizational values and goals. Such separation leads to power imbalance within an organization and shifts HRD from operational and humanistic to a strategic maneuver in a competitive struggle amongst organizations. Some theorists have even placed a portion of the 2008 financial crisis blame on HRD Regardless, blame misplaced or not, HRD has gained notoriety in current organizational management and leadership. As such, ignoring HRD and its implications on organizational success would negate arguably the largest impact in history on organizational performance (MacKenzie, Garavan, &Carbery, 2012).

HRD contributes to economic development. It does not by itself make such growth possible. Employers' organizations of Asian and Pacific developing countries face the challenge of defining their HRD role. Their decision will affect the standing and relevance of their organizations to enterprises and their contribution to the economic and social development of their countries in the 21st century (ILO, 1996).

Kumpikaite has made analysis and synthesis of the scientific literature and empirical research covering 37 Lithuanian companies, identified that only 32.43 % of examined organizations started to implant concepts of a learning organization and most of the companies are around the

formalized approach to Human Resource Development. Participation in learning and human resource development is contested by all kinds of situational aspects, such as power relationships, status, and sticking to old habits (Kumpikaite, 2008)

HRD practice of Ethiopian Electric power corporation even though they feel that there is good environment for training and development most employees feel that there is imbalance between the different sections and professions i.e. the learning and development activities are focused on technical and for engineering department. It is also argued that the link between training and development activities and their job skill requirements are not matched and they do not feel that they have impact on the promotional path of their career. Besides the unavailability of formal performance counseling in line with lack of integrity for mentoring and coaching activities make the staff to have negative attitude towards the HRD activities of the company (Desalegn, 2010)

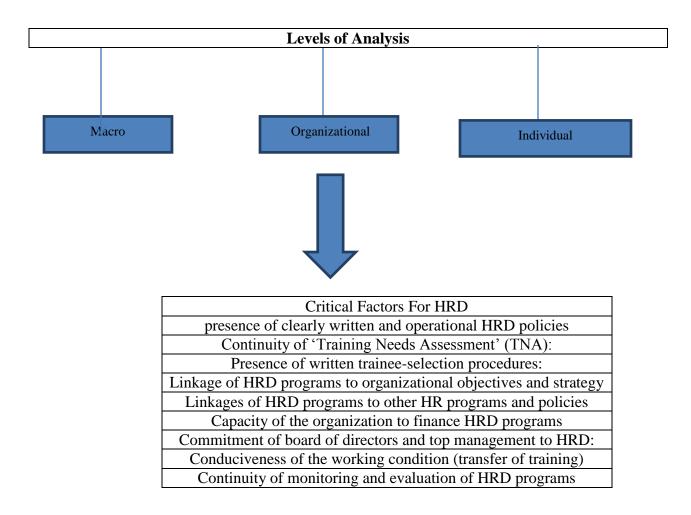
The ministry of Agriculture and natural resource is practicing the HRD manual and committed to improve its employee's knowledge and skills .Employees feel motivated after they have got education and training besides assisted them to perform their job quickly and efficiently. The ministry is practicing fair treatment in providing education and training to all its employees. There is improvement of educational level and supply of good training program and employees in the ministry are willing to accept more challenging assignments after they get further education or training. Contrary to the good parts HRD department has no experience in collecting trainees' feedback after their return from training or education and also do not use it to improve and provide effective training. HRD practice in the ministry does not decreased turnover of employees, this is because of other factors like need for better salary and status they leave the organization (Zemzem, 2016)

According to impact of HRD on business performance an empirical study of selected SMEs in Japan the results found in this study established a clear positive relationship between HRD practices and a firm performance in SMEs. Although most previous studies have not able to establish a strong relation between HRD practices and firm performance in SMEs, this study, based on Japanese manufacturing SMEs, found a highly significant positive relation between the above two variables. Practically, this should encourage all SMEs to begin HRD programs, no

matter how small that program may be. Accordingly, owner(s)/manager(s) in SMEs should give special attention to the HRD practices in order to get better performance through their increased skills, attitudes and motivation (Gamage, 2007).

Moreover, this study was able to uncover the process through which HRD practices influence on business performance in SMEs. This is very much useful for SME supportive agencies and policy makers. As policy makers and SME supportive agencies, the results of this survey can be used to map out strategies to make HRD more attractive to owner(s)/manager(s) in SMEs. The present research design presumed the simultaneous effect of HRD practices on employee skills, attitudes and motivation. It is more reasonable, however, to presume that there is a time lag in this casual mechanism. For example, there should be a time lag between an implementation of HRD practices and the resulting change in employee skills, attitudes and motivation.

# **2.7 Conceptual Framework**



Adapted from Mussie et.al 2015 Assessment of HR Development practice: A Conceptual Framework

**Presence of clearly written and operational HRD/training policies:** training policy is a policy that outlines the scope of all training activities, approaches to training needs, assessment of the priority and financing arrangements, the roles and functions of different categories of training institutions and mechanisms for coordinating their work, linkage of training to career planning and development and guidelines for the monitoring and evaluation of training. One of the preconditions for success of public service training is, therefore, the presence of effective and operational training policies. When training programs are developed in isolation from

comprehensive development planning or from general administrative policies and practices, many of the factors that are crucial to successful training may be overlooked (Paul, 1983).

**Continuity of 'Training Needs Assessment' (TNA):** If HRD is to be responsive to the real needs of organizations through improving the relevance of the training programs, conducting proper and continuous training needs assessment is a vital issue. Training needs assessment is the first step in the training cycle. It is critical as it provides the information on which training is based and the latter can be no better than the quality of the analysis permits. The identification of training needs should start with an assessment of the organization goals, objectives and priorities (Kirkpatrick & Kirkpatrick, 2006).

**Presence of written and acceptable trainee-selection procedures:** If HRD is to have an impact; organizations should select trainees who are suitably qualified and motivated/willing to undertake a particular training program. There must be some criteria for the same or similar basis candidates should be selected such as age, educational level, position level, type of career and responsibilities, past experiences, performance records, etc. so that the entire group will consist of suitably qualified candidates to participate in training programs (Mussie, Soeters&Abrham, 2005).

Linkage of HRD programs to organizational objectives and strategy: Another key ingredient in effective HRD is a proper linkage of HRD programs to organizational objectives and strategy. HRD then becomes relevant to the achievement of organizational objectives. The quality of HRD programs in the public sector can be improved only if HRD efforts are integrated with manpower planning of the public sector, which, in turn, has to be integrated with the changing development objectives and strategies of a country.

**Linkages of HRD programs to other HR programs and policies:** Linkage of HRD to other HR programs (placement, promotions, salary, other incentives, etc.) also plays a decisive role in the effectiveness of HRD (Mussie and Astani, 2012). This is because the above linkages greatly affect the motivation of trainees, which subsequently influences the impact of the HRD programs. Before any investment in HRD can be made, there must be an assumption that career structures have been designed on the basis of reliable, objective and established criteria.

**Capacity of the organization to finance HRD programs:** The adequacy and reliability of financial resources is one of the key factors for success of HRD (Blanchard & Thacker, 2013). An important factor influencing HRD is its financing and funding. There are varying practices and the proportion of funds allocated by organizations for training purposes differs widely.

**Commitment of board of directors and top management to HRD:** There is no doubt that, like all national development programs and projects, the success of HRD initiatives is contingent on the active support of both policy makers and senior public servants (Mussie et al., 2012).

