



College of Business and Economics

Master of Business Administration

Challenges and Prospects of Human Capital Development of Ethiopian Cement Industry

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of the Requirements for the Degree of Master in Business Administration.

By
Negash Solomon

Advisor: Gemechu Waktola (PhD)

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DECLARATION

I hereby declare that this work entitled “Challenges and Prospects of Human Capital Development of Ethiopian Cement Industry” is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text.

Negash Solomon

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Approval of Board of Examiners

Dr. Gemechu Waktola

Advisor

Signature & Date

Dr. Ethiopia

Internal Examiner

Signature & Date

Dr. Mesfine W.

External Examiner

Signature & Date

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Acronyms

FDI:	Foreign Direct Investment
FDRE:	Federal Democratic Republic of Ethiopia
GDP:	Gross Domestic Product
HCD:	Human Capital Development
HR:	Human resource
HRD:	Human Resource Development
HRM:	Human Resource Management
ILO:	International Labor Organization
IOM:	International Organization for Migration
IT:	Information Technology
Kg:	Kilogram
MoFED:	Ministry of Finance and Economic Development
SHRM:	Strategic Human Resource Management
TVET:	Technical Vocational Education & Training
UNDP:	United Nation Development Program

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Abstract

This study conducted to assess the challenges and prospects of human capital development of Ethiopian cement industry. A semi structured interview was held with the Human resource managers of the four cement factories under the study and one representative of Ethiopian cement Association as well as one representative of chemical and construction inputs industry development institute. The results of the study show that the main challenges of Ethiopian cement industry with regards to human capital development were accepting the challenges of modern technological changes, attracting and retaining qualified personnel, winning the war for talent, maintaining competitive compensation offerings, retaining highest performing employees, lack of well-trained & experienced domestic workforce in cement production technologies due to absence of cement technology institute resulted for the dependency of Ethiopian cement industry on foreign employment due to the introduction of new cement technologies. The finding also identified that lack willingness foreign employees to share knowledge and skills, absence of teamwork among different departments and language barrier has limited knowledge and skill sharing and transfer practices of the Ethiopian cement factories.

The study implied that the major negative consequences of imported experts on the development of Ethiopian cement industry were foreign currency leakage, lose of job opportunity for foreigners. The study also found the main reasons for an employee poaching practices were lack of well-experienced & skilled professionals in cement technologies in the country and the newly established cement factories' capacity in soliciting experienced and skilled employees with better benefits.

The study recommended that Ethiopia cement industry should work on human capital development with collaboration of all stakeholders of the industry in order to alleviate the human capital deficit of the industry.

Key words: *Challenges, prospects, Human capital development, Ethiopian cement industry.*

Chapter one

1. Introduction

1.1 Background of the study

Human capital development, a new opinion across organizations, replaces the concept of employee development to face radical changes in the market environment. Simultaneously, devising strategies for developing and managing employees' human capital also facilitates firms to achieve competitive advantage (Rangnekar, 2009). To develop a competitive advantage, it is vital that organizations truly leverage on the workforce as a competitive weapon. To achieve this, firms will need to invest resources to ensure that employees have the knowledge, skills, and competencies they need to work effectively in a rapidly changing and complex environment (Maran, 2009). Hence, a sustained or sustainable competitive advantage occurs when firm implements a value creating strategy of which other companies are unable to duplicate the benefits or find it too costly to imitate (Viitala, 2007).

Human capital is the most precious capital available to the firm that needs proper deployment within key strategic goals of the organization, a capital that need continuous development, adjustment, nurturing and support for creating add value (both financial and otherwise) as well creating and sustaining the on competitive advantage for the firm (Zomorrodian, 2014). Contemporary industry requires working with highly technical and complex processes that give individual workers more autonomy but also significantly more responsibility. Development of these skills within a practical setting is a way to overcome the mismatch between the skills acquired by the potential workforce in a classroom and those that are required on the job (World Economic Forum, 2017).

People need to be kept satisfied in order to perform well in a workplace. Managers should try to treat all workers correctly and never make the mistake of playing workers against each other; while, at the same time, they should also be aware that the ways in which workers get motivated vary richly (Deepalakshmi, 2017). Engaged Employees deliver a high level of performance with innovation, and always drive for efficiency (Ambuja cement, 2010). While globalization offers the possibility of considerably increased economic growth rates, at the same time, it can expose organizations and economies to new and potentially threatening challenges. Companies, eager to

become more competitive, frequently rush into expanding their activities abroad without fully realizing what this requires in terms of optimizing international business strategies, knowledge management and management practices in every unit of their organization (Sandjong, 2014).

1.2 The Cement industry

Cement, being a basic input in infrastructure development, plays a crucial role in economic development. Investment in infrastructure is the main growth driver for the cement industry. So that, the contribution of cement industry in the economic development can be measured by the value addition of the cement industry to Gross Domestic Product of the country, creation of employment opportunities, receipts from exports, tax payments, and the entire revenue generated by the cement industry (Ali, 2015). Therefore, cement as being one of the principal building and construction materials in the construction sector, is essential to meet society's needs for housing and basic infrastructures such as roads, hydro-dams, irrigation, water treatment facilities, government buildings, universities and hospitals (Thomas, 2012). It is also an essential component of infrastructure development and most important input of construction industry, particularly in the government's infrastructure and housing programs, which are necessary for the country's socio-economic growth and development (Yamini, 2008).

Globally, cement production has grown substantially, driven by strong demand from construction activity in China and other developing parts of Asia as well as in Eastern Europe and Latin American countries. Cement production in China increased from 1.25 billion tons in 2006 to 1.88 billion tons in 2010. Next to China, India retained the second position with an increasing share over the last five years producing 160 million tons in 2006 and 210 million tons in 2010. Ethiopia's construction sector is enjoying a boom which is due to heavy government investments on the construction of hydroelectric dams, housing projects, irrigation and roads (Thomas, 2012). Currently, there are more than 20 cement factories in the country including new factories in pipeline. Total cement production capacity of Ethiopia has reached 15 million metric tons in 2017 but cement consumption is stood at 6 million metric ton only. Government has projected to raise production capacity utilization to 122% by 2025, production consumption from current 6 million metric tons to 19.97million tones and per capital from current 62kg to 179kg. The demand for cement in the country has increased through the years. It was 4.44 million tons in 2012, 5.28 million in 2013, and 6.28 million tons in 2014 and 7.47 million tons. Country's

current average cement production capacity utilization rate is 50% while Global average is 80-85 % (Ministry of Industry, 2015). However, Ethiopia's cement production is comparatively low in global comparison, but has been expanding rapidly, driven by the major infrastructure expansion program currently being undertaken by government and the private sector (African Development Bank Group, 2014).

1.3. Statement of the Problems

In developing countries most organizations tend to give less emphasis for employees' needs in HRD programs (Wan, 2007). Now with the growing influence of China in the continent, African countries in general are hosting Chinese citizens employed by FDI companies from China. Ethiopia as part of the continent is facing similar pattern (the reporter ethiopia, 2017). In Ethiopia, there has been an increase in educational attainment; however, there has not been as much job creation to provide employment opportunities to the newly educated job seekers (Tekleselassie, 2012). According to Ethiopian Cement Industry Development Strategy (2015-2025), one of the strategic challenges with regards to human capital development of Ethiopian cement industry is the shortage of trained HR in cement Technology and management. Even though the Ethiopian cement industry was once expected to become employment generator, there is significant deficiency of local technical and managerial competencies. Due to this, considerable number of foreigners working on management, operation, quality control, and maintenance areas from countries like China, Pakistan, Philippines, and others (FDRE Ministry of Industry, 2015). In addition to this, there is an employee poaching practice in the country's cement industry.

In the light of above studies, there is lack of empirical studies in Ethiopia concerning the challenges and prospects of human capital development of Ethiopian cement industry, which motivated the researcher to put his own contribution.

1.5 Research Question

This study has tried to answer the following questions:

1. What are the key human capital development challenges for Ethiopian Cement producers?
2. What are the practices of skill and knowledge transfer from foreign experts to local?
3. What are the current practices of local expertise development for the cement industry?
4. What are the major contributions of imported expertise on the development of Ethiopian cement Industry?
5. What are the prospects of human capital development?

1.4 Research Objectives

The general objective of this study is to explore the challenges and prospects of human capital development of Ethiopian cement industry. In light of this, the study has the following specific objectives.

1. To explore the key human capital development challenges for Ethiopian Cement producers.
2. To assess the practices of skill and knowledge transfers from foreign experts to locals.
3. To assess the current practices of expertise development for the Ethiopian cement industry.
4. To identify the major contributions of imported expertise on the development of Ethiopian cement Industry.
5. To indicate the prospects of human capital development of Ethiopian cement industry.

1.6 Significance of the study

Cement is at the heart of the construction industry that has significant contribution to national GDP and provides living for millions of Ethiopians. Hence, the study, by emphasizing on identifying the challenges and prospects with respect to human capital development which hinders the sector as well as forwarding recommendations undoubtedly benefits policy makers in their effort towards matching human capital demand with supply. Findings of the research also help cement factories (both public and private) and investors understand the cement strategic human capital development challenges and prospects in Ethiopia and adopt recommendations in making sound strategic human capital development and investment decisions. Besides, findings

of the study can be used by academicians as a reference material for further study or just for academic purpose. Finally, since the area not well researched so far, the study could motivate other researchers interested in the area to conduct in-depth study.

1.7 Operational definitions of terms

Challenges: For this study challenges are obstacles or impediments that hinder effectiveness of human capital development in the selected cement factories.

Human Resource Management: The policies and practices involved in carrying out the ‘people’ or human resource aspects of a management position, including recruiting, screening, training, rewarding and appraising.

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.

Development: means improving the existing capabilities to the human capital in the cement factories and helping them to acquire new capabilities required for the achievement of the organizational as well as individual goals.

Human Capital: The knowledge, education, training, skills and expertise of a firm’s workers.

Human capital development: is a way to fulfill the potential of people by enhancing their capabilities.

Prospects: the possibility or likelihood of some future event occurring, an organization regarded as likely to succeed.

1.8 Scope of the study

This study presents analysis of the challenges and prospects of human capital development of Ethiopian cement industry by considering domestic employees and import expertise based on primary and secondary data. Hence, in light of the above the findings of the study tried to shade light on key issues in the sector with respects to the challenges and prospects of human capital development. This study assessed only challenges and prospects of human capital development of Ethiopian Cement factory of Company A, Company B, Company C, Company D. The scope of this study is limited to challenges related to human capital development practices, how

successful knowledge and skill sharing practices, and what will be the prospects of human capital development of Ethiopian cement industry. It does not cover other issues related with human capital development. This study also doesn't cover other cement factories which were not mentioned above. Therefore, it demands other researchers to focus on the challenges and prospects of human capital development of cement factories not included in this study to get the wider picture of the country's human capital development challenges and prospects of cement industry.

1.9 Organization of the thesis

The study organized in five chapters. The first chapter introduces the study and provides information on background of the study, statement of the Problem, the research questions, objectives of the study, significance of the study, scope of the study and finally highlights on organization of the study. Chapter 2 presents review of related literature. The research design and methodology followed in carrying out the study discussed in chapter three. Chapter 4 focuses on presentation of collected primary and secondary sources and discussion. Finally, Chapter 5 concludes the study with summary of major findings and propositions.

Chapter two

Review of Related Literature

2. Introduction

This chapter focuses on literature in human capital development that include basics of human capital, human capital development strategies, benefits of human capital investment, theories of human capital development, human capital development practices, skills and knowledge transfer practices. The chapter also seeks to identify the challenges and prospects of the human capital development of cement industry.

2.1 Theoretical framework

2.1.1 Basics of Human Capital

The concept of human capital deals with benefit, which individuals provide for organizations. It is human capital that distinguishes between organizations and it is considered as a real competitive advantage (Raziyeh Yosof Boroujerdi, 2014). Hence, it has recently received attention from many researchers. Many of them hypothesize that it represents the human factor in the organization, the combined intelligence, skills and expertise that gives the organization its unique character (Mampilly, 2014). It is the skills, education, health, and training of individuals. It was argued that, it is capital because these skills or education are an integral part of us that is long-lasting, in the way a machine, plant, or factory lasts (Rena, 2007). In addition, it is defined as the sum of acquired skills, knowledge, talent, inventiveness that an individual uses to value creation in companies.

Human capital is important intangible asset of enterprises (Alzbeta, 2013). Further, the term “human capital” conceptualizes workers as a body of skills and knowledge that can be “rented out” to employers (Ngin, 2005). Just like physical capital, knowledge capital can be acquired through education and preserved through continuing education and can yield dividends in the form of productivity and, arguably, the wealth of whoever owns it. However, unlike other forms of capital, human capital cannot be separated from its holder, and its value is entirely dependent on that person’s capacity to apply his/her knowledge in an economically profitable enterprise (Bouchard, 2008). More importantly, the implications of placing people at the center of economic and political change are the philosophy of a human development and the process of development should at least create a conducive environment for people, individually and

collectively to develop their full potential and to have a reasonable chance of leading productive and creative lives in accord with their needs and interests (Rena, 2007). It is however when we think of investing in these human beings as part of a strategy to promote or boost future growth in the economy that we start employing the concept of human capital (Mugerwa, 2012). Hence, the more a nation has knowledgeable, skilled and resourceful individuals contributing to national growth and development, the higher the value of the human capital of that nation. In any country, there can be no meaningful economic growth without adequate human and natural resources (Aluko, 2012). Therefore, human capital covers the knowledge, skills and experiences of an organization's members (Viitala, 2007). Further, according to the managerial view, the human capital is a business resource or asset which forms part of the market value of the company (Kucharcikova, 2011).