**Conduciveness of the working condition (transfer of training to work place):** If HRD is to have an impact, there should be suitable working environment where trainees are able to apply what they have learned (Kirkpatrick & Kirkpatrick, 2006). Senior managers have to encourage trainees to practice what they have learned by creating a favorable work environment. If senior managers do not provide opportunities for the trainees to apply newly acquired knowledge and skills, the benefits from an effective HRD program will be quickly lost.

**Continuity of monitoring and evaluation of HRD programs: It** is believed that if there is no effort to monitor and evaluate the effectiveness of an HRD program, the function may in reality mean wastage of time and money. HRD may, then, do greater harm to an organization. The supposed panacea may turn out to be a scapegoat. It is, therefore, essential to see that an HRD ensures its continuity by providing the returns that are greater than the costs incurred in its operation (Kirkpatrick & Kirkpatrick, 2006).

# CHAPTER THREE 3.1 RESEARCH DESIGN AND METHODOLOGY

The purpose of this section is to provide a description of the study area, research design, population size and sampling technique, types of data and instruments of data collection and finally methods of data analysis in which the study will be carried out.

## 3.1.1 Research Design and Approach

Applying most appropriate research methodologies have paramount importance to gather the relevant data to address the study objectives. According to Creswell (2003), there are three major research philosophies which include positivism, constructionist and pragmatic that the researchers should consider in selecting appropriate methodologies for their studies. For this study the researcher selected the pragmatic one. This is because pragmatism opens the door to multiple methods, different worldviews, and different assumptions, as well as to different forms of data collection and analysis. As a philosophical underpinning for mixed methods studies Patton (1990); Tashakkori and Teddlie (1998); and Morgan (2007), conveyed its importance for focusing attention on the research problem in social science research and then using pluralistic approaches.

To collect data the survey research design was employed for this study. This is because the survey design is preferable to conduct research employing large number of people questioning about their attitudes and opinions towards the specific issue, events or phenomena (Marczyk & Dematteo, 2005). It also enables the researchers to effectively administer and manage the tasks when the data collection takes place. The study applies cross-sectional survey since the data is collected at one point in time from the sample respondents to describe the total population.

With regard to research strategies, the study employed both qualitative and quantitative ones. Now a day's mixed method is considered as a tool to triangulate the result of single approach through multiple methods (Johnston, 2010). A quantitative method was selected because it is viewed as an effective to gather large data and comprehensive issues at a specified period of time (Ngwenya, 2010). While the qualitative method was selected based on the assumption that it enables the researcher generate meanings and phenomena within the real context of the research participants and to fill the gap left by the quantitative one (Kothari, 2004). Therefore, mixed method was adopted in order to make the study more reliable through triangulation.

## **3.1.2 Data Types and Sources**

As indicated in the previous section, the study employed both qualitative and quantitative data. Since, using both types of data is vital to offset the limitations inherent with one method with the strength of other method (Creswell, 2003). The primary sources of data is collected from the respondents currently working in National Bank of Ethiopia. Part of primary sources data will be also obtained from key informants. To supplement the primary data, secondary data sources is utilized through extensive review of published and unpublished documents. Apart from this, human resource policy and guidelines, personnel training manuals and workshop proceedings about the subject under study are also used. Other key documents such as national policies, development strategies and academic journals related to the study objectives are reviewed to enrich the findings of the study.

## **3.1.3 Data Collection Instruments**

To increase the breadth of information obtained from the respondents in relation to human resource development practices this study uses two types of data collection instruments.

**Questionnaires:** in this study structured questionnaire was prepared in the form of Likert scale to collect the required data in relation to the practices, administration, and awareness of employees and challenges of HRD from the sample respondents. Such data collection instrument is developed in order to gather large data and avoid pressure on the respondents (Creswell, 2003).

**Interview:** is an adaptable way of finding things out. The human language is very useful in opening of what lies behind people's action (Zikgmund, 1994). Interview allows person-to-person discussion that can lead to increase insights in to respondents" thoughts, feelings and behavior on important issues of HRD. Another advantage that can be derived from the interview is its flexibility in expressing different viewpoints on the subject under study. Thus, key

informants (Human resource and Training and Development Heads) were interviewed in depth using unstructured questions during the working hours.

## **3.1.4 Data Collection Procedure**

To gather the required data in relation to the practices, awareness of the employees towards HRD, how HRD is administered and challenges preliminary visits was made in NBE. During this time, secondary data sources pertaining to the subject under study were reviewed and discussions were also held with the respective staff on how and when to make discussions with the respondents. In order to administer data collection through questionnaire the researcher selected to use himself. Then, the questionnaire will be administered during working hours (Monday to Friday) through the researcher's close supervision. This is because the respondents are available only during working days in morning and afternoon. After data is gathered using questionnaire the interviews and focus group discussions was conducted by the researcher with key informants and discussants. To this end, the researcher has a planned and conducted a successfully complete the fieldwork by creating smooth relationship with employees working in the sector bureaus.

## 3.1.5 Validity and Reliability Test

The Content validity of the instruments such as questionnaire and Interview questions has been checked by a panel of HR professionals of NBE as to how the measuring instrument meets the standard. The feedback given to include, exclude and rephrase the questions has been duly incorporated.

Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. Hence, according to literatures Coefficients of .90 or greater are always acceptable and excellent, .80or greater is acceptable in most situations and good, and .70 may be appropriate in some exploratory studies for some indices. The researcher developed 24 items for respondents and tested the reliability of the items and the results of the reliability test for each item are shown below.

Variables	Cronbach's Alpha
Participation of employees on HRD practices.	0.857
Components of HRD practice	0.780
Strength and weakness of the bank's HRD practice	0.793

## **3.1.6 Ethical Consideration**

Before the research was conducted on the selected bank, the researcher informed the participants of the study about the objectives of the study, and was consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider thesepoints because the law of ethics on research condemns conducting a research without the consensus of the respondents for the above listed reasons.

## **3.1.7 Population and Sampling Technique**

There are 922 staff member in National Bank of Ethiopia, including both management and nonmanagement staff. The NBE has only one branch or liaison office in Dire Dawa due to convenience and significance those employees in Addis Ababa will be considered as population. Out of the 922 staff, 80 are managerial staff and the rest are non-managerial. After determining the sample size systematic random sampling is applied to select the sample respondents. The researcher uses formula for calculating the required sample size. The formula was developed by Yamane in (1967).It is calculated as follows

$$n = \frac{N}{1 + N(e)2}$$

Where

n ...Sample size

N....Population size

e.....Sampling error(0.05)

Therefore the total sample size is 278. Since the number of managerial and non-managerial staff is not the same. Proportionate sampling for each category will be calculated as follows

$$n = \frac{nN1}{N}$$

Where, n...Total number of sample

N...Total number of population

N1...Total number of population in each group (Managerial and non-managerial)

Sampling frame of target population

no	Target population	Number of target population	Sample size
1	Managerial staff	80	24
2	Non –managerial staff	842	254
	Total		278

# 3.1.8 Data processing and analysis

In data processing the researcher goes through data cleanup in which the collected raw data was edited to detect errors and omissions and cross checked whether the questions are answered accurately and uniformly and assigning numerical is followed. In order to ensure logical completeness and consistency of responses, data editing and coding has carried by the researcher.

The primary data that collected through questionnaire is analyzed by using descriptive statistics such as mean, frequency and percentage using the help of SPSS. Data is presented using tables depending on the nature of the data. The interview data is thematically discussed in line with the results of the questionnaire. The Analysis consists of examining the data collected, categorizing data based on the response, tabulating and finally recombining the collected data to make sense of it. For the data collected Content analysis is implemented, which is a technique for the categorization of data from documents for the purpose of classification, summarization and tabulation.

# **CHAPTER FOUR**

# DATA PRESENTATION AND ANALYSIS

# 4.1 Demographic Characteristics of the Respondents

This part commences with the analysis of the demographic data gathered from the nonmanagement respondents using frequencies and percentages. Accordingly, the general respondents'' characteristics are presented in Table 4.1 below.

Respondents'	Non-Managen	nent		Management		
characteristics	Categories	Frequency	Percent	Categories	Frequency	Percent
Sex	Male	182	72.8	Male	17	85
	Female	68	27.2	Female	3	15
	Total	250	100	Total	20	100
Age	Under 25	27	10.8			
	25-34	136	54.4	25-34	3	15
	35-44	40	16	35-44	7	35
	45-54	40	16	45-54	7	35
	55 and above	7	2.8	55 and above	3	15
	Total	250	100	Total	20	100
Work experience	0-4	148	59.2	5-9	3	15
	5-9	50	20	10-19	10	50
	10-19	47	18.8	20-30	6	30
	20-30	5	2	>30	1	5
	Total	250	100	Total	20	100
Experience on	0-4	189	75.6	0-4	10	50
current position	5-9	58	23.2	5-9	5	25
	10-19	3	1.2	10-19	5	25
	Total	250	100	Total	20	100

**Table 4.1 Demographic characteristics of respondents** 

Educational level	College	68	27.2			
	Diploma					
	BA/BSc	148	59.2	BA/BSc	4	20
	Master's	34	13.6	Masters	16	80
	Total	250	100	Total	20	100

As we can see from **Table 4.1** above majority of (72%) the non-management respondents are male whereas only 18% constitute females. There is significant level of gender imbalance in the organization. This is more evident when it comes to management employees if we see the difference becomes large where male to female ratio is more than 5 to 1 this shows that even if there may be some explanations for this NBE has to work hard on the gender empowerment issues in the future.

Majority of the non-management staff members are found within the age group below 35 years with a cumulative percentage of 65% where as the most of the management respondents are within the age group greater than 35 with cumulative percentage of 85% and only fifteen percent constitutes between age 25 to 34 and there is no individual in the management in the age group below 25. Though it is common that to hold such positions experience is important but considering the different levels of management it seems there is lack of confidence in the young. All in all having such dynamic age of staff is important for the company which shows that trainable candidates are available.

With regard to work experience more than two third of the non-management respondents have less than a decade experience where as 85% of the management respondents have more than ten years' experience. When we look at experience at the current position most of them have less than five years stay in their position but contrary there are few in the non-management and significant (25%) in the management staff who has stayed more than fifteen years. The above fact shows that there are some problems in empowering the young people with less than a decade experience, which shows some alert that there are some works in relation to that. This shows that experience in the bank is one of the most important criteria's to hold a management level position and the bank did not have tradition of looking for external recruitment. This evident that

in its policy the bank states that though the Bank uses both internal and external sources of recruitment and attracting qualified external applicants are initiated after the internal pool has been exhausted.

The educational status shows that most of non-management has first degree and above educational status where as 80% of the management respondents are second degree holders which still show that the bank has trainable potential employees. This can also imply that management positions require higher educational status or more educational opportunities are provided to management employees.

## 4.2 Document Analysis and Survey result of HRD practices of NBE

As presented under the methodology part of the study well designed questionnaires were prepared and then distributed to the sampled management staff and non-management staff. Accordingly, 278 questionnaires have been distributed of which 24 were for the management staffs and the remaining 254 were distributed to non-management staffs.

The response rate is that 22 of the management and 254 of the non-management questionnaire were returned out of this 20 and 250 respectively were complete and are considered for analysis. Thus, under this section the responses for the questionnaires by both the management and the non-management group are summarized and narrated in tables and then analyzed one by one.

#### **4.2.1 Document Analysis**

To cope with the rapidly changing technologies, that results in new techniques of doing an activity and to facilitate the achievement of the banks objectives, the existing and newly recruited staff need to be refreshed, updated and introduced to the standard of quality on customer handling and providing efficient and effective services. This depends on the capacity building of both the management and non-management staffs through training with new knowledge and practices. In NBE, the human resource department is responsible in facilitating the human resource development program.

Human resource development practice as a continuous process, which matches organizational needs for human resources and the individuals need for a career development. It enables the individuals to gain their best human potential by attaining a total all-rounded development. It also promotes dignity of employment in an organization and provides opportunities for teamwork and personal development. Hence, a well-planned HRD system must be a central part of human resource management in every organization. The first milestone for this is availability and constituents of a well-defined HRD policy and procedure.

HRD policy is a policy that outlines the scope of all training activities, approaches to training needs, assessment of the priority and financing arrangements, the roles and functions of different categories of training institutions and mechanisms for co-coordinating their work, linkage of training to career planning and development and guidelines for the monitoring and evaluation of training. One of the pre-conditions for success of organizations HRD practice is, therefore, the presence of effective and operational training policies (Paul, 1983). When training programs are developed in isolation from comprehensive development planning or from general administrative policies and practices, many of the factors that are crucial to successful training may be overlooked.

As depicted from the HR policy and procedure of the bank has fairly articulated overarching strategies in its strategy documents and clearly placed its human resource– as a means of learning and growth - the base for achieving its strategic objectives, which are the ultimate results of the Bank; the bank recognizes motivated, skilled and disciplined employees are essential to the customers' satisfaction and achievement of the corporate objectives of the Bank. the bank has designed talent management system that includes recruitment, assessment and selection, learning and development, career and succession planning, employee performance management, human resources business partnering, employee relations and communication as well as human resource transaction management systems are focused in capacitating employees to handle increasingly complex tasks by aligning and integrate all the human resources activities in view of the accomplishment of the Bank's vision, mission, values and corporate strategies. The policy also has detailed information about design and adopt job rotations cultivating a hub of versatile staff capable of filling related posts.

The policy and procedure document of the bank entails that it should design a competency model in alignment with its strategies, guiding the talent management and development efforts thereby supporting a corporate culture of excellence; maintain competency database that articulates the specific critical competency requirements for all roles in the Bank; Bank's core values, leadership and technical competencies as specified in the competency directory and competency matrix (competency model) form the basis for employees development needs; shall ensure that training need assessment is conducted prior to the design, development or implementation of the training curriculum; shall derive its training objectives and strategies for a specified periods based on the training need assessments; shall conduct a thorough employees competency gap analysis, every two years, to identify training needs; training curriculum shall include developmental, organizational values, ethical and technical core areas of competencies; shall evaluate the relevance of training contents; quality of training delivery and facilities and also solicit ways for possible enhancements; The Bank shall ensure that the impact of the Bank's learning & development interventions are continuously tracked and evaluated to ensure learning & development objectives are being achieved according to plan; All employees of the Bank shall take part in a training program, at least once every year; Without differing to the corporate objectives, the Bank, shall encourage and support staff development to upgrade their competency levels. However, in an instance of mismatch, the corporate interest prevail; work to improve and expand its Center of Excellence to effectively serve its employees learning and development programs, in particular, and that of the financial sector, in general.