2.1.2. Human Capital Development

Human Capital Development is a holistic process that includes knowledge and skills attainment that concentrates on entrepreneurship abilities, science and technology knowledge besides possessing positive character, values, and ethics as well as being competitive and progressive (Brenya, 2014). It involves providing opportunities to all citizens to develop to their fullest potentials through education, training and motivation as well as creating the enabling environment for everyone to participate fully in National development (Chikwe, 2015). It was claimed that, human capital development is one of the fundamental solutions to enter the international arena. Specifically, firms must invest necessary resources in developing human capital which tend to have a great impact on performance (Maran Marimuthu, 2009). Therefore, the man is ultimate resources of any organization because the success or failure of any organization depends on efficient and effectiveness of man power and their functioning (Mistry B. V., 2015). In addition, human capital development is a way to fulfill the potential of people by enhancing their capabilities, and this necessarily implies empowerment of people, enabling them to participate actively in their own development. It is the human capital of any nation, rather than its physical capital and material resources, which ultimately determine the character and pace of its economic and social development (Aluko, 2012). So that, further, investment in human capital enables a country to effectively exploit the benefits of technical and technological advancement, as well as maintaining that advancement (Rena, 2007). Of course, human capital is not of much use to an economy if trained personnel are not effectively used. If there is inefficient

organization of production, people will go into the wrong specialties because of bad incentives (Becker, 1995). In contrast to this, issues of improving human capital, especially in less developed nations have not been taken up seriously compared to other challenges of the region like security and politics among others. Placing human development as priority would give less developed nations what it takes to maximize their abundant endowment to empower the people to become competitive with other developed parts of the world (Ekperiware, 2017). But, since independence, African countries started capacity-building programs to develop local staff as part of the strategy to become self-sufficient in human capital. However, the type of training was basically Eurocentric and not compatible with the local cultural, political and economic development environment (Itika, 2011). Effectively, the stock of the human capital can deteriorate or become obsolete if it is not constantly sustained and developed by organization (Diop, Pascot, & Mbibi, 2014). Since the work environment is very dynamic and prone to continuous change, workers in the organization needed to be exposed to constant training; it is this constant empowerment of workers to make them relevant to the work environment that is referred to as human capital development (Eseyin, 2014).

2.1.3 Human capital development strategy

A human capital strategy is the determination of the right mix of human capital for the short-term and projected needs of the organization based on workforce planning data and talent management systems and programs (University of Illinois, 2013). Hence, human capital is may be the most precious capital available to the firm that needs proper deployment within key strategic goals of the organization, a capital that need continuous development, adjustment, nurturing and support for creating add value as well creating and sustaining the competitive advantage for the firm (Zomorrodian, 2014). Therefore, to achieve this, firms seek to optimize their human capital through comprehensive development programs to not only achieve business goals, but also most importantly, survive and thrive for years to come. To accomplish this undertaking, firms will need to invest resources to ensure that employees have the information, skills, and competencies they need to work effectively in a rapidly changing and complex environment (Viitala, 2007). Employees are vital factors for maintaining the achievement of production compared with technology (Triki, 2017). In a knowledge economy, people are considered as revenue creators rather than costs. Knowledge of people's competence is source of wealth creation. Human capital is valuable to the extent that it contributes to a firm's competitive

advantage by improving efficiency and effectiveness, exploiting opportunities or neutralizing threat (Samah, 2014). Furthermore, Vocational and technical education is a vehicle upon which the skills of workforce are built. Without effective implementation of vocational and technical education, we cannot hope for a future self-reliant graduate with the required skills and flexibility for sustainable human capital development in the global age (Enyekit, 2011).

2.2 Components of Human Capital Development

The components of HCD have been discussed thoroughly in the literature. Generally, human capital development takes the form of self-directed learning, coaching and mentoring techniques. This section presents and discusses the various components of human capital development.

2.2.1 Self-Directed Learning

Harris, 2008 asserts that on the records of the individuals' achievement that reviews what they learn achieve their goals as well as new learning requirements should be reviewed. The self-paced learning programs encourage them to decide the rate at which they are to measure their own progress.

He further asserts that "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).

Harris (2008) links his explanation for Self-directed learning to 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". His argument therefore is that "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".

His general position is that, "learners need to be provided with guidance on where they can get the material or information that needed to help them to learn and how to make good use of it; whilst being provided support from their manager and the organization with the provision of coaching, mentoring and learning facilities, including e-learning" (Harris, 2008).

Workplace Learning

One of the ways that employees can learn within an organization is the learning around the workplace. Learning can take place in the workplace, as explained by Harris (2008), this takes three forms:

- The workshop as a site for learning. In this case, learning and working are spatially separated with some form of structured learning activity occurring off or near the job. This may be in a company training centre or a ‘training island’ on the shop floor where the production process is reproduced for trainees.
- The workplace as a learning environment. In this approach, the workplace itself becomes an environment for learning. Various on-the-job training activities take place, which are structured to different degrees.
- Learning and working are inextricably mixed. In this case, learning is informal. It becomes an everyday part of the job and is built into routine tasks. Workers develop skills, knowledge and understanding through dealing with the challenges posed by the work. This can be described as continuous learning. As Harris puts it: ‘Learning is not something that requires time out from being engaged in productive activity; learning is the heart of productive activity.’

2.2.2 Coaching

Haslinda and Abdullah (2009) define coaching as “the art of facilitating the enhanced performance, learning and development of others.’ It takes the form of a personal (usually one-to-one) on-the-job approach to helping people develop their skills and levels of competence”. According to Hirsh and Carter (2002), “coaching is aimed at the rapid improvement of skills, behavior and performance, usually for the present job”. This puts a structured and purposeful dialogue at the heart of coaching. The coach uses feedback and brings an objective perspective. Armstrong (2006) posits that “the need for coaching may arise from formal or informal performance reviews but opportunities for coaching emerge during normal day-to-day activities”. Coaching as part of managerial process is made of evaluating a person’s performance through questioning to find out their thought about their performance; making sure that the individual is aware and understands what is expected of them and have insight into how to complete a task successfully; when this is done it enables the manager to give initial guidance as

guidance given later may be considered as an interference; to use ensuing situations in the promotion of learning; to find solutions to difficult problems (Armstrong, 2006).

Coaching becomes most effective when the coach understands that his or her role is to help people to learn and individuals are motivated to learn. Employees should be aware that their present level of knowledge or skill or their behavior needs to be improved if they are going to perform their work satisfactorily. Individuals should be guided as to what to learn and also be given feedback on their performance Haslinda and Abdullah (2009). Furthermore, since learning is not a passive but active process their coach who should be proactive in building on their strengths and experience should actively involve them.

2.2.3 Mentoring

Mentoring is the process of making use of unique and trained personnel to guide advice and give continuing support to assist individuals who are made to learn and develop their expertise. Clutterbuck (2002) defines mentoring as a help form one person to another through the sharing of knowledge, work or ideas. Hirsh and Carter (2002) see mentors as individuals who prepare others for optimum future performance and groom them to advance in their carriers.

From the above considerations, mentoring differs from coaching as the former is a method aimed at helping people to learn while the latter increases a person's competence.

Harris (2008) sees mentors as advisors in the creation of self-development and learning programs, who guide others in the acquisition of knowledge and skills on a new job; giving administrative and technical advice as well as solutions initial problems in career advancement; projecting corporate culture and shaping values and behavior in the organization.

Mentors assist others to tackle projects in the right direction and by helping others to help themselves mentors are seen as parental figures who lend sympathetic ears to the concerns and aspirations of individuals.

Although mentoring needs no standard procedures it is necessary to select, brief and train mentors who adopt supportive roles rather than directive one in the process of helping and dealing with others.

2.2.4 Training

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.

As Reynolds (2004) points out, training has a complementary role to play in accelerating learning: 'It should be reserved for situations that justify a more directed, expert-led approach rather than viewing it as a comprehensive and all-pervasive people development solution.' He also commented that the conventional training model has a tendency to 'emphasize subject specific knowledge, rather than trying to build core learning abilities'.

Training can bring tangible benefits to both the organization and the employees. As elaborated by Chatterjee (1995), the major purposes of training are:

- It establishes a sound relationship between the worker and his/her job.
- It upgrades skills and prevents obsolescence.
- To keep pace with changing technology training.
- It develops healthy, constructive attitudes.
- Influencing employee attitudes to achieve support for organizational activities and to obtain better cooperation and greater loyalty.
- It prepares employees for future assignments.
- It increases productivity.
- To promote efficient and cost-effective ways of performing jobs
- It minimizes operational errors.
- Unnecessary repetition, wastage and spoilage of materials are brought down.
- With better knowledge and skills, the employee approaches his/her job with greater confidence and sureness. It also improves the morale of the employees.
- It improves employee's satisfaction with their job.
- Training is a powerful tool that breeds in the employee a sense of pride as well as of belonging.
- Moreover, training can improve the relationship between the employees and their immediate supervisor.

2.3. Benefits of human capital investment

Human capital investment generates both economic and non-economic benefits, which can accrue to both the person undertaking the investment and to society. The higher productivity of some employees, due to their higher education, may increase the performance of other workers and, hence, firms' profitability. At macro-economic level, recent evidence has highlighted the positive impact of human capital on economic growth. Further, these spillovers are not limited to economic returns: education may make people better citizens and better parents, leading to greater social cohesion (Boarini, D'Ercole, & Liu, 2012). Valuable and unique human capital is more likely to explore new ways of working and to convert them into new organizational routines. Furthermore, human capital is an asset capable of generating the internal conditions that promotes learning; knowledge adds value and embedded in the organization so that distinctive competences may be developed (Ekperiware et al., 2017).

The importance of human capital to growth is perhaps excessively illustrated by the outstanding record so far for Japan, Taiwan, Hong Kong, South Korea, and other fast growing Asian economies. However, they are obvious examples because they lack natural resources that are greatly overstated as a determinant of economic performance and face discrimination against their exports in the West. Nevertheless, they have managed to grow extremely rapidly in significant part because they have had a well-trained, educated, and hard-working labor force, and dedicated parents (Becker, 1995). It can be argued that one of the clear benefits arising from competitive advantage based on the effective management of human capital is that such an advantage is hard to imitate (Armstrong A. B., 2007). Therefore, a basis of the organization development is the human capital. Investments in to the human capital, capable to develop new technologies, methods of work and to transform them into an attractive commercial product, are admitted by leading world corporations and scientists to be the most favorable ones to increase the enterprise competitiveness (Yakisichik, 2009).

Any effort to increase human knowledge, enhance skills and productivity and stimulate resourcefulness of citizens is an effort in human capital development, investment to establish good governance, provide supporting infrastructure and develop the education, health and social systems are investments in human capital development (Chikwe, 2015). Employers invest in employee training as a method to meet a need or solve a problem within the organization/company. Due to increasing international competition in today's economy,

companies must empower their employees and develop skills to maximize productivity and profits. The fast-moving, ever changing global economy calls for a new work order and requires a flexible, multi-skilled, knowledgeable and adaptable workforce at all levels (Thanos Kriemadis, 2008). Recent challenges such as globalization, a knowledge-based economy, and technological evolution, have promoted many countries and organizations to seek new ways to maintain competitive advantage. In response, the prevailing sense is that the success depends in large part on the people with higher levels of individual competence (OECD world forum, 2009). Thus, human capital can be regarded as the prime asset of an organization and businesses need to invest in that asset to ensure their survival and growth (Armstrong M. , 2006). In this context, the human capital has been emphasized as one of the key success factors of a company (Souleh, 2014).

2.4. Human Capital Theory

The original work and initial thoughts of human capital began with British economists William Petty and Adam Smith however; American Economist Gary S. Becker (1964) is credited with completing extensive work and formulating the theory of human capital (HCT) through the publication of his work. “It is Gary Becker who is generally considered the founding father of the economics of education as a distinct research field” (Machin & Vignoles, 2004). Human capital theorists argue that an educated population is a productive population. The theory emphasizes how education increases the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability, which is a product of innate abilities and investment in human beings. The provision of formal education is seen as an investment in human capital, which supports of the theory have considered as equally or even more worthwhile than that of physical capital (Woodhall, 1997). Human capital theory argues that enterprises decide how much human capital investment to make by comparing it with the potential future benefits, such as improvements in production controls (Iqbal, 2013).

Human Capital Theory (HCT) concludes that investment in human capital will lead to greater economic outputs however the validity of the theory is sometimes hard to prove and contradictory (Becker 1993). This theory also suggests that education, training and development, and other knowledge have a positive impact on productivity and wages. The theory further distinguishes between on-the-job training to include general and firm-specific training. It also assumes that employees are willing to accept the cost of general training in return for higher

wages whereas the employer in return for higher productivity and lack of transferability bears firm-specific training costs. “It suggests that individuals and society derive economic benefits from investments in people” (Sweetland, 1996). Further, the theory of human capital has created a uniform and generally applicable analytical framework for studying not only the return on education but also on calculating a return of investment for on-the job training, schooling, and “other knowledge” (Becker ,1992). It can be used to explain investments in schooling, firm provided training, vocational and technical education and qualifications, and the benefits of informal on-the-job learning (Machin & Vognoles, 2004).

Human capital theory can be capsulated into a model to describe the investments or inputs in relation to the output.