Based on Caldwell (2004) an HRD policy and procedure shall fulfill the following policy and procedure goals and we see where NBE stands in each of the expected components: the first one is considering people as assets that are fundamental to the competitive advantage of the organization. To these end the NBE policy and procedure clearly states that motivated, skilled and disciplined employees are essential to the customers' satisfaction and achievement of the corporate objectives of the Bank. The second one is Aligning of HRDpractices with business policies and corporate strategy and NBE has clearly placed its human resource as a means of learning and growth the base for the ultimate results of the Bank.

Another important aspect of HRD policy and procedures is that whether they have empowered employees to manage their own self-development and learning regarding this the NBEs HRD procedure has how employees prepare their personal development plan (PDP) after 360 degree assessment report feedback discussion is made this shows us that people are involving on their own development plans in the bank.

NBE HR procedure states that annual performance appraisal result shall be used to reward employees on their performance. The performance result shall be used as an input to consider employees for reward in the form of:Promotions;Project assignments;Scholarshipsetc... Developing reward strategies designed to support a performance-driven culture is an important aspect of HR procedures to this end the NBE composition of rewards are very limited.

In a nut shell the bank has a very well defined human resource policy and procedure which has a detail descriptions and responsibilities, activities and accountabilities starting from the recruitment and selection up to separation this is evident that each and every aspect of HR is covered in the document to mention job analysis, job description development, competency identification and selection, job grading and classification, maintaining and updating competency matrix, human resource planning, succession management, career path, internal recruitment details, performance management, learning and development, training, coaching, mentoring, and training evaluation and analysis.

Besides the policy and procedure the performance of the bank in house training like workshops, seminars and short term trainings are organized periodically by the bank using its own senior staff as resource personnel. The external training including of local and oversea or abroad training is also given to selected staffs to update their skills and knowledge. As the sample training and development activities of NBE for the current year presented in indicates both in house and abroad trainings programs are given to employees. The target group or trainees consists of different individuals with different work status from each department of the bank. This shows that the training and development activities encompass all staff with different positions.

Some of the different types of in house training like procurement of financial sector capacity building project, housing finance development, records management, advanced office

management swift training and others were given in NBE- Venue to trainees with different positions for the last two quarters of the year 2016/17. In the same manner abroad training with different training titles such as monetary and foreign exchange operations, Bank supervision using offsite bank examination information, internal auditing and the like were given by different oversea sponsoring institutions like England, Tunisia, U.S.A, Switzerland and others. Most of the time, the target group or trainees for abroad trainings are senior staffs and management group since the number of trainees to be participated in abroad training are limited or restricted by the institutions sponsoring the bank.

# 4.2.2 Participation of employees on HRD practices.

To understand employees' level of satisfaction regarding commitment to employees training; employees were asked whether they have been given training for the last one year or not and 25% of the respondent were not given any training and the remaining one-fourth had taken training with in the last one year. According to the interview conducted with the head of training and development team and the policy and procedure of the bank, it is one of policies to provide a minimum of one training upgrading or refreshing training per person and per year. Thus, it is possible to say that the NBE's training provisional practice have some variance from its own training and development policy.

	Non-	managen	nent	Management		
Items	Ν	Mean	St. devi	Ν	Mean	St. devi
Merit based trainee candidate selection	250	1.8	0.76	20	4.1	0.6
Training need assessment based on	250	2.1	0.83	20	3.8	0.8
performance appraisal						
Training and development programs	250	4.2	0.57	20	3.1	1.03
focus in some work units.						
Opportunities for development and	250	2.33	1.13	20	4.3	0.67
growth for all employees.						
opportunities to improve my skills in	250	2.3	1.54	20	3.9	0.81
the bank						

Table 4.2 participation of employees in HRD programs

Equal access to job-related training and	250	1.97	1.13	20	4.2	0.65
education opportunities.						
Provision of adequate opportunities for	250	2.16	1.26	20	3.87	0.89
promotion.						
Average	250	2.41	1.03	20	3.90	0.63

It is natural that employees would like to have equal access to job-related training opportunities that would help them improve on their skills and enhance their development and growth. Denying employees equal access to job-related training opportunities would likely demoralize employees who would like to go for training. Beside, employees would view this as unfair company's practices. With limited access to job-related training, employees may not be armed with the necessary skills to do a good job. Probably, frustration may set in affecting the morale and productivity of employees.

As far as HRD polices with regard to the provision of training and development is concerned, it is imperative that companies provide the training or skill building needed to improve job performance; as improve job performance no doubt would translate to higher productivity and perhaps company's profits. In this, training needs analysis may be necessary to provide appropriate trainings. As everybody seeks satisfaction in his or her work being able to perform effectively and efficiently is likely to enhance meaningfulness of work. Improved job performance is a factor that relates positively with employees' satisfaction.

As depicted in **Table 4.2**above the mean result for that non-management respondents feel that trainers are not selected with merit is that 1.8 with a standard deviation of 0.76 which shows that the respondents are not feeling that the selection of trainees in the organization have some sort of bias rather than merit based selection even if it is clearly stated in the procedures. Whereas if we see the response of the management respondents, the result contradicts with those of non-management with a mean of 4.1 and 3.8 for the screening on merit base and is based on performance appraisal. There is also resemblance in the results of that need assessment is with related to performance appraisal in which the non-management respondents feel that it is not related. This shows as that whether there is no good communication between the management

and the employees or there exists partiality in practicing the HRD procedure of the bank to employees and to management.

The non-management respondents agree that the banks training and development programs focuses only in some work units with a mean result of 4.2 with a minimum of standard deviation. Whereas the management respondents' response shows that they have a neutral position in this regard. This indicates most of the respondents understand that training opportunities are limited only in some work units in the corporation. From this it is possible to conclude that the organization is not giving fair treatment in providing training to all its work units. This may create a feeling in employees as less worthy than other employees who are given high emphasis in the organizations training programs. The fact the banks training and development programs are concentrated in some work units might be justified with the strategic objective of the bank as it is clearly stated in the Human resource policy and procedure the banks training and development programs shall support the strategic objectives of the bank.

Opportunities for career growth would help reduce the negative impact of the ongoing war for talent. Moreover, it enable employees plan for the future and to be better equipped with the right skills to remain competitive. Providing employees with internal job opportunities is a means of demonstrating that they can realize their career goals inside rather than outside of the company. As mentioned in the literature review part, opportunities for mobility within organization are one of the determinants of employees' satisfaction. Besides, it enhance employees' commitment to the organization; a factor which affects employees satisfaction. Thus, in addition to company nomination, employees have to be given the opportunity to apply and move to new positions as vacancies occur.

The non-management respondents feel that the company is not providing opportunities for development and growth for all employees with a mean of 2.33 and standard deviation 1.13.employees are not feeling that they are not given opportunities personally with significant variation in their response which is evident from the standard deviation which is 1.54. The result for employees has equal access to job-related training and education opportunities and are provided with adequate opportunities for promotion shows that the same with the above

responses. Parallel to these the management respondents feel that there is good opportunity for growth and development and also there is equal access to job related training and education opportunities with an average mean of more than 4 for this two items.