The model of human capital theory is shown in figure 1 below:

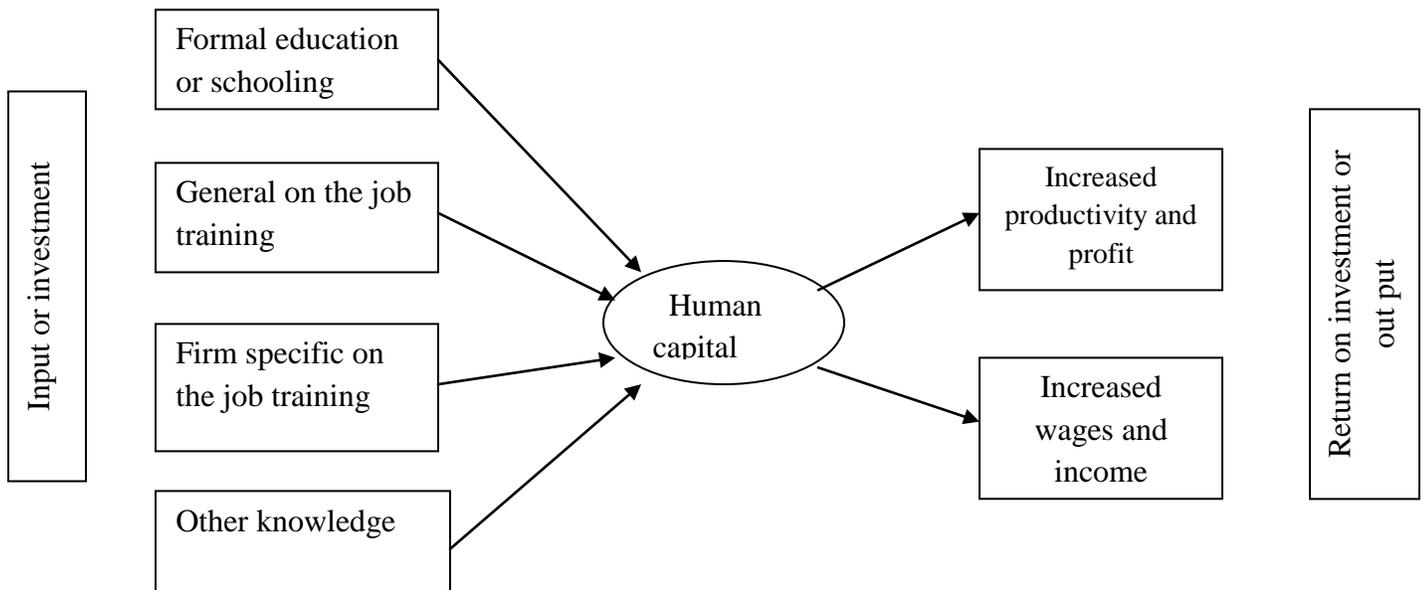


Figure 2.4.1. Model of human capital theory and the associated investments or inputs and the associated return on investment or outputs (source: Literature)

The economics of education and the theory of human capital have been monumental developments in the field of economics; however their impact has not been limited to the study of economics or education. Human capital theory has been applied to many strategic management techniques including by Kaplan and Norton (1992) in the balanced scorecard (BSC)

approach to management. B. E. Becker, Huselid, and Ulrich (2001) have borrowed from Kaplan and Norton applying the same approach to the human resource scorecard.

2.5 Human capital development practices

Skills development is therefore essential to improving productivity, income and access to employment opportunities. Training and education improve the capacity of workforce to absorb information, operate new technologies and enhances flexibility (Ogunade, 2011). Every employee in his job gets some set of skills through his experience, exposure, trainings and so on further increase his productivity eventually benefitting the organization. Knowledge and expertise which employees develop in due course of time to further increase the productivity of organizations refer to human capital (Alzbeta, 2013). The training program helps to increasing the knowledge, skill, and ability. For the training session candidates should selected as per need analysis it will provide opportunity every employee who really in need of training (Mistry P. B., 2015).

A country can raise human capital by providing education and training. Additionally, people gain ability (knowledge) through experience and by interacting with educated people (Wube, 2008). Given that, a significant amount of organizational knowledge resides in the minds of employees, it is important for organizations to understand what motivates employees to share knowledge and what prevents them from doing so (Saleh, 2009). Knowledge management theory alerts us that in today's society "knowledge is power" and only those with access to quality knowledge will be able to stand out, make informed decisions and develop products and services of value to others (Donoso, 2012). HRD must add short-term and long-term value from investment in the development of knowledge and expertise in individuals and groups of individuals. The capital concept defines expenditures on education, training, and development as 'investment in capital' with valuable returns that can be calculated. It is important therefore, that organizations support their employees and pick the right people to develop, motivate them, mould them and practice good customer relations. In that way it will be difficult for the individual employee to leave the organization for another job, and similarly for the organization to retrench skilled labor force.

2.5.1 Human capital plan

The Human Capital Plan is an important tool that organizations use to drive focused actions that can ensure goal achievement and business success. It allows organizations to assess, plan for,

and respond proactively to its human capital challenges and needs. It helps shape the organization by building a plan to develop the workforce and practices needed to meet an organization's vision, mission, and goals. Human capital challenges such as having capable leaders, building workforce skills, driving high performance, and ensuring retention of top talent can be addressed through effective human capital planning. The Human Capital (HC) Plan will establish a framework of policies, practices, and actions that guide your efforts in meeting these workforce needs (Jaleel, 2014).

2.5.2 Training and development

Training and development is one of the sub-systems of human capital development. Human capital development is a combination of Training and Education that ensures the continual improvement and growth of both the individual and the organization (Rathod, 2012). Training effectiveness in cement industry is a critical aspect of the development of knowledge of workforce. To survive in the globalised era, organizations need to continuously develop the knowledge, skill and ability of their human resources throughout the year, the organization spend a huge amount of money for the purpose of training and development of the human resources.

It pertains to a set of activities aimed at facilitating the learning of knowledge, attitude, and skills among people in the organization, to, in turn; improve their current job performance and contribution to the achievement of organizational goals (Edralin, 2011). It also refers to planned activities of acquiring knowledge, attitudes and skills in order to execute a particular task. Organizations use training to improve the skills, knowledge and behavior of its employees and employers (Gamede, 2017). Training and development deals with updating of skills & competencies of the employees through series of training and development programs. In today's competitive environment, skilled employees with necessary skills and competencies skillful to enhance productivity, organization competitiveness and performance (Pavithra, 2017).

In order to sustain and build productivity and performance in a challenging business economic climate and to achieve future growth opportunities, successful organizations realize that it is critical to develop their people beyond basic job skills. The most basic reason for providing learning and development is to ensure that an organization's employees are able to carry out their current role (Sharon Mavin, 2010). It was recommended that, organizations should have a well-established training and development policies and program and see training and development as necessary. Thus, managers should provide training and development opportunities for their

workers (Yohanna, 2014). To a substantial degree, managers now “get it” and do not have to be persuaded that the quality with which they manage the workforce has strategic impact. What they now need is help in understanding how to generate and sustain those potential returns (Huselid, 2006).

2.5.2.1 Model for human capital development

Figure 2 illustrates a training and development model consisting of seven steps. The major phases of human capital development are: (1) development of staff training and development policy (2) regular assessment of training and development needs (3) development of training/development objectives (4) instructional design (5) validation (6) implementation (7) evaluation.

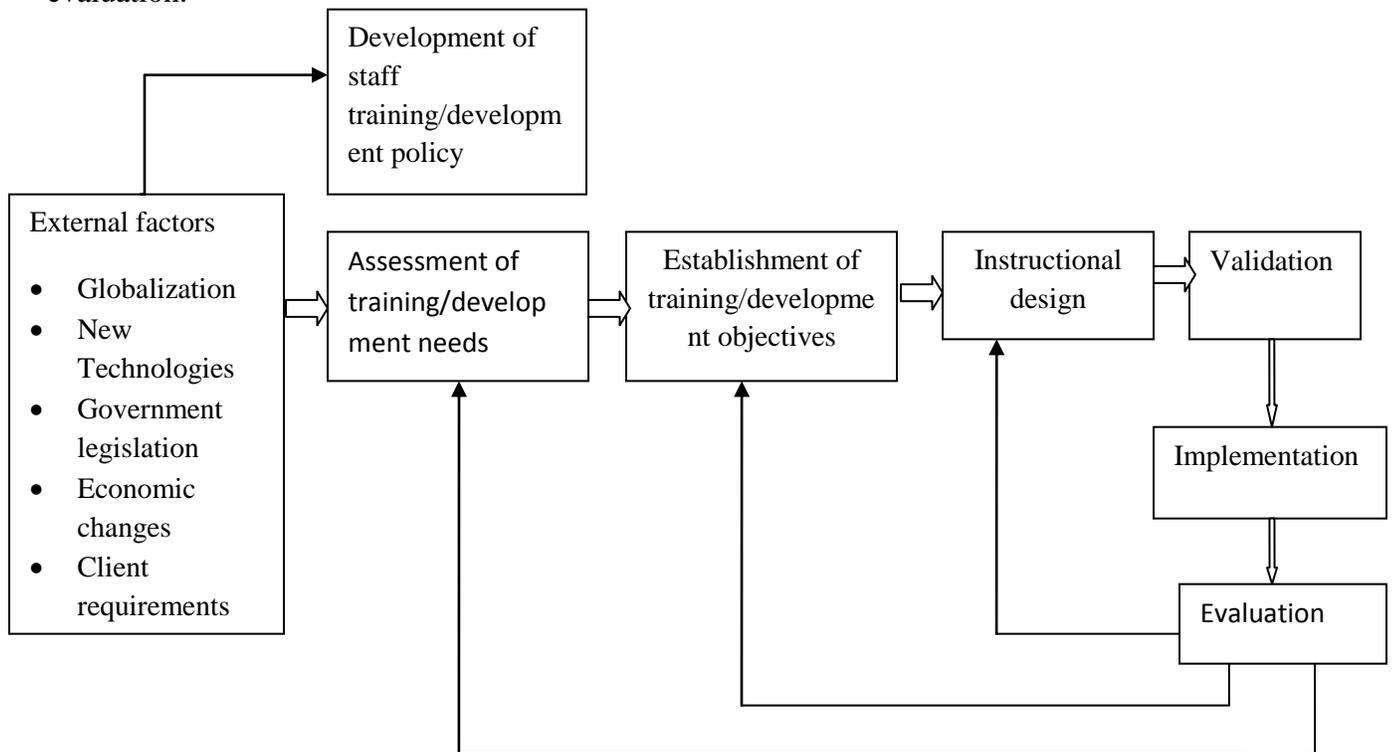


Fig .2 Training and development model (Source: literature)

Development of staff training/development policy

The policy must link objectives of the organization to the nature of training to be provided. It must be flexible enough to allow for regular revision to accommodate changes brought about by changes in the technological, economic, legal and social environments which will require that employees acquire new knowledge, skills and abilities. According to Loosemore(2003) an effective training policy must possess the following qualities:

- “Should identify a hierarchy of skills and knowledge requirements for the organization to enable it prioritize its training needs
- Must not only define the training needs of individuals, teams and larger workgroups, but must also show how the provision of these skills will contribute towards meeting the organization’s objectives.
- Should reflect individual, group and organizational training priorities, linking them together in a complementary manner.”

Assessment of training/development needs

This must identify in a systematic manner the specific training activities an organization requires to achieve its objectives. It must answer the following basic questions (Byars and Rue, 2004):

- What skills/knowledge will employees need for the organization to stay competitive over the next five years?
- What problems does the organization have that can be solved through training?

Establishment of training/development objectives

After training needs have been determined, objectives must be established for meeting those needs. These must be specific, measurable knowledge and performance objectives (Dessler, 2000).

Instructional design

This involves the compilation and production of the actual content of the training program. Included are workbooks, exercises and activities

Validation

It is the step in which the training program is pre-tested on a small representative audience to ensure that it will be able to achieve the training and development objectives

2. 5.3 Skill and knowledge transfers

Knowledge transfer is a process of systematically organized exchange of information and skills between entities. Technology or knowledge transfer between academia and industry can be defined as the means by which expertise, knowledge, skills and capabilities are transferred from a knowledge center (university, college or research center) to a firm in need of that knowledge (United nations Conference on trade and development, 2014). Thus the success of knowledge transfer also depends on the appointment of competent expatriates. One of the key objectives of knowledge transfer is to achieve management localization. Providing incentives to expatriates can facilitate the management localization process. Failure to make arrangements for repatriation can hinder the implementation of localization plans because expatriates might fear losing their jobs after localization (Pien Wanga, 2003). Knowledge has become an increasingly important element in the competitiveness of firms because other critical factors of production have been eroded by globalization (Lehmann, 2007).

Knowledge Transfer is the cornerstone of agile and successful organizations ensuring that great practices are successfully identified and shared across the business and delivers benefits for both individuals and the organization as a whole (Rijken, 2017). Knowledge is considered a key organizational resource in the 21st century and the knowledge management 'movement' has alerted organizations to the fact that they should more strategically exploit their knowledge assets (Newell, 2005). Activities of knowledge sharing in organizations may be on organization level or individual level. Knowledge sharing of both levels is critical to the success or failure of knowledge management inside and outside of organizations. Age, culture, and industry found to affect knowledge sharing among workers (Oye, 2011). For a strategy based on pursuing dynamic improvements through enhanced knowledge creation to meet the challenges of globalization, formal institutions must emphasize inventions related to human resource development. This includes formal education and training, the labor market dynamics, and the organization of knowledge creation and learning within firms and in networks (Lehmann, 2007). Moreover, in order to manage knowledge, employees need to be willing to share their experience first. And cultural differences in terms of the communication style (explicit or implicit communication in low or high context cultures) or perception of risk or power often hinder people in sharing their knowledge (Kaps, 2011). In addition, the main obstacles of Knowledge sharing between

individuals are the diversities in national culture, language, function and geographical dispersion (Mäki, 2015).

2.5.4 Performance management

Performance management is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organization, planning performance to achieve the goals, reviewing and assessing progress, and developing the knowledge, skills and abilities of people. Performance management is a powerful means of ensuring that the organization's strategic goals are achieved (Armstrong, 2006). HRM literature upholds performance management and appraisal as means of determining how well employees are executing their tasks, communicating that information to them, and establishing new objectives and plans for improved performance (Stone, 2011). Such action helps in making decisions on employee transfer, promotion or demotion, salary increases, extending responsibilities, staff retrenchment, and for HR planning in general, to promote the achievement of the enterprise's set objectives

2.5.5 Reward management

Reward is the generic term for the totality of financial and non-financial compensation or total remuneration paid to an employee in return for work or service rendered at work. Reward, which is sometimes been refer to as compensation or remuneration, is perhaps the most important contract term in every paid-employment. It is in the recognition of the importance of reward as motivational technique that most organizations invest heavily in them (reward) in order to gain control of the behavior of their employees (Shields 2007). The impact of rewards on employees' performance is well known phenomenon in the available literature of human resources. A large number of studies have verified that reward is a powerful tool to enhance employee behaviours leading to performance improvement. However, some other studies also observed the negative consequences of rewards such as an environment of favouritism, sexism and racism (Muhammad.et al., 2010).

2.6 Consequences of Imported expertise

A foreign worker is a person who employed in a country on a temporary basis to which the person is not a citizen. Foreign workers are recruited by the company, recruitment agency or hired whilst they were job seeking in the country to enhance the workforce of the country for a limited term or to provide skills on a contractual basis that the country seek (Ramesh, 2012). In

contrast to this, increased immigration is frequently opposed on the basis of fears that significant inflows of foreign workers increase unemployment depress wages and lead to declines in the employment of low-skilled nationals (OECD, 2001). Meanwhile, the increment of foreign labor had made the domestic labor force view migrant labor as competitors for scarce jobs, whereas they once saw migrant labor as inexpensive sources of labor to fuel the country's high economic growth (Syarisa, 2002). On the positive side, the foreign labors were hard working compared to local labor. They can work for long period with low salary and also can work in high risk and uncomfortable work condition (Zaleha, 2011). The increase the number of foreign workers result in high unemployment rate of local workers. For example, eventually, it ends up with locals' lower purchasing power; giving negative effects to Malaysia's GDP and at the same time hinders the growth of economy (Ramesh, 2012). Due to this, local workers lose out in the competition with foreign workers for jobs, and the wage rate for local workers has remained low.

2.7. Challenges of human capital development

Due to increasing complexities and cutthroat competition running organizations effectively became challenge for employers. To get rival advantage organizations want to implement unique strategies. Managing human capital is very challenging as compared with managing technology or capital and for its effective strength management; organization requires effective HRM system (Pavithra, 2017). The difficulty facing many African countries in their effort to retain trained human capital on the continent continues to be a major setback to the development of human capital in many countries. Labor mobility from developing and least developed African countries to the developed world is often motivated by better job opportunities in developed countries. It is also influenced by the failure of African countries to pursue economic policies that create enough employment opportunities locally for highly educated in modern production, innovation and the adaptation of foreign technology. Africa has long suffered significant losses through "brain drain" from the uncontrollable flight of scarce human capital whose contribution is best needed for domestic economic development (Baah-Boateng, 2013).

2.7.1 Technological change

Organizations have always faced many changes in different environmental and technological aspects, so they need to learn and implement the new science and technology in order to adapt to these changes and survival. This has increased the dependence of organization on knowledge as a competitive advantage. Continues learning and development is ongoing need for all staff (;

Hamid Rahimian, 2017). Hence, the greatest challenges to the leaders of the information age will be to create an organization, which is able to share its knowledge with others. However, knowledge is not transferred only within an organization or an institute but also beyond them, between countries and continents. Such transfer of knowledge achieved mainly based on cooperation and integration of all well-known centers of knowledge into networks, which enable the transfer of knowledge in both directions (Renko, 2004).

In today's business scenario, knowledge is not a simple product but a great capability. It is a multi-faceted resource. Therefore, the ability, skills and commitment of the knowledge workers are the key for success of any organization (Reddy, 2013). Furthermore, for developing countries technological progress is strongly influenced by their ability to access, adapt and diffuse technological knowledge that has been generated abroad (United nations Conference on trade and development, 2014). The process of globalization has also led to a different form of foreign direct investment based on fully foreign owned assembly facilities and free trade zone-based operations with little linkage development with domestic suppliers (Lehmann, 2007).

2.7.2 Lack of integrated human capital development strategy

Understanding the rationale behind HCD strategies requires that we situate strategies within the developmental context of a country. Thus, we must take into account the workforce needs, skills and competencies, level of technology and level of industrial development (Ogunade, 2011). A key challenge faced by organizations is the question of how to integrate traditional human resource development activities with the strategic viewpoint (Viitala, 2007).

2.7.3 Mismatch between graduate and labor market demand

Employers and HRD practitioners faced with challenges in hiring technical expertise and competent, knowledgeable employees, despite the fact that various technical and vocational institutions established by the government to support technical and vocational training (Abdullah, 2009). The genesis of the present human capital challenges is huge. Specifically, the current curriculum used in tertiary institutions fails to readily meet the expectations of contemporary business world (Owuzo, 2014). In contrast, a company's success is most often based on a unique and rare ability to do something well human issues (Laakso-manninen & Viitala, 2007). For education to contribute significantly to development, it must be of high quality to meet the skill-demand needs of the economy (Aluko, 2012). In opposite to this, the cement industry could not produce satisfactory skilled and trained manpower (Ali, 2015).

The genesis of the present human capital challenges is huge. Specifically, the current curriculum used in tertiary institutions fails to readily meet the expectations of contemporary business world (Owuzé, 2014). It has been reported that in some cases graduates take up to over three years before they can be absorbed in their professional areas and sometimes these graduates ultimately change careers in order to earn a living (Nkhw, 2005). Furthermore, the education offered in higher institutions are not very enterprising, as a lot of trained university graduate could not get themselves gainful employed in the economic workforce (Owuzé, 2014). Hence, the main challenge facing governments of African countries is how to build human capital through sustained investment in education and training to produce highly qualified and trained workforce who can compete effectively in the global knowledge economy (Baah-Boateng, 2013).

2.7.4 Demographic challenges

The demographic challenge of ensuring adequate human development and employment opportunities for the youth prominence is both Africa's biggest opportunity and the biggest threat to its stability and growth prospects. If young people are not given opportunities to work and improve their standard of living, it may present a real threat to social and political stability particularly in rapidly growing urban areas (African Development Bank, 2017). With 1 billion people in Africa today and 2.3 billion people projected for 2050 the continent's greatest asset, or potential risk in the coming decade, will be in its capacity to support this rapidly increasing reservoir of human capital (Felix Bongjoh, 2011). In addition, the Ethiopian economy has witnessed tremendous improvement in the labor market; however, unemployment remains widespread in urban areas (Tekleselassie, 2012).

2.7.5 Employee poaching

Employee poaching is used to describe practices that involve companies hiring employees from their competitors. It oftentimes occurs in high growth industries that rely on employees with specialized skills. Hiring from competitors is often strategically valuable as those employees have knowledge of the industry and skills and talents associated therewith. However, when an employee departs to join a competitor, threatened lawsuits alleging trade secret misappropriation, breach of restrictive covenants and other business torts often follows. Companies hiring from competitors or losing employees to competitors can take proactive steps to increase their advantage with and protection against competitors (Cole, 2004).

Employees can be a company's most important asset, but unlike other assets, employees can walk. When an employee walks out the door, the employee takes with him the human capital that results from the joint investment of the employee (through his time and effort) and the employer (through its formal and informal training programs and through the compensation paid to the employee). The employee might also take business relationships and confidential information (Santon, 2012). Therefore, when an employer loses employees to competitors, they incur a number of expenses; this includes recruiting, retraining, as well as sign on bonuses. Loss of knowledge can place a huge risk on business survival and competitiveness.

2.8 Prospects of strategic human capital development

The research asserts that the education and training issues and challenges must be dealt with from the perspective of employers and their organizations (ILO, 2006). One major trend with implications for HRD is globalization. It is fostered by not only technological change and the continually falling costs of communication and transport but also by the decisions of developing countries in Asia and the Pacific and elsewhere to embrace market oriented development strategies and to open their countries increasingly to the world economy. The world is thus fast becoming one interdependent global market place (Ghulam Muhammad Kundi, 2014). The shape that the workforce of the future takes will be the result of complex, changing and competing forces. Some of these forces are certain, but the speed at which they unfold can be hard to predict. Regulations and laws, the governments that impose them, broad trends in consumer, citizen and worker sentiment will all influence the transition toward an automated workplace (Zarubina, 2007). Therefore, Ethiopia needs skilled manpower for rapid development and growth. It is a clear fact that the presence of properly training and skilled manpower is one of the most important assets and prerequisites of social and economic development (Rena, 2007). Further, as individuals learn, they increase their human capital and create knowledge that potentially forms a foundation for organizational level learning and knowledge accumulation (Samah, 2014).

2.9 Empirical studies

Kumar (2007) has carried out a comprehensive research in the changing pattern of human resource development practices under globalization in one of Indian organizations. The researcher conducted the study with the objectives of knowing and highlighting the practices of human resource management adopted by the organization to deal with the competitive situation. On the basis of data collected and situation observed the study has found the following human resource management practices in the study area these include training, orientation, compensation, working environment, performance appraisal and promotion. The HRD practices adopted are properly matched according to needs of present time. To scale up human resource development the researcher suggested human resource manager should have term approach and be proactive rather than reactive and give due emphasis for HR activates.

Sundararajam (2009) has identified the emerging trends of human resource development practices on the basis of survey of employees working in few cooperative organizations the overall HRD climate as neither good nor bad. The study identified that the employees shown unfavorable attitude towards human resource development policies and practices. The researcher said that HRD climate should be improved in the competitive environment. As the overall conclusion indicated by the study human resource has not been properly implemented.

Saraswathi (2010) has conducted a comprehensive comparative study on human resource development climate in few public organizations. The researcher evaluated the human resource development in terms of performance appraisal, motivation, training, potential appraisal, career planning, rewards and employees welfare in the study areas. After comprehensive study the researcher found that the good human resource development climate was prevalent in the organization, however, the extent of HRD climate prevailing in the organizations seem to be different. Kayani (2008) has identified the challenges of human resource development to pace with globalization based on the following points: performance appraisal, induction in -service education, organizational difference, service stature difference. As the study stated, limited performance appraisal, unclear human resource development strategies, organizations difference capability in induction in -service education and learning are major challenges. Major findings of the study revealed, that experience difference, organizational difference, working in unisex or co-education, service stature difference have a significant impact on human resource development climate.

The study made by Antwi, Analoui and Cusworth (2007), on HRD challenges facing decentralized local governments in Africa empirical study from Ghana. Decentralization and human development have become important dimensions on Ghana's socio-economic development particularly on its public sector reforms. Study sought to investigate and identified the HRD challenges facing the local governments in the context of public sector reform. The study revealed that HRD is the critical issue in improving good local governance and provision of high quality public services. The researchers found that the country's public sector reforms have significantly influenced the strategic direction of human resource policies of the decentralized local government service. And the research highlighted that the main human resource capacity challenges manifest three dimensions such as policy skill and performance motivation induced. Finally the study forwarded that addressing HR capacity challenges have enormous financial and strategic implications in developing and transition economies.

Study has also conducted by Kebede and Sambasivam (2013), with the objective of investigating the strategic orientation, practices and managers' awareness towards the concepts of HRD in Ethiopia. In doing so, the researchers tried to analyze the data that have been collected in the study areas. The findings of the study revealed that the managers of organization as aware of career development as the component of human resource development. The study also signify that managers were equipped the concept of performance appraisal as one part of human resource development. The findings also stated that HRD plays a support strategic role and shaping the overall strategy of the organization.

From the above empirical review it can be concluded that the studies were conducted in many different business organizations and tried to identify the challenges many of them faced, but did not assessed challenges and prospects of human capital development of Ethiopian cement industry. This research gap initiated the researcher to conduct this study.

Chapter Three

3. Methodology

3.1 Research Design

A research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem. It is also a framework that has been created to find answers to research questions. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money (Kothari, 2004). Exploratory research design employed for this study. The purpose of exploratory research is to identify concepts or variables worth pursuing (Babbie, 2004). Cobb and Forbes (2002) have reasoned that in exploratory research, investigators must resist the temptation of pre-specifying their study population because this may lead to key informants being overlooked in the process of data collection. Bless & Higson-Smith (1999), have put their weight behind the above mentioned scholars by adding that the purpose of exploratory research is to gain insight into a situation, phenomenon, community or person. Creswell (2003) noted that there are four key aspects that go into the process of designing research, namely the epistemology, the theoretical perspective, the methodology and the methods that the researcher plans to use.

3.1.1 Methodological epistemology

Epistemology concerns the question of what is (or should be) regarded as acceptable knowledge in a discipline (Saunders et al., 2007 and Bryman, 2012). Epistemology describes the nature and status of knowledge (Silverman, 2002). According to Saunders et al. (2007), the approaches to a study lie in the acceptability of the knowledge developed from the research process. In the first instance, the study did not need much statistical support to answer its central question and objectives. The required information needed for the phenomena at stake was embodied in the accounts given by the participants from their own individual experiences. The participants, in giving their accounts, interpreted challenges and prospects of human capital development in accordance with the meanings they gave to those roles and the researcher interpreted such accounts in accordance with his own set of meanings according to the way in which he made

sense of such responses from the participants. Therefore, the researcher saw that it is more deserving of authority if such accounts were presented in an interpretive form.

Moreover, the subjectivist conceptual dimension states that it is necessary to explore the subjective meanings motivating the actions of social actors (in this case the participants) in order to be able to understand such actions (Saunders et al., 2007). In this study, the researcher came face-to-face with the participants during the interviewing, heard the different interpretations they placed on their challenges of human capital development and its prospects based on their experiences, and saw their actions as they interacted with him on such issues. Thus the researcher sought to understand the subjective reality of the participants which helped him to make sense of and understand their motives, actions and intentions in a meaningful way.

Furthermore, the interpretive paradigm of the study reflected not only the subjective but the conceptual dimension as well. The study sought to explore into the challenges and prospects of human capital development experiences of the participants, the sense they attached to them, and also explored their perception of problems and challenges they were faced in the area, and their views on how such issues could best be improved or solved.

3.1.2 General characteristics of the study

The choice of research strategy for the study is also partly dependent on its nature or characteristics (Creswell, 2003). It became essential that the researcher outlined the general characteristics of the study in support of the choice of strategy.