As it is presented in the literature review, HRD is not all about providing training and development; rather it requires identifying employees need for development and growth and tries to integrate into HRD practices and programs. Usually employees consider training and development practice as appropriate when it can contribute to enhance their job effectiveness (related with their job) or/and improve their chance for promotion.

The result also shows that non-management respondents feel that there is little provision of adequate opportunities for promotion in the organization with a mean value of 2.16 while management respondents believe there is good chance of promotion in the organization with a mean value of 3.87.

When we see the overall responses of employees' participation in training and development practice of the bank employees feel that the banks training and development activities are concentrated in some work areas of the bank and also employees feel that selection of trainees is biased and also they feel that they are not given enough opportunities to develop themselves with an average mean of 2.41 and average standard deviation of 1.03 while the management respondents did not agree with most of employees response with an average mean of 3.90 and average standard deviation of 0.63. There seems some agreement level in concentration of HRD activities in some work areas to which it would be justified to the main line of the business of the organization.

# 4.2.3 Components of HRD

In addition to the formal training and development programs of organizations, one of the ways that employees can learn within an organization is the workplace learning. It may be through doing challenging and stimulating jobs or/ and from colleagues. In this sub section, this paper tries to explore some of the components of HRD (education, performance measurement and need assessment, training and training evaluations, coaching, mentoring, teamwork and collaboration

and challenging and stimulating job) in NBE besides that are stated in the policy and procedures which might relate with work place learning is presented.

# Table 4.3 Components of HRD practice

Items		manage	ment	Management		
	Ν	Mean	St. dev	Ν	Mean	St. dev
The organization sponsored/will sponsor	250	3.2	1.3	20	4.5	0.45
me for further education.						
The organization supports employees to	250	3.78	0.43	20	4.4	0.72
improve their educational level.						
There is good performance counseling	250	2.2	0.76	20	4.3	0.72
practices.						
There is Priority to providing appropriate	250	2.27	1.02	20	4.3	0.43
training in the organization.						
Feedback is taken from trainees before and	250	3.6	0.65	20	3.3	1.32
after training.						
There are active HRD programs to upgrade	250	4.2	1.06	20	4.6	0.45
employees' knowledge and skills.						
There are people to whom I can go for help	250	4.06	0.67	20	3.9	1.01
when I have work related problems.						
Training need assessment is performed	250	3	0.5	20	4.7	0.12
regularly in the organization.						
My superior encourages and participates in	250	2.01	1.19	20	4.5	0.32
my professional development.						
My work is intellectually stimulating and	250	3.17	1.34	20	4.2	0.45
challenging.						
There is good team work in my		3.58	1.23	20	3.2	0.98
organization.						
Average	250	3.19	0.92	20	4.17	0.63

One way that organizations can show their commitment for HRD is through providing support to improve educational level of employees. Education is activities which aim at developing the knowledge, skills, moral values and understanding required in all aspects of life. Respondents were asked to indicate their degree of agreement with the organization sponsored/will sponsor me for further education and the non-management respondents feel that there is slight hope which shows by the result mean of 3.2 and standard deviation of 1.3. For the management respondents the mean result is 4.5 with the lowest standard deviation 0.45 which also says that the organization is open to sponsor its employees for further education. Supporting employees to improve their Educational level is very important in this both agree that the organization supports its employees to improve their level of education with an average mean of almost 4 and this is a good indication that the organization is committing its financial resources.

No matter employees' perception towards performance evaluation system, one of the factors that can enhance employees' satisfaction is existence of performance counseling. Performance counseling involves assisting the employees to understand his/her own performance, factors contributing to it, contribution of his/her own strength and weaknesses, and assisting employees to identify the extent to which he/she can influence the outcome of his/her work and thereby plan for improving competence and performance.

The result of non-management respondents shows that a mean of 2.2 that the bank has good performance counseling practice which helps me to improve my performance Thus, it is possible to say that most of the respondents are dissatisfied with the existing performance counseling practices of the organization. Though mangers response shows that there is good performance counseling practice in the organization it seems it is limited to them only. According to the interview conducted with human resource officials; and referring the HRD policy and procedure employees have access to the results of performance evaluation and there is also procedures for handling employees complain with the result or the evaluation process. However, it is possible to conclude as there is no real performance counseling and guidance practice so far.

A mean result of 2.27 shows that majority of non-management respondents are dissatisfied with the appropriateness of training they have been given, Whereas a mean result of 4.3 from the management respondents shows that they are getting appropriate training types which are in lined with the current and future jobs.

With regard to feedback from trainees before and after training both the management and nonmanagement respondents agree that there is feedback to some extent with an average mean of 3.5. To substantiate this ad hoc question was raised to HR people and they say that there is feedback only after training is provided but there is no tradition of collecting feedback before training programs.

When we see the Availability of active programs to upgrade employees' knowledge and skills in this also both the management and non-management respondents agree that there is adequate training and development programs in the organization with an average mean of 4.4 from both sides. This is evident that the bank has in its policy even certain amount of the budget shall be on training and development activities. While the literatures shows as that over time HRD costs have been decreased, but this only works in developed countries. In developing countries HRD costs are becoming higher as the investment is yet to be done.

No matter how much the organization commitment for HRD, it needs the cooperation and commitment of all employees to be successful. It is natural that no one wants to work with lazy, reluctant and uncooperative co-workers. There is lot of things that employees can gain from their colleagues as long as there is culture of cooperation and knowledge sharing among employees. The achievement of organizational objectives depends to a greater extent on the quality of leadership provided by administrators/ managers. To this end Organizations need to improve supervisory, managerial and executive skills so that they may lead and motivate employees for the betterment of their organizations.

One of the basic principles of human resource management is to invest in people in order to develop the intellectual capital required by the organization and thus increase its stock of knowledge and skills. The knowledge and skills a worker has – which comes from education and training, including the training that experience brings – generate opportunities for young and inexperienced employees to learn from their co-workers. Working with colleagues who impress others with their innovative idea, energy and resourcefulness can motivate and make concerned others for their personal development too.

Training needs analysis is the first step and is the most important and necessary HRD practice to provide appropriate trainings. The management respondents feel that there is continuous training need assessment done in the organization with a mean of 4.7 and the non-management respondents feel that neutral with a mean result of 3 which shows they might not have the information regarding this. But even in the procedure it says training need assessment will be done every two years.

As far as the theory is concerned, the dominant frame work for identifying organization's human resource development needs has been McGhee and Thayer's three category need analysis approach, namely, organization analysis, task (Job) analysis and person analysis. In NBE, as per the interview response of the management group reveals both organization analysis and task analysis are used in identifying management development need analysis and also NBE uses person analysis. The response implies that, NBE carefully examine its strategic goals and plans in line with the human resource planning (organization analysis) and it determines the skill and knowledge the job requires before executing the training program. However, it does not indicate the way HRD need analyses is executed/implemented.

To check the availability of the talent and cooperativeness of their co-workers, respondents were asked if there are people to whom they can go for help when they have work related problems. majority of non-management respondents believe that there is much to learn from their colleagues with a mean result of 4.03 and with a standard deviation of 0.67. whereas the management respondents also share same idea that they also have people to talk when they are encountered with challenging situations with a mean result of 3.9. In most cases, the contrary result could have been happened if employees' perception developed when their colleagues are in similar with their own education and experience level. But in this case the dynamics is very good.