3.1.2.1. Exploratory study

An exploratory study is described as one that aims to seek new insights into the phenomena, to ask questions, and to assess the phenomena in a new light (Saunders et al., 2007). Even though Ethiopian cement industry employs a large percentage of workers, little is known from the literature about the challenges and prospects of human capital development.

To the best knowledge of the researcher (from the literature), there has been no such study conducted to address the challenges and prospects of human capital development in Ethiopia cement industry. The study, therefore, sought to find the challenges and prospects of human capital development of Ethiopian cement industry and to draw a common understanding of the challenges they are faced as well as its prospects as an industry. The nature of the study was exploratory because there was not much known about this situation in the literature of Ethiopian cement industry, and thus developing a model with a clear conceptualization of the variables

influencing the human capital development of Ethiopian cement industry and their implementation adoption might not be possible without first conducting an exploratory study.

3.1.2.2. Interpretive stance

Interpretive is described as having an epistemology that advocates that it is necessary for the researcher to understand differences between humans and other entities in their role as social actors (Saunders et al., 2007). It is assumed under the interpretive approach that reality is socially constructed – there is always a sense in which things are not merely things-in-themselves but take on meaning for us because we are meaning-making-beings (Berger & Luckmann, 1966). Such meanings are constantly changing (Sale et al., 2002), making generalization less valuable, and also dependent on individual minds (Smith, 1983). Thus, people give their own interpretations and meanings to situations in which they find themselves, which in one way or the other affect their actions and the nature of their social interaction with others. Hence, interpretation of social roles is done according to the meanings the researcher elicits from those in such roles (Saunders et al., 2007). The researcher then interprets the accounts given according to how the participants make sense of their world. The researcher and the subjects participating in the study are interactively linked (Denzin & Lincoln, 1994), and the participants' interpretations lead to adjustment of the researcher's own meanings and actions.

The understanding for this study was drawn from the interpretive perspective to the development of knowledge qualitatively (Sale et al., 2002; Walliman, 2005; Saunders et al., 2007). The researcher sought to understand the subjective reality of the HR Managers of selected cement factories of Ethiopia, Ethiopian cement association and chemical and construction inputs industry development institute which helped to make sense of and understand their motives, actions and intentions in a way that was meaningful for them, as they gave their individual accounts of the phenomena. The researcher then interpreted the data collected from the accounts given by the participants, to bring out the meaning, analyzing the data for common understandings and key findings, which were then used to develop themes to report on. Finally, the researcher explored the variations and commonalities within each theme; comparing and contrasting the discussions with the diverse HR managers of these cement factories and representative from Ethiopian cement association and chemical and construction inputs industry development institute who shared their understandings with the researcher. This made it possible for the researcher to make a common interpretation of the findings to draw conclusions about the

shared meanings. As argued in the literature, complete freedom from the inclusion of the researcher's own values as researcher is impossible (Saunders et al., 2007), from which the researcher for this study is not exempted.

3.2. Design of the qualitative strategy

The study adopted qualitative research methods as it was concerned with information about things that are less easily understood by counting them. Qualitative research is about developing a detailed understanding of individuals' views, attitudes and behavior (Cresswell, 1994). According to Marshall and Rossman (2006), qualitative research is one that takes place in the natural world, uses multiple methods that are interactive and humanistic; focuses on context; is emergent rather than tightly prefigured; and is fundamentally interpretive. Bell (2001), in agreement, also posits that researchers adopting a qualitative perspective are more concerned to understand individuals' perceptions of the world. They seek insight rather than statistical analysis.

The three major elements spelt out in the methodology literature that go into a research approach are the nature of the research question itself, the research approach, and the specific methods of data collection and analysis (Creswell, 2003). The two most commonly used research approaches are the qualitative and quantitative approaches.

According to Jennings (2001), research that is informed by a qualitative approach is grounded in the interpretive social sciences, inductive in nature, and based on textual representations of the phenomenon under study. In qualitative research, the investigator and the object of study, the subjective meanings and interpretation of the study participants, are interactively linked with emphasis based on process and meanings which the participants construct together (Denzin & Lincoln, 1994). Qualitative research allows for a thorough exploration of research questions, puzzles and ideas, which encouraged better understanding of the context specific nature of challenges and prospects of human capital development employed by the participants. Apart from the qualitative research approach being flexible, it is also adaptable to change, which helped the researcher to explore deep into the challenges and prospects of human capital development of this sector with the help of prompt questions. Also, qualitative research encourages participatory knowledge claims.

In this study, the researcher sought to establish the meaning of a phenomenon from the view of the participants. Hence, HR managers of selected Ethiopian cement factories were invited as

participants and involved in semi-structured interviews in order to gather information to help answer the research question. Moreover, qualitative research seeks to understand the context or setting of the participants (Creswell, 2003). In this study, the researcher went to the participants' factories offices (as agreed with the respective participant) to conduct the research interviews, which helped him to develop detailed information about the situation of the participants.

Considering the epistemological methodological nature of the study, its characteristics, in relationship with the different types of research designs as identified by Bryman (2012) namely experimental design, cross-sectional design, longitudinal design(s), case study design, and comparative design, it seemed appropriate for the researcher to adopt a cross-sectional research design.

Thus the choice of research strategy adopted for the study was basically a qualitative cross-sectional research design, which enabled participants to reflect at one point in time on challenges and prospects of human capital development of Ethiopian cement industry. The researcher hoped that future research might be conducted to identify any changes that might have occurred.

3.3 Sources of data and data gathering techniques

The data for this study was collected from both the primary and the secondary data sources. Primary data refers to data originally observed or collected by a researcher. The primary source of data for this research was obtained through in depth interview administered to Company A, HR Manager, Company B, HR Manager, Company C, HR Manager, Company D, HR Manager, Company E, president, , Company F, Director. Qualitative interviews usually have a guide for directing interviews. An interview guide can be structured or unstructured (Bryman & Bell, 2007). For the purpose of this study, a sera- structured interview guide was used. This approach was chosen because the themes and categories of the interviews were identified during the literature review.

Secondary data are also known as 'second hand data'. They are data which already exist and might have been used before. They were collected from both published and unpublished documents like books, thesis, reports, journals, magazines, newspapers, the internet, brochures and factories' annual reports as well as their official sites.

3.4 Sample size and sampling techniques

Sampling frame to this study was the HR managers of the four cement factories selected based on their market share. The selected cement factories cover 65% of the market share in the country, according to 2008&2009 E.C cement sales data collected from chemical and construction inputs industry development institute and realizing that the firms would represent the population regarding challenges and prospects of human capital development of Ethiopia cement industry, and one representative from Ethiopian cement industry association as well as one representative from chemical and construction inputs industry development institute. They were chosen because of HR managers of these cement factories and the industry representatives were believed to be more knowledgeable and experienced about the issue under the study in their factories and the industry.

3.4.1 Sampling technique

The sampling technique administered for this study for selecting HR managers of the four cement factories was purposive sampling due to the nature of the objective of this study. The purposive sampling technique, also called judgment sampling, is the deliberate choice of an informant due to the qualities the informant possesses. It is a nonrandom technique that does not need underlying theories or a set number of informants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002, Lewis & Sheppard 2006). Purposive sampling is a practical and efficient tool when used properly, and can be just as effective as, and even more efficient than, random sampling (Tongco, 2007). The four cement factories were selected based on their market share.

3.5 Methods of data analysis

There is no standardized approach to analyzing qualitative data, since the nature of qualitative data implies that it cannot be collected in a standardized way. Therefore there are many qualitative research traditions and approaches, with the result that there are also different strategies to deal with the data collected (Saunders et al., 2007).

To analyze the qualitative data by this study it was necessary to apply content analysis coding methods suggested by Strauss and Corbin (1990, 1994, and 1998). Miles & Huberman (1994) and Voss (2002) argue that preparing data for the analysis involves three steps reducing data into

categories, grouping the similar categories and giving these similar categories codes. The coding has three forms (Miles & Huberman, 1994, Ezzy, 2002 and Voss. 2002):

1. Open coding - descriptors of the interviewees' attitudes, experiences, and values with regard to challenges and prospects of human capital development in cement factories;
2. Axial coding - identification of the connections between the categories that emerges from the open coding process, resulting in patterns that reveal relationships between properties and dimensions of categories; and
3. Selective coding - development of the central phenomenon in the study which emerges from systematically relating core categories to other categories.

As a result of this process, the researcher can identify and describe "the main analytic story line" that has been discovered through the course of the study (Straus and Corbin, 1990). Coding is critical to the content of data analysis.

According to Strauss and Corbin (1990,1998), "Coding represents the operations by which data are broken down, conceptualized, and put back together in new ways. It is the central process by which theories are built from data", the data are coded and analyzed continuously as they are being collected, enabling the researcher to apply logical deductive methods to verify theory. It is about essence and the nature of the phenomenon as observed by Neil (2006).

3.6 Ethical consideration

Access and ethics are critical aspects for the conduct of research (Saunders et al., 2003). These are aspects that require careful attention at the outset of any research project, argue these scholars. Ethical considerations were taken into account in this study. The research involved human subjects, therefore, ethical consideration with regards to participants' rights were observed (Patton, 2002). In the context of research, ethics refers to the appropriateness of the researcher's behavior in relation to the rights of the research participants. The goal of ethics in research is to ensure that no one harmed or suffers adverse consequences from research activities (Cooper and Schindler, 2011). One of the biggest tenets of ethics is the issue of consent and confidentiality. At the beginning of each interview session, consent to use participants' responses for the purposes of the study was sought and granted by all the interviewees. Regarding published and unpublished materials used in the literature review and throughout all part of the study, all citations from copy right holder was made properly.

Chapter Four

4. Data Analysis and presentation

4.1 Introduction

To complete this study properly, it is necessary to analyze the data collected in order to answer the research questions. This chapter comprises the analysis, presentation and interpretation of the findings resulting from this study. The information collected was presented in a narrative form that includes the description and analysis of data. This section reflects on the results of the interviews and secondary data. It presents the analysis of their verbal responses during the interviews. It was based on qualitative data analysis method in which content analysis of respondents given due consideration in bringing similar ideas together for providing meanings for what has been said by the respondents. Therefore, each of the research questions has been interpreted based on the respondents' response for respective research questions.

The interview responses were coded as follows by the researcher's own decision;

01CF (represents Company A, HR Manager's response), 02CF (represents Company B, HR Manager's response), 03CF (represents Company C, HR Manager's response), 04CF (represents Company D, HR Manager's response), 05ECIA (represents Company E, president's response), 06CCIIDI (represents Company F, Director's response).

1. What are the key human capital development challenges for Ethiopian Cement producers?

According to respondents from Ethiopian cement association and Human resource department heads of the four cement factories, and representatives from chemical and construction inputs industry development institute, Ethiopian cement industry experienced a shift from 2004 onwards because of the government's action towards cement industry promotion whereby the available, trained and experienced human capital in this industry was shared among existing and newly established cement factories. This was one of the challenges faced by Ethiopian cement industry. To alleviate this trained and experienced human capital deficit of this industry, hiring foreign experts become an alternative solutions.

One of interview response stated that;

One of the challenges of Ethiopian cement industry with regards to human capital development were depending on foreign employment due to the

introduction of new cement technologies which are complex, advanced and were not known by the local experts (05ECIA)

Some of the suppliers of cement technology machineries and equipment enforce the factories to have a bilateral agreement (02CF)

Some of the cement factories are foreign ownedfor some trade secret they prefer to hire employees from their respective countries.(Ethiopian cement industry association president(05ECIA)

In addition to this, supplier countries also insisted the buyers of the machineries and equipment to hire their citizens beginning from installation, maintenance to its operation as well as management in order to maintain their long-term business relationship. This paves the way for foreigners to be employed in a country. This in turn, limited the opportunities for local employment.

For example one of the interview responses stated that;

“Cement factories dependent on foreign employment due to advanced, complex and high tech nature of the industry in relation to poor performance of experience of our country in cement technology, as well as top management’s high trust on foreign employees than the local experts even though some of foreign employees were poor performer” 05ECIA)

One of the interview responses also shared the above stated ideas;

“one of the reason for dependency were lack of well-trained & experienced domestic workforce in cement production technologies due to absence of cement technology training institute in the country that limited training opportunities provided for local experts to upgrade their skills & knowledge”(02CF).

Therefore, to fill the skill gap in the industry coupled with companies’ high trust on foreign employees demanded the industry to import foreign experts to respond for immediate business needs for newly installed cement factories.

In addition, the following statement also confirmed the above statement with regards to reasons for depending on foreign employment.

Employers feel more delightful having foreign workers working for them and that result in local workers not being selected for the job. The increases in the number of foreign worker lead to

more strong competition for jobs which threaten to local workers. The increase the number of foreign workers result in high unemployment rate of local workers. Eventually, it ends up with locals' lower purchasing power; giving negative effects to Malaysia's GDP and at the same time hinders the growth of economy (Ramesh et al. 2012).

However, some of the cement factories under the study were not fully reliant on foreign employments rather on domestic employees.

One of the interview responses stated that;

“Our cement factory mostly employed domestic work force and trying to enhance their capacity through both short term and long term training provided with in the country and outside the country based on the training need assessment” (03CF).

We are focusing on developing domestic work force and majority of our employees are sourced domestically but for some other reasons beyond our domestic employees especially for maintenance and installation of new machineries and equipments which were not well known by the domestic work force, we brought experienced experts from foreign countries and we assign domestic experts to take over after sometimes(04CF).

Whereas the competitive advantage for organizations in the old economy centered on financial capital and technology, the emerging economy necessitates an emphasis on investment in human capital, knowledge, and the commitment and enthusiasm of the employees. The focus in the business world has shifted from physical assets to knowledge and information, i.e. intellectual capital. The effective management of human and intellectual capital poses new challenges in the organization for leadership and managerial capabilities(Rennie, 2003).

According to majority of the respondents, the other main challenges of human capital development of Ethiopian cement industry is the absence of well-organized cement technologies training institutes within the country to respond for immediate business needs of human capital.

One of the interview responses stated that;

“Currently at country level there is no institute providing cement specific training even though such profession is demanded by all cement factories with in the country even though there was some expectation from the higher institutions and TVET institutions ”(05ECIA).

The cornerstones of a policy framework for developing a suitably skilled workforce are: broad availability of good-quality education as a foundation for future training; a close matching of skills supply to the needs of enterprises and labor markets; enabling workers and enterprises to adjust to changes in technology and markets; and anticipating and preparing for the skills needs of the future. When applied successfully, this approach nurtures a virtuous circle in which more and better education and training fuels innovation, investment, economic diversification and competitiveness, as well as social and occupational mobility – and thus the creation of more productive and more rewarding jobs.

Majority of the interview respondents stated that the other key human capital development challenge of Ethiopian cement industry is employee poaching practices in which newly established or existing factories solicit experienced and skilled domestic work force due to lack of adequate well-experienced & skilled professionals in cement technologies. In addition, some factories prefer this practice in order to minimize training cost for hiring new employees.

For instance, one of the interview responses stated that:

“The newly established cement factories’ capacity in soliciting experienced and skilled employees with better benefits, promotion and development.....etc. And this fear of losing trained and experienced employees leads some factories to be reluctant to invest in human capital development in Ethiopian cement industry” (04CF).

Respondents also stated that;

“The unwillingness and reluctant of foreign employees to share their knowledge to the local experts due to fear of losing their job if locals were able to manage the industry even though they were agreed to do so while signing their work permit license.” (05ECIA).

Respondents also stated that, if local employees were not equipped with the necessary knowledge and skills of cement production technology, factories forced to renew foreigners’ work permit. Therefore, poor level of experience sharing practices and lack of trust on local experts can let the cement industry to depend on foreign employment even though some of the foreign employees were not much qualified than local experts.

Lack of human capital development professionals

Lack of HCD professionals, who are the main human capital in the HRD function, is limiting the HCD function efficiency in cement factories in Ethiopia. Even though most factories had T&D/HRD practitioners but this group appeared to lack the knowledge and skills to carry out T&D/HRD functions. In support of this, typical statements from the interviews included the following:

“My duty is to plan for yearly training programs, bring external trainers in and gets our workers to attend the training as we don't have experienced internal trainers” (03CF).

“We provide our workers with training but our problem is having someone to do the training need assessment, evaluating and supervising training etc. These tasks are not easy and require an expert, such as a real HRD expert! I can't perform them because it is not my area” (04CF).

From the above statements, it is clear that cement factories in Ethiopia lack the manpower and experience for performing different responsibilities in T&D. This cement industry requires experienced and knowledgeable HCD individuals such as professional internal trainers who have experience of training and developing employees in organizations. This requires employers to focus upon employing experienced HCD professionals to take a role in developing human expertise in organizations and managing HCD of different specializations such as training, development, performance management, professional development, organizational development management and change. However, the situation existing in cement factories in this study revealed a lack of HCD professionals and a situation in which HR managers responsible for HCD were performing multiple functions. These practitioners view training and employee development as a secondary role to managing HR. Accordingly these conditions may result in ineffective implementation of HCD and increasing uncertainty as to the purpose of HCD (Sambrook & Stewart, 2002).

Managing the demanding for knowledge workers

Employers and T&D practitioners face challenges in hiring and retaining technical expertise and a qualified workforce, although various organizations have been established by the government to support technical and professional training. Hiring skillful workers and knowledgeable trainers in competitive industries is difficult. However at the same time developing and retaining these

workers is increasingly challenging due to problems faced by employers and T&D/HCD practitioners (Cunningham & Debrah, 1995).

For example some of the managers interviewed discussed the issues of hiring, retraining and retaining technical expertise; it was found that employees often leave their jobs after receiving training.

“It is not easy to convince an employee to stay in their job after obtaining costly training. They are good workers but we can't force them to stay in their jobs because they have great aspirations and all technical workers spent many years at the company..... They have been promoted from the bottom..... but the problem is that they are head hunted by other competitor companies” (04CF).

“Our workers being headhunted by other competitors and even our neighbor company has always happened. It is part of the challenge of being in HR, which is why we rarely give expensive training to our workers, except those whom we know are our dedicated and loyal workers” (03CF)

Accordingly, employees of cement factories in this study were seen as being attracted by competitor companies for their expertise, or in search of their own career advancement which may be lacking in the cement factories under study. This phenomenon exists because those trained workers are in demand by competitor companies which offer high salaries and more benefits (Beckmann, 2002; Moen & Rosen, 2004). Moreover, these inspirational attitudes in manpower involve HCD professionals, highly skilled employees, technicians, IT specialists and engineers who are determined to find a new, challenging job and a new work medium (Bova & Kroth, 2001). Therefore, the above implies that employers and T&D/HCD practitioners may have to examine their hiring and promotion criteria to ensure that individuals employed are competent according to their job specifications (Hansen, 2003). Moreover, aspects such as training, retention and career progression may require some serious attention to enable skilled and competent workers to be trained and retained within the organization.

Indeed, attracting and retaining capable human resources has become the key challenge for most organizations as the workforce has become more valuable in terms of their expertise and competence in a competitive environment (O'Connell, 1999; Wedell, 1999).

The learning difficulties of older staff

It was stated by respondents that the majority of senior members of the workforce represent the oldest group, commonly referred to as "baby boomers" in the literature (Bova & Kroth, 2001), (Desimone et al., 2002) and (Chermack et al., 2003).

This point was confirmed this comment:

“We upgrade them on the basis of experience and we find that many workers are unfamiliar with machines.... so they cannot understand advanced technology ... we have to train them but there are many old people who can't be trained..... We can't change their positions or fire them so we have to give them other secure work.” (04CF).

In fact it was found that senior staff was unable to use computers or new technologies. As a result, developing them to become knowledge workers may be considered a challenge or a waste of resources (Low, 1998). Generally the above results state that T&D/HRD practitioners are faced with the challenge of hiring, training, retraining, retention and developing employees to become knowledge workers. This problem is particularly acute in the case of ageing number of staff, especially those with a lower educational level. In this context, the literature stated that demographic issues of manpower such as education levels and ageing manpower are challenges for employers and HCD in many organizations (Alzalabani, 2002 and Low, 1998).

Fostering learning and development in the workplace

It is indicated in the literature that HCD activities are designed to change the behavior and attitudes of staff towards their jobs and organization (Nadler, 1989) but T&D/HCD practitioners are faced with the problems related to employees' behaviors and jobs.

For example, it was stated that obtaining cooperation from line managers to make employees undergo training and encouraging employees to transfer their newly acquired skills is a problem in this cement factory. This was stated by a manager in an interview as follows:

“Production is the most important thing for managers or supervisors. This makes managing training programs a very difficult task. For example, when we have certain training program for production workers, the main thing from which they suffer is that they have insufficient manpower on the production line and are unable to release individuals for training” (01CF)

A heavy workload on the production line is typically given by line managers as the reason for their lack of cooperation and support towards HCD. The analysis in this study showed that managers viewed production output as more important than providing employees with the required training, hence, the lack of cooperation in employees' T&D.

Earlier research on transfer of learning has provided convincing evidence that the work environment - the physical, social, and psychological conditions that individual employees experience at work - can either encourage or discourage the acquisition and transfer of new skills and knowledge (Tannenbaum & Yukl, 1992; Reid & Barrington, 1997; Tannenbaum, 1997; Cheng & Ilo, 2001; and Kupritz, 2002).

2. What are the practices of skill and knowledge transfer from foreign experts to local?

Organizations have always faced many changes in different environmental and technological aspects, so they need to learn and implement the new science and technology in order to adapt to these changes and survival. This has increased the dependence of organization on knowledge as a competitive advantage. Continuous learning and development is ongoing need for all staff. Knowledge that flows has the potential to enhance employees' skills and capabilities and add broader value to the business as a whole. However, in most organizations, knowledge flows are hidden, embedded in methodologies and workflows. Because of this, many organizations don't realize they have a knowledge flow problem until it is too late and something has gone wrong.

“Our main objective is the employee's ability to use and operate technology. We assert that they have to be subjected to training in order to operate equipment and machineries used in performing their duties. We do not support traditional training since we feel that it is a waste of time. New employees have to exist in the work field and start working immediately. They will gradually understand regulations, policies, procedures and work methods, assisted by their more experienced colleagues (they will learn on the job)” (04CF)

New employees in the Company C are subjected to training by working with supervisors or managers. New employees learn new skills from their more experienced colleagues.

“Of course, training all employees on new machines is a typical thing, but due to production objectives, we try to know whether new machines are difficult to use and whether we have to train one person at first on using the machines.

After that, this person trains the other employees and shows them the operation catalogues if possible” (03CF).

However, some jobs depend on the use of modern technological machines that require more training for employees. Factories focus on the importance of training provided to employees regarding their new duties with modern technologies or work operations. However, it appears that these cement factories rarely train employees for higher vacant positions and promotions. Cement factories tended to be pessimistic about training their employees in order to develop their work. The following statement made by a HR manager from Company B cement supports this view:

We find that training employees to be promoted or upgraded within the company is considered a waste of resources. These employees leave us and work with competitors after obtaining information and acquiring skills through us. It is better from the economic perspective to recruit new employees who are already qualified and skilled in the job; we have found with experience, that it is better (02CF)

This clarifies the reason for some employers' reluctance to train their employees and raise their skill level. This supports the poaching principles mentioned by Debrah et al., (2000) in their study of Singapore. They mentioned that sufficiently trained employees are offered higher salaries in other companies. There is evidence available to illustrate this in the literature, which deals with the employer's attitude towards poaching, especially in Company C, and this idea was one of the reasons for the employer withholding training from his workforce (Hill & Stewart, 2000; Harrison, 2000 and Hill, 2004). On the other hand, practitioners of T&D/HRD in Company C prefer recruiting new employees who need little training or no training whatsoever in order to avoid incurring training expenses.

An organizational environment lacking trust among the staff is one of the reasons of unwillingness to learn knowledge and transfer it to others. The findings of this study indicate that learning knowledge and transferring it to others is affected by working environment with intimate atmosphere, positive attitude towards fair allocation of resources, and developing transparent and non-discriminatory methods. It was also confirmed that, employees' inability to transfer learning from training programs attended, and apply this learning to the workplace, due to supervisors' lack of support towards the transfer of learning. The transfer of learning

represents the extent to which employees apply the knowledge, skills and attitudes acquired in the training context to their job (Wexley & Latham, 2001).

One of the interview responses stated that;

For successful knowledge and skill transfer, cement factories has to have the required and valuable expertise from the staff to train others. The quality, extensiveness, and richness of training environment increases by more expert and skilled staff, and this interactive and involving environment to acquire knowledge stimulate and develops the training (05ECIA)

Taylor and Wright (2004) conducted a research in this context with a focus on individual factors affecting staff training. It was illustrated in this research that forming the structure of cement industry has a positive effect of organizational culture and the level of preparing human resource, so that as the roles and responsibilities in an organizational structure facilitate learning knowledge and transferring it, more identity and interaction will be created among the staff. Support of organizations and equipping training units is the base of learning knowledge and transferring it. Creating special spaces for learning, i.e., classrooms, establishing various exchanges, providing sufficient time to deliver training and exchange ideas, and creating communication networks and internet are some examples of organization infrastructures to realize organizational learning. Here, the organizational support to encourage and develop training by the staff provides a favorable environment to learn knowledge and skill and transfer it to others.

It was stated that FDI may provide developing countries with more efficient foreign technologies and result in technological spillovers and greater competition. In addition to demonstration effects (imitation), spillovers may arise because of labor turnover and vertical linkages (transfer technology to local firms that are suppliers of intermediates or buyers of their output). Case studies suggest that substantial technology diffusion occurs due to FDI (Blomstrom and Kokko 1997).

Opposite to this according to the respondents one of the major barrier limited skills and knowledge transfer practices in Ethiopian cement industry was lack of willingness of foreign employees' to share their knowledge and skills in order to maintain their advantages(to get the chance to renew their work permit license).

“They were not fully committed and showing interest to share their experience and skills for domestic work force even though they were agree to do so during their employment.”(06CCIIDI).

The other most important reason stated by respondents was language barrier between the foreigners and local employees since majority of foreign experts were from Chinese and other Asian countries. Therefore, that language barrier limited the level of communication and mutual understanding among foreign and local experts, which indirectly limited the knowledge sharing and transfer practices with in the cement industry.

The following statement also confirmed the above opinion:

A lack of adequate local and contextual knowledge can greatly impede global managers’ effective decision making and threaten their performance in foreign markets, particularly in dynamic emerging economies (Lord & Ranft, 2000).

In addition to this, one of the respondents said that;

“Lack of teamwork among different departments, supervisors and top management bodies towards identifying employees’ skill gap, conducting training need assessment, planning and scheduling training, supporting and facilitating for knowledge and skill sharing and transfer practices of the Ethiopian cement factories limited the success of knowledge sharing and transfer practices”(06CCIIDI).

Existence of extensive organizational hierarchy, heavy and non-agile organizational structure, political jobs, job discrimination, lack of interaction and social network, and lack of sense of cooperation to improve intellectual capital of the organization are some barriers of organizational learning (Sun and Scott, 2005) believed that sometimes these barriers are those individual factors appearing in management level. They usually appear because of political nature of the organization; therefore, it is important to examine Organization environment, organizational communication and organization structures, since open and flexible organizational structures facilitate learning and transferring knowledge.

Furthermore, majority of the respondents also stated that, lack of centralized research and development institute on human capital development aggravated the situation.

Respondents also pointed out that, lack of organized system to run skill and knowledge sharing practices also limited the knowledge and skill sharing practices of Ethiopian cement industry.

One of the respondents said that:

“Absence of policy, rules and regulation to enforce and encourage skill and knowledge transfer within the industry is also limited knowledge and skill transfer within the factories.....”(05ECIA).