It is imperative that employees need to have people to whom they could go for help when there are work-related problems and managers available when they need him/her for help. As it is clearly stated by Hooi Lai Wan (2007), working with supervisors who actively assisted their subordinates to address job-related problems as one of the determinants of employees' satisfaction. Inexperience, new young recruits especially may face difficulties

if left on their own. In addition, managers who show concern would probably have a more cooperative and motivated workforce- attributes that may make a difference to the bottom line. In short, managers need to provide assistance to help their subordinates in addressing work-related problems (Coaching) and identifying their training and development needs (Mentoring).

Mentoring presents tool that organizations can include as part of comprehensive suite of career development. Mentoring helps to ensure that employees have the appropriate resources and guidance to further their careers adequately. Organizations offer mentoring programs as an effective and low cost aid to employee development. Managers should also focus on helping employees progress in their career and encourage their professional development. Managers that support their subordinates' professional development through ongoing feedback about performance are likely to stimulate employees' satisfaction.

Even though the manager respondents feel that their superiors encourage them to upgrade their education level with a mean result of 4.5, The non-mangers responded that managers encouragements to improve educational level of employees' is (mean= 2.01). from this we can understand that majority of the respondents are not satisfied with the guidance, pragmatic advice and continuing support provided to enhance individual developments. Specifically, respondents' dissatisfaction is high regarding the supports and encouragements provided to improve their educational level.

Workers develop skills, knowledge and understanding through dealing with the challenges posed by the work. This can be described as continuous learning. Working in intellectually stimulating and challenging job and opportunity to work with up-to-date technologies allow employees to develop while they are doing their job.

In the same way, the majority of the non-management respondents are neutral with the statement 'My work is intellectually stimulating and challenging'. A mean value of 3.17 also indicates as most of the respondents are indifferent with regard to the challenging and stimulating nature of their job. The managerial respondents feel that their work is intellectually stimulating and challenging with a mean result of 4.2. Because of this, obviously employees' job value i.e.

employees' attitude towards the usefulness of their job will decrease. If employees perceive that their job is irrelevant for their growth and development, they will not willing to acquire new skill and be trained for the job. This ultimately reduces employees' motivation for HRD programs and the transferability any newly acquired skills and knowledge. Speaking generally, employees' satisfaction with the usefulness of their job for their development and growth is very vital and one aspect to work on.

The goal of HRD is to improve the performance of organizations by maximizing the efficiency and performance of people. HRD is going to develop knowledge and skills, actions and standards, motivation, attitudes and work environment. Managers, employees and organizational culture all plays a significant role in the development of good HRD climate. Creating good HRD climate aims at maintaining profiles of organizational health, monitoring organizational, conflict management, creation of strong teams and so on, and establishing processes that build a climate to promote enabling capabilities in the organization.

The mean values of 3.58 shows how strongly the respondents agree with the statements. In general, it is possible to infer that the existing spirit of cooperation among employees is in good situation to enhance employees' satisfaction. The same is true for managerial respondents in that they also feel there is strong spirit of cooperation among the management of the organization.

When we see the overall responses of the non-management respondents they seem to have some positive response a little above the neutral position with an average mean of 3.19 and average standard deviation of 0.92, while the management respondents have a strong remark that all the necessary mixes of HRD components with an average mean of 4.17 and average standard deviation of 0.63.

# 4.2.4 Strength and weakness of the bank's HRD practice

The following questions meant to address the strength and weakness of the national bank of Ethiopia and the responses are analyzed here under.

Items	Non-	manage	ment	Management		
	Ν	Mean	St. dev	Ν	Mean	St. dev
There is good internal facility for training in	250	4.2	0.91	20	3.6	0.78
the organization.						
There is good competition among	250	2.37	1.08	20	3.9	0.9
employees.						
The HR of the organization collects ideas	250	2.06	1.01	20	4.4	0.34
for improvements from employees						
There is high turnover since the	250	1.8	0.67	20	1.02	0.56
organization is not good place to develop						
employees' profession and career.						
The organization is unable to retain	250	1.2	0.89	20	1.3	0.7
experienced and educated employees.						
People show little interest in each other's	250	2.6	1.12	20	3.8	1.2
work in the organization.						
Average	250	2.37	0.95	20	3	0.75

Table 4.4 strength and weakness of HRD practice

Both the management and the non-management respondents agree that the organization have a good internal training facility with an average mean of 3.9. This shows that employees' negative perception towards the organization's commitment for training is not fully explained by poor internal facility of the organization.

The primary purpose of HRD is to help the organization to increase its "enabling" capabilities. These include development of human resources, development of organizational health, improvement of problem solving capabilities, development of diagnostic ability (so that problems can be located quickly and effectively), and increased employee participation and commitment. Regarding respondents' reaction with the competition among employees and employees participation in the organizations affair, this statements (In my organization there is good competition among employees) My organization actively collects ideas for improvements from employees). were given to respondents to indicate their corresponding degree of agreement and the questions and their response is that most of the respondents disagree with the statement that 'In my organization there is good competition among employees' there is good competition among employees in the bank and the mean value is 2.37 with standard deviation of 1.08. In evaluating the worth of specific human resource development programs sets of measurement criteria should be identified and used with the aim of increasing the effectiveness of the program while it is going on and helping trainees to get feedback for their improvement and efficiency.

As most respondents describe for the questions which demands to give their suggestion for improving HRD practices of the organization; 'the organization's promotional practice is primarily based on experience and gives very little emphases for employees' performance'. This may create an environment where no or little competition for performance among employees. Concerning the bank practices in collecting information from employees for improvement, The mean values of 2.06 and also indicate as mass of respondents disagree with the ideas. This shows that the organization does not create an environment to fully exploit the potential of its employees since it deny access for employees to give their suggestions for improvement. It is quite clear that such environment limits the organization's diagnostic ability that would help to locate problems so quickly and effectively.

It is also evident that there with a mean of 1.8 and 1.02 for managers and non-manager respectively employees are not living the organization because it is not a good place to develop employees profession and career. Similarly the both respondents also did not feel that the organization is unable to retain experienced and educated employees. Where as in the organization non-management respondents believe that they are interested in each other's work with a mean of 2.6 and management respondents feels that they concentrate on their own business only with a mean result of 3.8.

Having analyzed the respondents' feedback with the HRD practices of the NBE, the following discussion will focus on the data collected from the in-depth interviews that was conducted. An attempt was made to identify HRD practices that enhance employees' engagement and presented in tabulated form for easier reference and understanding:

## **4.3 Summary of Interview Results**

#### Participation of employees on HRD practices

As it is stated in the organizations HR policy the main objective of learning and development activities of the bank Is to ensure that human resource activities are geared towards the achievement of the Banks corporate strategies; due to this fact training and development opportunities are not necessarily equal because the programs are concentrated on the main functions of the bank. Sometimes it is very much dependent on immediate superior.

#### **Components of HRD practice**

Learning and development activities shall start with training need assessment in NBE there was no systematized training need assessment practice previously but now based on the Organizations and Task analysis methods. Competency matrices and competency directory are on progress, after completing the competency matrices and competency directory at each job there will be competency gap assessment using 360 degree assessment method and competency gap will be identified.

Training and development plan is prepared by learning and development team on yearly bases in line with the budget for every financial year in discussion with each work units. The training and development plan schedule runs throughout the year. The main component of the HRD practice at NBE is training, of which the emphasis is more classroom training and focuses on closing competency gaps on focus areas of the bank.

The main types of trainings Induction training, which is given for new recruits training and development team and line departments, are responsible to provide this. Basic training and

Counterpart trainings are the major types but specialized trainings, extended trainings, training for special groups, and leadership & management trainings are very minimal.

Besides to the conventional classroom training self-learning manual, Coaching and mentormentee system are there in procedure but yet to be practiced well. Job rotation and making the job challenging and stimulating are not given due concern. There is no well-designed management development program in the organization. When we see encouragement for Selfdevelopment and education there is some sort of encouragement for education and the bank has a policy of 100% sponsorship for higher level studies for limited employees Sponsorship only when it is related with the current job of employees.

Without comparing there are outsourced trainings but in house trainings are high since many trainings are job-specific that can be provided by the organization' training institution. As there are many training sessions and some training are provided without duly assessing the training gaps and lack of appropriate trainers there are problems in establishing a strong role in aligning individual goals with organization strategies in practice.

Performance Counseling is one of the important aspects of HRD practice and in NBE in procedure there is but in practice it is minimal. When we see the promotional opportunities up to some level there is promotional path in the organization based on performance and experience but most of the time it is appointment especially for management posts. Career paths are on developing stage currently employees should try to gauge their own career path based on the organizational structure.

In NBE, coaching and mentoring are supposed to the best ways by which employee competency and productivity can be improved other than training. Sometimes education opportunities are given employees in local universities and colleges and in the form of scholarships. According to (Monday and NUE, 1990), there are five steps that should be followed to conduct Training and Development program. Namely, need assessment, establish objectives, select appropriate methods and media, implement the actual program, and conduct evaluation and follow up. In NBE, the first four steps are strictly followed as per the interviewee's reply although they are not consistently used per each HRD program. However; NBE is still reluctant on evaluation and follows up of the Training and Development program.

To identify Training and Development need, NBE uses organizational analysis and task analysis. That is, the need for the program is identified through organizational analysis by taking in to consideration of the bank's short range and long range goals and then identifying task related skills and ability that contributes to the achievement of organizational objectives. Moreover, task/job analysis is used to determine the skills and knowledge the job demands and in collecting information as input in to HRD decision.

For local (in house and external) Training and Development programs, the departmental management and an immediate supervisor are responsible to nominate appropriate trainees for appropriate training. That is, right trainees are selected by taking in to consideration of their past and current job performance, (performance evaluation), the number of years of service in the bank and the nature of jobs they are assigned for. For abroad trainings, top management and/or governors of the bank are responsible to nominate appropriate trainees.

Both on the job and off the job are most commonly used types of providing HRD programs in NBE. On the job training is given particularly for non-managerial employees to develop their skills and knowledge. Off the job training is given both for managers and non-managerial employees of the bank with a view to increase their capacity outside their work environment.

#### Strength and weakness of the bank's HRD

NBE has no problems with regards to the funds needed to execute/implement the HRD program. That means, adequate fund is budgeted at the beginning of every fiscal year to carry out effectively Training and Development programs. This is because the management duly understands the importance of human resource in achieving the objectives of the organization. To achieve its objectives the management also have giving due emphasis on the learning and development of the workforce. There is lack of appropriate internal trainers especially when it comes to the approach and pedagogical skills though they have the necessary technical knowledge and skill.

# **CHAPTER FIVE**

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 summary

NBE has HR policy and procedure that fairly articulated overarching strategies in its strategy documents and clearly placed its human resource– as a means of learning and growth - the base for achieving its strategic objectives, which are the ultimate results of the Bank; the bank recognizes motivated, skilled and disciplined employees are essential to the customers' satisfaction and achievement of the corporate objectives of the Bank.

The responses of employees' participation in training and development practice of the bank shows that employees feel that the banks training and development activities are concentrated in some work areas of the bank and also employees feel that selection of trainees is biased and also they feel that they are not given enough opportunities to develop themselves with an average mean of 2.41 and average standard deviation of 1.03.

The non-management respondents seem to have some positive response a little above the neutral position with an average mean of 3.19 and average standard deviation of 0.92, while the management respondents have a strong remark that all the necessary mixes of HRD components with an average mean of 4.17 and average standard deviation of 0.63.

NBE has sufficient funds needed to execute/implement the HRD programs. That means, adequate fund is budgets at the beginning of the new fiscal year to carry out effectively Training and Development programs. This is because the management duly understands the importance of human resource in achieving the objectives of the organization. To achieve its objectives the management also have giving due emphasis on the learning and development of the workforce. There is lack of appropriate internal trainers especially when it comes to the approach and pedagogical skills though they have the necessary technical knowledge and skill.

## **5.2 Conclusions**

Based on the data analyzed and interpretation in chapter four of the study, the following conclusions and recommendations are made. The following are the major conclusions of the study:

NBE has a well-articulated, comprehensive HRD policy and procedure, human resource development plan and sufficient budget to execute it. The policy and procedure contains full information starting from recruitment and selection up to separation of employees and within this the link between HRD practices and the bank strategic objectives is defined recognizing the importance of the workforce to achieve the objective of the bank. The procedures also entails how employees come part of HRD programs, the different components of HRD from conventional classroom trainings up to coaching and mentoring practices and how this activities are going to be evaluated.

The respondents feel that the banks training and development activities are concentrated in some work areas of the bank and also employees feel that selection of trainees is biased and also they feel that they are not given enough opportunities to develop themselves. The result also shows that there are limited promotional opportunities for employees. Both the managerial and non-managerial respondents agree on Availability of active programs to upgrade employees' knowledge and skills, that the superiors are supporting employees to improve their Educational level besides There is cooperation among employees to whom employees can go for help and, the Team work is good in the organization.

Non-management Respondents are not satisfied with the opportunities of learning around their Work Place. They don't think that there is much knowledge to gain from the work they do for the organization. Apparently, it reduces employees' job value. The study revealed that the non-management respondents were discontented with the appropriateness of the skill enhanced through the training programs since they recognize training programs as having little contribution to their promotion and personal development within the bank. In line with these performances counseling is also not practiced well.Training need assessment is done every two years and person analysis is no widely used during training need assessments. Moreover,

the organizations strategic training plans have not established a strong role in aligning individual goals with organization strategies since it is only based on the need to the organizations.

The majority of respondents agree with the organizations good internal training facility at its Training and Development Center, although the Center focused in providing technical trainings only. It is also possible to say that the respondents feel that there is potential for involvement in the learning and development activities of the bank since they respond that people are not leaving the bank for developmental reasons and the bank has capacity to retain its employees.

## **5.3 Recommendations**

In light of the above conclusions the following recommendations are forwarded: the bank should have a comprehensive list of rewards in the HR procedure beside the link between performance and rewards.

It is understandable that all work units do not need equal emphasize for NBEs training programs since some work units are strategically more important. But it is also necessary to make sure that some work units are not totally forgotten at the same time. Success of the organization cannot guarantee without improvement and developments in its all areas work units. Other organizational parts are also work units which can enhance or deter the success of the Organization. The bankshall consider prioritizing and considering all work units in its training practice even if it is not equal.