3. What are the current practices of local expertise development for the cement industry?

People are the most important and valuable resources of any organization. Dynamic people can build progressive and growth-oriented organizations. Effective employees can contribute to the effectiveness of the organization. Competent and motivated people can make things happen and enable an organization to achieve its goals. Therefore, organizations should continuously ensure that the dynamism, effectiveness, competency and motivation of its people remain at a high level. HCD has multiple goals. These include employee's competency and motivation development and organizational climate development.

In this study, participating companies HR Managers were asked whether they generated any career development plans and activities for their employees. Further detailed analysis of planning, progression programs and evaluation for career development is presented below;

For instance, as commented by a manager interviewed:

“We do not have career planning and development for our employees. Usually, if there is a vacant position in our organization, we take in new people. It saves us the time, money and manpower in the production of training internal workers for promotion.” (01CF)

The above explanation may bolster the proof from the study that formal planning for profession advancement was uncommon nearly to the point of non-presence. This may not be amazing as formalizing career improvement plans is likewise an irregularity and essentially missing in many associations reviewed in past investigations (Tregaskis and Dany, 1996). This proposes these associations don't have the ingredients to distinguish themselves as having HCD.

With the shortage of career planning, the thought of employees being provided with profession development programs was additionally anticipated to be an irregularity. It was recommended by Gilley et al., (2002) that activity posting frameworks, tutoring programs, career improvement courses and workshops are a portion of the techniques that can be utilized in upgrading and building up employees' profession paths.

Consequently, this recommends T&D professionals in the assembling area organizations studied came up short on the obligation to develop their workers with career improvement openings and were not considering long haul advancement, but more of short-term developmental activities. To be sure, this was likewise affirmed by the absence of long haul T&D plans.

However, T&D practitioners' lack of long-term developmental foresight may lead to high employees turnover rates. At the same time, the notion that employing new employees may be cheaper than upgrading existing employees may be in evidence, but this proposition may not be true as employers might end up training both the internal and external replacement rather than saving training costs. Nonetheless, despite employers' preference for recruiting new employees, there is an increased emphasis on retaining existing skilled employees as highly skilled workers are currently in high demand (Tregaskis & Dany, 1996). Nevertheless, previous studies have corroborated the fact that most organizations surveyed do not have clear career development systems (Budhwar, Al-Yamadi & Debrah, 2002; Swanson & Holton, 2008). Career progressions are largely achieved through the perseverance of individual employees (Aryee, Debrah & Yue, 1993) rather than through career developmental training by the company (Lloyd, 2002).

Respondents said that based on their human capital needs, different mechanisms were applied to enhance work place learning and development which includes both on the job and off the job training.

One of the respondents said that:

“Currently our factory is mainly focusing on developing human capital through short term and long term program both in domestic and foreign training” (03CF).

“The building of human capital is a share responsibility involving, the government through it education and training policies and institutions; the individual through how they take advantage of available training and learning opportunities; and the enterprise who can and do gain from high levels of training.” (06CCIIDI).

According to the respondents, in order to fill the gap of human capital required by the cement factories different mechanisms were utilized by their factories.

For instance, one of the respondents said that;

“The higher institutions and TVET were providing training on different fields of study related with engineering and other departments required by the industry. In addition to this, some universities send their students to cement factories in order to conduct industry attachment that can enhance trainees’ practical learning skills and industry exposure.” (04CF)

Training can be provided to an employee in several ways, such as internal training at the headquarters of the company, if it has a place suitable for training. Training can also be provided externally through an external training provider or in any place outside the location of the company. The other option is having an internal trainer or external consultant to provide the training program within the training centre of an institution.

The following statements emphasize the above propositions:

“Trainers focus on training activities within a job, such as checking machines and maintenance of equipment and they do not have extra time for anything else” (03CF).

“External trainers provide more experiences and new skills, they believe in exchanging opinions through their wide experience, they can provide the best practices” (04CF).

In fact, it is understood that external trainers help with providing new practices and professional opinions that the internal trainer may lack. Those internal trainers are responsible for some specific aspects related to occupational training, such as training during the job or specialized technical training, such as the training of engineering practices and training on information technology or occupational security and health.

According to what is mentioned above, employers prefer depending on external training sources because they lack the required internal experience for certain specialized training programs.

The need for specialized professional and skillful human resources personnel, as well as lack of time for human resources personnel, led to resorting to external sources to support training programs.

Among other justifications was:

"When we conduct our training in-house, the number of trainees needed to attend a particular programme is small and could be more cost-effective ..."
(02CF).

Education and skills training form a logical part of a comprehensive approach to facilitating the transition of informal activities to the formal economy. Ways of recognizing skills acquired through informal training and on-the-job experience may help workers secure better jobs. Upgrading the technical quality of informal apprenticeships, paying attention to how this kind of training can open up opportunities for screening potential candidates for future vacant job position in their factory, and improving working conditions and health and safety practices can help young people not only acquire skills but ease their way into the formal economy.

Method of selecting employees for training and development programs

Training can be a cost to the enterprise if it is not well designed, managed, and the right employees in need of that particular training program chosen (McCourt & Eldridge, 2003). Participants were asked to describe how they selected employees for training. The objective of the question was to verify whether participants had well planned training programs that seek the need of the enterprise and the individual employee in place.

From the responses, four key methods were employed by the participants, namely compulsory means (for all the employees in general or within a specific section of specialization), level of competency in executing an assigned job, the importance of the training program to the individual's job, and by delegation (which was normally based on the employee's own interest in the subject matter, academic know-how, or seniority in position).

The majority of the participants responded that on-the-job training organized by the enterprise (both general and section-wise) was compulsory to all employees specified. According to these participants, no matter the employees' experience, qualifications, specific skills or former training acquired, they all went under the same training, which generally enlightened them on the basics of everything done within the enterprise and equipped them with some technical knowledge on the product or service the enterprise engaged in. This suggested that the cement factories' and employees' need was recognized in the training plan.

The followings are quotes:

The person applies to a specific section of the enterprise ... the person is put under that section to be trained on the procedures (03CF).

Both basic and specific knowledge trainings are compulsory (02CF).

Further analysis showed that some of the participants selected employees for training based on the individual's level of competency in the assigned job. They further explained that the less competent employees were selected for training to receive a top-up to what skills they had. This method recognized the individual employee's training needs as outlined in the literature and assumed by the theoretical framework of this study.

Participants also stated that employees were selected for training according to the importance of the content of the training program to that individual's job task. They explained that the sizes of the enterprises were small and as such could not afford letting all the employees go for training together. This, according to Babatunde and Lauye (2011), confirmed the high level of dependence the participants might place on the employees. The followings are quotes:

The on-the-job training is for everybody, but with the trainings by associations, workers are delegated to attend depending on its importance to that person's job task (02CF).

Usually the subject matter of the training determines who should go (01CF).

Even though this selection method might enhance competency and commitment among the targeted group, it seemed to be more selective by ignoring employees who might be interested in such training for developmental purpose. Also, there was an indication that participants played little role in the planning and selection of the subject matter for such trainings. Both quotes (02CF, 01CF) suggest that training was not planned to the employees' needs; rather employees were planned to training needs.

Other participants selected employees who were intelligent and committed to the job. Participants explained this as to enable transfer of the knowledge from such trainings to the other employees who could not get the opportunity to attend, as well as motivating employees to be committed to the job:

The on-the-job training is compulsory to every worker but, with the outside training courses, the most intelligent and committed worker is selected to attend (03CF).

However, the adapting of the method might be more attributed to the sizes of participants' enterprises and the drastic reduction they might incur in production by allowing all employees to attend such training. There was implication that whereas the few selected employees might gain competency and continuous commitment to perform, the unfortunate majority of the employees might take it as unfair treatment and be demotivated to perform, as noted in some participants' responses. The theoretical framework encouraged selective training to top up the less competent employees' ability to perform, but not to limit training to only the competent employees.

Still other participants selected employees for training according to length of service in the enterprise and hard work, among other things. They explained that they did that to encourage the employees to stay long with the enterprise and contribute to the achievement of its set objectives. The following is quote:

It depends on the length of service. The person must be very hard working, show initiative in learning ... and share whatever he/she learns with the enterprise (01CF).

This suggested that the selection was not based on the need of all the employees since it took care of only the senior employees. However, it encouraged continuous competency and commitment among the selected employees and served as a set example for the other employees to follow.

There were also participants who left the decision to attend trainings into the hands of the employees. They explained that the employees seemed not interested in such training programs, and as such did not take learning serious at such training and came back with nothing to contribute to performance. Therefore, the employees were given the opportunity to decide whether to attend such trainings or not. Such a view was reflected in Participant 02CF's statement (see below), which possibly showed a sense of non-involvement in planned training programs. This implied that such participants did not take training programs as essential to the success and growth of their enterprises. It also suggested that they did not have any designed planned training activities in place:

I do not force it on them. Anybody who has the ability, and wants to undertake is selected to attend the training (02CF).

In conclusion, the overall analysis of the above section suggested that the participants' method of selecting employees for training by means of judging their level of competency, takes into account the individual employee's training needs. However, such selections are affected based on decisions from ad hoc meetings with employees (without any well-planned training programs), which might not support continuous maximum contribution of the employees.

Problems associated with employee training

Participants were asked to state the problems they were facing in employee training. The objective of the question was to verify the problems that the participants faced in their choice of employee training programs.

Participants' responses revealed that majority of them complained bitterly about the high cost of training, especially the cost involved in organizing the training relative to the returns obtained from the employees by the enterprise. In their view, the marginal net profit they obtained could not even be predicted because sometimes they ended up with nothing or even a negative balance after deducting production costs. Participants further complained that the structure and content of some training programs organized by the facilitators were not worth attending, and that most of such training programs were based more on theory, models and equipment associated with enterprises in more advanced countries, which were not applicable to developing countries like Ethiopia. According to participants, this made it difficult for the selected employees who attended the training to transfer what they learnt into the job. This implied that employees sent for such programs did not perform differently from those who did not have the opportunity to attend:

A lot of money goes into the outside training programs from the factory yet they are not practical enough. The facilitators talk about the theoretical aspect and leave out the practical side which is more important to the trainees and the businesses (02CF).

Also, some of the participants complained of employees wasting production time and materials during training. They explained that most of the employees they recruited were not academically able, hence needed long periods of training before they were able to pick up on what was taught. Their inability to understand instructions during training caused material waste to the enterprise:

The less formally educated ones are very difficult to train. The person may have interest in the job but, because of his low level of literacy, it becomes very difficult to impart knowledge to him. It really takes a very long time before such a person is able to grasp something, which slows down work. (02CF)

There are instances when things are spoiled by trainees, despite the experience they claim to have. There are some who have been in the system for many years yet create waste for the company (04CF).

Sometimes, we incur high cost due to mistakes by the trainees. With this type of work, whenever there is a mistake, the faulty material cannot be used again (01CF).

The analysis also revealed a high rate of resignation by employees after training. Participants complained bitterly about the rate at which some of their locally trained and valued employees left them unexpectedly at the time they were needed the most for the enterprise, in search of greener pastures. A participant remarked that after training the employees, they left their jobs to go to other similar enterprises; they did not stay long enough to create a positive impact from what they had learnt on employees who came after them. They attributed this occurrence to be one of the major problems affecting the success and growth of their enterprises. This implied lack of motivation and commitment to the job at the side of employees after training:

There are a number of situations whereby after training staff they run away. ... This serves as a de-motivating factor to us to continue training workers (04CF).

The major problem is that after training the employees, some leave to work for other enterprises. They don't stay long enough to impact what they've learnt to the new ones we employ but just leave the factory (02CF).

We incur training cost for the large enterprises to enjoy the benefits. We train employees to join our competitors to fight against us (04CF).

Further analysis suggested that participants had problems with their employees not being able to understand or act on instructions during training programs, at times just refusing to learn. They further explained that this problem was most often associated with two kinds of employees namely, those who thought they had experience in the area before they were employed, and those who had very low levels of formal education.

The followings are quotes:

In-service and on-the-job training are good but some workers are not willing to be trained according to the standard procedures of the company (03CF).

Employees do not want to take instructions, especially those who have experience in the job. They don't want to be corrected (01CF).

Some of the workers are not academically good and as such take a long time to understand certain things.... Those who manage to go through the training successfully too do not stay long with the enterprise (03CF).

This importance attributed to human capital is clearly illustrated by Nobel laureate G Becker: "The continuing growth in per capita incomes of many countries during the nineteenth and twentieth century's is partly due to the expansion of scientific and technical knowledge, the raises in the productivity of labor and other inputs in production. The increasing reliance of industry on sophisticated knowledge greatly enhances the value of education, technical schooling, on-the-job training, and other human capital" (Becker, 1992).

Further, it is important to point out that critical thinking is very important in the new knowledge economy. The global knowledge economy is driven by information and technology and a worker within such an economy has to be able to deal with changes quickly and effectively. The new economy places increasing demands on flexible intellectual skills, and the ability to analyze information and integrate diverse sources of knowledge in solving.

4. What are the major contributions of imported expertise on the development of Ethiopian cement Industry?

Having imported experts in a certain economy has its own contribution either positive or negative.

Respondents were asked to state the major positive contribution of imported experts. Most of them appreciate the contribution made by those foreign employments towards the industry wide positive contributions.

For instance some of the interview responses stated that;

"The positive contributions of imported experts were improved maintenance, production capacity & quality, adoption of foreign working culture and skill transfer on how to use new technologies."(04CF)

Foreign employees are more dedicated and committed to their jobs (01CF)

They are more experienced and equipped with new technology so as to run and operate our cement factory (05ECIA)

Some of them are willing to share their knowledge and experience even though not all (02CF)

They brought various countries' positive working culture which has improved domestic employees' working culture (03CF)

Based on the above response foreign employment has contributed to the improvement of Ethiopian cement status with regards to its maintenance, operation, production and management due to the fact that the spillover effect of foreign experts.

In contrast to this, majority of the respondents respond that the major negative consequences of imported experts on the development of Ethiopian cement industry were foreign currency leakage due to high amount of salary for foreign employees when compared with their contribution to the industry, in a country where hard currency is a big problem.

One of the interview responses also stated that;

The other negative consequence of imported expert in Ethiopian cement industry was loss of job opportunities for foreigners which increase domestic unemployment in a country where employment is a great challenge especially for new graduates (05ECIA).

Some foreign expert's lacks the necessary skills and experience required to run the industrythey came with basic knowledge which can be handled by domestic work force (06CCIIDI).

Some of them were reluctant to share their skills and knowledge due to some reasons even though they were expected to do so (01CF).

Ethiopia currently focusing on 70/30 education policy where large numbers of graduates are natural science/engineering field of studies, but majority of them was unemployed and reliant on their family. The following statement also confirmed the above respondents' opinion;

Meanwhile, the increment of foreign labor had made the domestic labor force view migrant labor as competitors for scarce jobs, whereas they once saw migrant labor as inexpensive sources of labor to fuel the country's high economic growth (Syarisa, 2002).

5. What are the prospects of human capital development of Ethiopian cement industry?

Skills development enhances both people's capacities to work and their opportunities at work, offering more scope for creativity and satisfaction at work. The future prosperity of any country depends ultimately on the number of persons in employment and how productive they are at work. A rich literature exists on the links between education, skills, productivity and economic growth. Estimates for European countries show that a 1 per cent increase in training days leads to a 3 per cent increase in productivity, and that the share of overall productivity growth attributable to training is around 16 per cent (CEDEFOP, 2007).

One of the interview responses stated that;

“A great deal of effort is required to make sure that skills development systems deliver both the quantity and the quality of training needed. This entails in the first instance an adequate supply of qualified teachers, trainers, directors of training institutions, and master crafts persons to take on apprentices; the provision of opportunities for them to periodically upgrade their own skills; and conditions of work comparable with those in industry so as to attract the most talented staff.”(05ECIA)

Well-staffed and adequately funded training institutions are essential to skills development strategies and policies. Periodic reviews may be necessary to assess their effectiveness in meeting their goals and their efficiency in using scarce resources.

In addition to the above statement respondents also stated that;

“Existing training infrastructure needs constant innovation to keep up with new technologies and learning methods. Flexibility and agility are vital to ensure that institutions remain able to respond to the evolving challenges posed by dynamic labor markets. Training institutions must have the capacity to periodically adapt curricula and update teachers' and trainers' skills to the changing needs of the world of work”(04CF).

Hence, good-quality training outcomes further depend on maintaining a high quality of training contents, methods, facilities and materials. Apprenticeships, and more generally the combination of classroom-based and work-based training, produce the best results. Skills standards should be set and tested by involving stakeholders in the process.

“Good-quality training outcomes further depend on maintaining a high quality of training contents, methods, facilities and materials. Apprenticeships, and more generally the combination of classroom-based and work-based training, produce the best results. Skills standards should be set and tested by involving stakeholders in the process” (06CCIIDI).

Hence, the organizations should focus more on human capital development so that the organizations can lower down their employee turnover ratio by developing their employees skills from time to time through an extensive training, right from the college to the employment and further to make the employee in line with the newer technology, tools and software, the organizations should prepare a proper budget for the human capital development, employees must be given opportunities to upgrade their educational qualification and when necessary employee should be provided with an e learning facility. As it is said that fully developed employee would be highly motivated to work therefore in order to make the employee motivated to work and to decrease the employee turnover ratio, human resource development is absolutely mandatory(Soni & Saluja, 2014).

Consequently using better technology, it becomes possible to produce more goods in a shorter amount of time. Modernization and structural transformation of the economy and diversification of the economic base, increasing returns and economies of scale, technological progress and productivity increase, accelerated economic growth and employment creation, increase in incomes and standard of living of the people are the universally recognized dynamic benefits arising from industrial development.

Some of the interview respondents predicted that the Ethiopian cement industry’s current human capital development challenges will be improved. For instance:

It seems that there will be an improvement with regards to human capital since currently; many public universities are providing training focusing on engineering field of studies which would enhance the country’s supply of trained man power (05ECIA).

Furthermore, industry placement by TVET and public universities can be seen as an opportunity for human capital development strategy aimed to shape the current and future industry manpower requirement.

The following interview response from the respondent supports this statement:

Some universities are currently sending their students for an apparent ship program to our factory in order to equip their students with the required industry knowledge and skills (04CF)

To improve the current status of Ethiopian cement industry work force quality it demands stakeholders' collaboration and cooperation towards human capital development, in order to feed the industry with the required qualified and competent manpower based on market need assessment. For instance, some of the respondents stated that:

It demands the government and cement industry to work together to develop human capital required by the industry following the direction forwarded by strategic development of Ethiopian cement industry (2015-2025 (06CCIIDI).

Scaling up best practices from similar industry from other countries in order to improve the skill shortage of this sector (05ECIA)

It demands industry players to upgrading or empowering the domestic work force to run and operate the machineries (04CF)

If factory owners and top managers able to support the development of domestic work force, the cement industry will lift out from deficit of skilled and experienced work force (01CF).

Training strategies and activities of this unit has a direct relationship with the organization's strategies, so that success of failure of a strategy depends on the integrity of trainings provided and organization's goals, and the organization management is the main driver for successful learning in the entire organization. The support of senior managers includes stimulation, crating learning areas, and developing learning skills in staff (Mayo, 1998). If the senior managers provide sufficient supports, the staff will increase their efforts to teach their skills and knowledge to others. Determining a prospect and clear goals, providing open training environments, and valuation regarding organizational learning encourage the staff to learn, improve group dynamics, and enables transferring knowledge. Such culture results in a deep insight which is the basis of all active interactions among the staff.

The other most important issues raised by the respondents were the improvement of education quality at all levels. Good-quality basic education for all is an agreed goal and an essential prerequisite for further skills development.

For instance one of the interview responses stated that;

Establishing solid bridges between vocational education, training and skills development, and the world of work makes it more likely that workers will learn the “right” skills, namely those required by the evolving demands of labor markets, enterprises and workplaces in different economic sectors and industries. Effective partnerships between governments, employers’ and workers’ organizations, and training institutions and providers are critical to anchor the world of learning in the world of work. (06CCIIDI)

Hence, broad and continued access to training and skills development opens up the opportunities for and benefits of both initial and lifelong learning to all, enabling women and men of all ages, in both urban and rural areas, to fulfill their aspirations.

Furthermore, to improve the future status of human capital development of Ethiopian cement industry, domestic workforce development policies has to be designed and implemented based on the job market need assessment to benefits the country’s wider nation.

The following interview response also supports the above statement:

Dedicated policies and measures are required to facilitate access to training and skills development by individuals and groups hindered by various barriers, including poverty and low income, ethnic origin, disability and migrant status. Education and skills policies are more effective when well coordinated with employment, social protection, industrial, and investment and trade policies (05ECIA)

By using up-to-date information, those working in education and training can assess the match between the skills they are teaching and those in demand in the workplace. When that information is put at the disposal of young people and workers by employment and vocational guidance services, it can help them to make better-informed choices about education and training. So that, quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products. In particular, today’s globalizing economy requires countries to nurture pools of well-educated workers who are able to perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system (World Economic Forum , 2014).It was indicated that,

skills shortages occur when the labor market does not produce enough qualified candidates to fill the needed number of positions within a particular occupation.

Chapter Five

5. Summary, conclusion and recommendations

5.1 Summary of Findings

The study sought to identify the challenges and prospects of human capital development of Ethiopian cement industry.

The study also found that dependency on foreign employment due to the introduction of new cement technologies, which were complex, advanced that, were not known by the local experts forced the industry to rely on foreign employees who were able to install, operate and maintain those machineries and equipment supplied from their respective countries as well as absence of cement training institutes, lack of human capital development professionals, managing the demanding for knowledge workers, the learning difficulties of older staff, fostering learning and development in the workplace, creating managerial and leadership capacity, accepting the challenges of modern technological changes, attracting and retaining qualified personnel, winning the war for talent, maintaining competitive compensation offerings, retaining our highest employees were the main challenges of human capital development of Ethiopian cement industry

The study found out that Ethiopian cement industry's human capital development practices had found to be unsatisfactory.

The study also indicted that the major reasons that limited the knowledge sharing and transfer practices were unwillingness of foreign employees to share their knowledge and skills in order to maintain their advantages(to get the chance to renew their work permit license). Further it was also found that language barrier limited the level of communication and mutual understanding among foreign and local experts.

The finding identified that lack of teamwork among different departments, supervisors and top management bodies towards identifying employees' skill gap, conducting training need assessment, planning and scheduling training, supporting and facilitating for knowledge and skill sharing and transfer practices of the Ethiopian cement factories affected the knowledge sharing and transfer in the industry.

The study implied that the major negative consequences of imported experts on the development of Ethiopian cement industry were foreign currency leakage due to high amount salary for

foreign employees when compared with their contribution to the industry in a country where hard currency is a big problem. Loss of job opportunities for foreigners /increase domestic unemployment. On the other hand, it was identified that the positive contribution of imported experts were improved maintenance, production capacity & quality, adoption foreign working culture and skill transfer on how to use new technologies.

The study found the main reasons for an employee poaching practices in the Ethiopian cement industry were lack of well-experienced & skilled professionals in cement technologies and the newly established cement factories' capacity in soliciting experienced and skilled employees with better benefits, promotion and development and unexpected booming of cement industry within a short period of time in order to respond for immediate business need..

The findings of this study indicated that learning knowledge and transferring it to others is affected by working environment with intimate atmosphere, positive attitude towards fair allocation of resources, and developing transparent and non discriminatory methods. It was also confirmed that, employees' inability to transfer learning from training programs attended, and apply this learning to the workplace, due to supervisors' lack of support towards the transfer of learning.

The study identified both on the job and off the job training was provided for employees to enhance their capacity.

The study identified that human capital development of Ethiopian cement industry requires due government and stakeholders collaboration in order to solve the current expert deficits in the sector.

The study indicated that the improvement of the current curriculum of training based on the industry demand would benefit the country in general and the industry at particular.

The study projected that great deal of effort is required to make sure that skills development systems deliver both the quantity and the quality of training needed.

The study also inclined that well-staffed and adequately funded training institutions are essential to skills development strategies and policies. Periodic reviews may be necessary to assess their effectiveness in meeting their goals and their efficiency in using scarce resources.

5.2 Conclusion

Based on the findings of this study, the study concludes that the key challenges faced by most of the cement factories found in Ethiopia are lack of adequate and experienced industry professional, reliant on foreign experts for installation and maintenance of modern machineries and equipments as well as employee poaching.

The study concludes that due attention was not given by the top management of the cement factories towards domestic human capital development practices of Ethiopian cement industry. But some factories were trying to enhance their domestic employees' capacity through various short terms and long term training to enable them to run and operate the cement factory.

The study also concludes that foreign employees' reluctant to share their experience and skills, lack of teamwork and language barrier were limited the knowledge sharing and transfer practices of the Ethiopian cement industry.

The study concludes that while foreign employees have positively contributed towards the improvement of maintenance, production capacity & quality, adoption foreign working culture, their major negative consequences were foreign currency leakage and loss of job opportunities for foreigners in country where both foreign currency and unemployment are severe problem.

The study also concludes that well-staffed and adequately funded training institutions are essential to enhance the performance of cement industry towards contributing to the country's development.

The study also indicated that if the current status of human capital development practices of Ethiopian cement industry will not be improved, the industry would face severe shortage of work force and the issue may also be aggravated if new cement factory opened and the existing factories would expand.

The results of this study enabled a better understanding of the challenges of human capital development in Ethiopian cement industry.

5.3 Recommendations

The study recommends that Ethiopian cement industry should focus on human capital development with collaboration of all stakeholders of the industry in order to alleviate the skill gap problem. Therefore, those employees could be able to manage the industry provided an opportunity to upgrade their knowledge and skill through various long-term and short-term training and scaling up best practices regarding human capital development. The cement factories within the country should also work hard to solve human capital deficit of this industry through promoting collaborative working environment for improving the current trained and experienced labor deficit through upgrading and promoting domestic employee development at different middle and higher institutes based on job market need assessment. The study also recommend that if the current status of human capital development practices of Ethiopian cement industry will not be improved, the industry would face severe shortage of work force and the issue may also be aggravated if new cement factory opened and the existing factories would expand.

To improve the future status of human capital development of Ethiopian cement industry, domestic workforce development policies has to be designed and implemented based on the job market need assessment

5.4 Suggestions for Further Studies

The study has investigated the challenges and prospects of human capital development of Ethiopian cement industry. The study therefore recommends that further research has to be done on the rest of Ethiopian cement industry with regards to human capital development challenges and prospects that were not included under this study. This is because the current study does not give the full picture of the challenges and prospects of human capital development of Ethiopian cement industry and thus allowing for comparison and allow for generalization on the challenges and prospects of human capital development of Ethiopian cement industry in totality.

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Appendix II

Interview guide checklist

- 1 How does the Ethiopian cement industry shifted from independence to dependence in terms of its human capital?
- 2 What are the key human capital development challenges for Ethiopian Cement producers?
- 3 What strategies can be used to overcome the challenges of Human capital development?
- 4 What are the consequences of imported experts in Ethiopian cement industry?
- 5 How successful skill and knowledge transfers can occurs from foreign experts to locals?
- 6 What are the problems related with skill and knowledge transfer practices in your cement factory?
- 7 What are the current practices of local expertise development for the cement industry?
- 8 How do you think the practice of Human capital development in terms of training and development, career development, organizational development and performance appraisal?
- 9 What are the problems your cement factory is facing in employee training?
- 10 What are the methods of selecting employees for training & development?
- 11 Is there career development plan in your factory? How do you describe them?
- 12 What are the prospects of human capital development?