Beyond meeting the Organization's HR need, the HRD practices should also focus on individuals and satisfying their needs for career growth and development. At first place HRD is not all about providing training rather it should aimed at matching the organizational need for HR with the individual needs for career growth and development. Secondly, HRD practices must necessarily focus on individuals since all the strength of teams and the organization must first embed into individual employees. For this purpose: Person Analysis during training need assessment is necessary, in view of the fact that it is very important tool for incorporating individual needs into HRD practices. Education support, especially for higher studies, should diversified professions and should cover more employees. Performance counseling is also very

essential to support employees in improving their job performance. Furthermore, it helps to identify individual employees training needs. Most importantly, HRD should be based on career development which helps the Organization achieve its objectives and the employees achieve maximum self-development.

While individuals should be expected to take a considerable degree of responsibility for managing their own development, they need the help and support of their line managers and the organization. So it is so advisable to have programs to support self-initiated development of employees. To achieve awareness creation and sensitization programs shall be conducted by top management of the bank to line managers and employees.

Training programs and job performances should strongly connected with promotional opportunities of employees so that employees can clearly witness the contributions of training programs and their performance for personal development. Although promotion based on experience is way of acknowledging employees experience; training records and job performances of candidates should not be disregarded. This helps to enhance employees' value for training and creating competitive environment among employees.

To raise employees' satisfaction and commitment; andto instigate positive competition among employees, giving employees a sense of purpose in the workplace, granting employees opportunities to act upon their commitment, and offering practical support to learning are very important.

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## **Appendices**

# **APPENDIX I: Survey Questionnaire for Staff of NBE**

#### **ST. MARY'S UNIVERSITY**

# MASTERS OF BUSINESS ADMINSTRATION (MBA) PROGRAM

## QUESTIONNAIRE TO BE FILLED BY STAFF MEMBERS OF NBE

Research Topic: - Assessment of Human Resource Development Practices Of National Bank of Ethiopia (NBE):

Dear Respondents: - I would like to express my sincere appreciation for your generous time and honest and prompt responses.

**Objective:** This research is designed to collect information about Assessment of Human Resource Development Practices of National Bank of Ethiopia (NBE):as a requirement for the completion of MBA degree in business administrationfrom St. Marry University. The information will be used for the academic purpose only and will be kept confidential.

Sincerely,

Name Michaele Tenna

Tel: 09-48-42-19-93

E-mail:michaeltenna86@gmail.com

## **General Instructions**

- There is no need of writing your name.
- In all cases where answer options are available please tick ( $\sqrt{}$ ) in the appropriate box.

• For questions that demands your opinion, please try to honestly describe as per the questions on the space provided

Thank you again!!!

		Section I: Partie	cipant Inform	ation					
1.	Sex: Male		Female						
2.	Which of the following age categories describes you?								
	Under 25	25-34	35-44	45-54	55 and above				
3.	Number of years you hav			):  ]-30	30 years or mo	re			
4.	How long have you worke	ed on your currer	nt job? (In year	s)					
	0-4 5-9	10-19	20-3	30	30 years or more	9			
5.	Educational Qualification	:							
	High school	ol graduate		Techni	cal school gradua	te			
	Colle	ge Diploma		E	BA/BSc Degree				
		Master's Degree			PhD				
		Other (please	state						
6.	Your field of specializatio	n or your highes	t educational s	tatus					
7.	Current position (job) in t	he bank							
8.	In which department are	you currently wo	orking?						
9.	Do you think you are assi	gned in your prot	fession?						
		Yes			No				
10.	Have you been given trai	ning for the last o	one year?						
		Yes			No				
11.	Have you ever been spo outside the bank?	nsored by the ba	ank to attend	any training	or educational	programs			
	Yes		No No						

#### Section II: Questions related to HRD practices

Listed below are statements about the practices of Human Resource Development of the bank. Please indicate your level of agreement with the statements so that your answers to these questions will enable the researcher to assess what you think about the practices of human resource development in your organization. Please show your ratings as follows: 5=strongly agree; 4=Agree; 3=neither agree nor disagree; 2=Disagree; and 1=Agree.

S/N	Items	5	4	3	2	1
	How does the Bank select employees to be part of					
	HRD program?					
1	Selection of candidates in our organization is strictly based on merit.					
2	Training needs of employees are assessed on the basis of their performance appraisal					
3	The bank's training and development programs focus only in some work units.					
4	The company does a good job of providing opportunities for development and growth for all employees.					
5	I am given opportunities to improve my skills in the bank					
6	Employees have equal access to job-related training and education opportunities.					
7	I am provided with adequate opportunities for promotion.					
	> What are the components of HRD activities in NBE?					
8	My organization sponsored/will sponsor me for further education to acquire new skills, knowledge and abilities?					
9	The bank has good performance counseling practices which help me to improve my performance.					
10	High priority is given to providing appropriate training.					
11	HRD department requests feedback from trainees before and after training.					
12	My organization has active programs to upgrade employees' knowledge and skills.					
13	The bank does a good job of supporting employees to improve their Educational level.					
14	There are people to whom I can go for help when I have work					

		1	т – т	
	related problems.			
15	Training need assessment is performed regularly.			
16	My superior encourages and participates in my professional development.			
17	My work is intellectually stimulating and challenging.			
18	Team work is good in my organization			
	What are the strength and weakness of the bank's			
	HRD policy?			
19	Good internal facility for training.			
20	In my organization there is good competition among employees.			
21	My organization actively collects ideas for improvements from employees			
22	Employees are leaving the bank since the organization is not good place to develop employees' profession and career.			
23	My organization is unable to retain (maintain) experienced and educated employees.			
24	In my organization people show little interest in each other's work.			

# Part III. Additional Questions

1. In your opinion, do you think that employees are being benefited from human resource development practices of the bank?

		Yes	No	
2.	What is your reason fo	or question No. 1 above?		
-				
-				
-				
3. emp		u think that human resource your organization?	e development oppor	tunities influence
	In your opinion, do yo loyees' job satisfaction in		e development oppor	tunities influer

Yes

67

No

4. In your opinion, what are the real problems that you observe regarding human resource development practices of the organization?

	What would you recommand to improve the HPD practice of NPE2
	What would you recommend to improve the HRD practice of NBE?
_	

Thank you again for completing the questionnaire!

# Interview Questions INTERVIEW QUESTIONS

## WHICH IS GOING TO BE ANSWERED BY

## HUMAN RESOURCE DEVELOPMENT DEPARTMENT HEAD OF NBE

## > What are the components of HRD activities in NBE?

- **1.** What are the different ways of improving employee competency level and organization's performance other than training in NBE?
- 2. How does training and development needs are identified in the bank?
- 3. Who are the potential trainers of the bank?
- 4. What are the types of management development programs practiced in the organization?
- **5.** How are achievements of individuals, work groups, and those of the entire organization celebrated?
- **6.** To what extent is information about career moves, development plans and career path available are communicated to employees' continuously?

## > How does the Bank select employees to be part of HRD program?

- 7. What is your base for selecting appropriate trainees for appropriate training?
- **8.** Do you think that the company gives enough emphasis for the development of all employees in the bank?

## > What are the strength and weakness of the bank's HRD policy?

- **9.** Do you think the top management gives enough emphasis for employees' development? If yes, how?
- 10. Does the bank allot sufficient funds to carry out training program effectively?
- **11.** Does the organization have the right trainers who have adequate technical proficiency and skills for the right trainees?