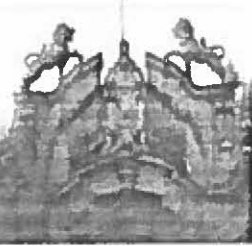


Addis Ababa  
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**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANGEMENT**  
**HUMAN RESOURCES DEVELOPMENT PRACTICES AND CHALLENGES**  
**PREVAILING IN BERHAN INTERNATIONAL BANK S.CO.**

**BY:**

**MOLLA BERHANE**

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF MANAGEMENT**  
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**ADVISOR: GEMECHU WAKTOLA (PH.D.)**

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**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**A Research Paper on Assessment OF Human Resources Development Practices and  
Challenges Prevailing In Private Bank: of Berhan International Bank S.Co**

**By: Molla Berhane**

**Department of management**

**Approved by:**

\_\_\_\_\_

Advisor

Signature

Date

\_\_\_\_\_

Internal Examiner

Signature

Date

\_\_\_\_\_

External Examiner

Signature

Date

**Certification**

This is to certify that this study entitled “ The Assessment of Human Resource Development Practices and Challenges prevailing in private Bank :of Berhan international Bank S.co submitted in partial fulfillment of the requirement for the award of the degree of Executive MBA to the College of Business and Economics, Addis ABABA University, through the Department of Management, done by MollaBerhane ID No GSE/0057/07 is conducted by him under my supervision.

\_\_\_\_\_  
Name of Advisor

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Signature

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Date

**Declaration**

This study is my original work and has not been presented in any other university or college. All sources and material are dully acknowledged.

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Name of the student

Signature

Date

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## **List of Acronyms and Abbreviations**

CIPD	Charter Institute of Personal for Development
FMCB	Federal Ministers of Capacity Building
HR	Human Resource
HRD	Human Resource Development
NCBP	National Capacity Building Program

### **Abstract**

*Nowadays, organizations operate in a complex and changing environment that greatly influences their growth and expansion. To cope up with this changing environment they need to develop their human resources. This is because the survival and growth of any organization depends on the quality of human resources. For this reasons the main objective of this study was to assess human resources development practices and challenges prevailing in the Berhan International Bank S.co. A research method was employed in this study by using both qualitative and quantitative method to assess the practices and challenges of human resource development practice of Berhan International Bank S.C. In order to achieve the objective of the study the researcher used both primary and secondary data sources. The primary data was collected through questionnaire and interview, while secondary data collected from different documents. These collected data were analyzed and interpreted using descriptive statistical tools and qualitative technique. From this data analysis, the finding of the study showed that the organization is not effective in assessing training needs, setting performance objective and planning training. The findings also indicate that in the bank personal analysis was not conducted effectively as a crucial human resource development need analysis approach. Finally, this paper recommend that the Bank to minimize problems in the practice of human resource development practices first and foremost, HR should get due attention since it is an engine for other resources. In addition the organization should focus on career development to be exercised in order to increase the effectiveness of human resource development and providing the necessary technical and interpersonal support to make human resource development process more sustainable*

## CHAPTER ONE

### INTRODUCTION

#### 1.1. Background of the Study

According to Haslinda(2009), human resource is greatest assets for organizations because without it, everyday activities such as managing public service, communication and dealing with customers could not be completed. This shows that the employees and the potential they possess are key drivers of the organizations success. Similarly, as noted by Haslinda (2009), in order to maximize organizational effectiveness and to ensure the employees potential, capabilities and talents must be developed and updated.

Human Resources Development (HRD) as a theory is a structure for the growth of human capital in an organization through the development of both the organization and the individual to achieve performance improvement. It is the integrated use of training, organization, and career development efforts to improve individual, group and organizational effectiveness. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change. Also, HRD ensures a match between individual and organizational needs(Matthews , 2000).

According to Rao and Pareek (1981). "HRD in the organizational context is a process by which the employees of an organization are helped in a continuous planned way, to:

1. Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;
2. Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own or organizational development purposes, and;
3. Develop an organizational culture in which supervisor-subordinate relationships, team work and collaboration among sub-units are strong and contribute to the professional wellbeing, motivation, and pride of employees."

In private bank Specially Berhan International Bank S.co, HR strategies and programs are designed in such a way that they are aligned with organizational objectives. In the Bank HRD is considered crucial to make considerable contribution to the creation of knowledgeable and skillful employees to widen service delivery to the customers. Though creating favorable condition for HRD is important to institutional development, studies are not conducted in the study areas whether the Bank has HRD or not. Therefore, the purpose of this study is to assess HRD practices and challenges in the selected study area.

### **1.2. Background of the Organization**

Berhan International Bank S.Co (BrIB) is one of the newly emerging Banks in the country. It was formed in accordance with Article 304 of the Commercial Code of Ethiopia with the objective of operating in the banking industry. This objective has ensured in Article 3 of the Memorandum of Association of the Company. The Bank was registered and licensed by the National Bank of Ethiopia on 27 June 2009 with an authorized capital of 300,000,000 and subscribed capital of Birr 154,736,000 divided into shares of 1000 Birr par value each. The branch network of Berhan International Bank S.Co (BrIB) currently stands ninety plus (90) (Berhane International Bank, 2009)

### **1.3. Statement of the Problem**

In today's competitive world, HRD is the fundamental factor for achieving organizational objectives and becoming international discourse (Ashkezari&Aneen, 2012). This is because the growing complexity of the workforce accelerated through the dynamic impact of globalization on national economy has just the quest of HRD at the center of public policies and development strategies. According to Gebrekidan(2011), human knowledge increasingly becomes a crucial factor for competitive success understanding factors that contribute knowledge to workplace environment are essential to every organization.

However, ineffective practice of HRD can result different problems such as reduced employees aspiration to learn and apply new skills, decrease employees productivity, low morale, higher employee turnover and low performance of organizations (Edgar &Geare, 2005). Problems in HRD systems appear when the capacity building practices are failed to accommodate the organizational and employee's needs. Therefore, in improving organizations and employees

satisfaction is vital through upgrading the skills, knowledge and attitudinal behavior of employees in the organizational setting is vital (Edgar & Geare, 2005).

These days many private banks, as they emerge, as witnessed by the human resource development division during the informal discussion held with the concerned experts the bank has failed to design their own human resource and development practices and face challenges associated to it. While the current legislation in place by National Bank of Ethiopia requires all banks and insurance companies to allocate a minimum of 2% of their fiscal year recurrent budget i.e. excluding the capital budget to human resource and development effective starting (NBE, 2015). Development of this resource is of absolute significance in achieving the organizational goals also to become capable of capturing the survivor position in this era of cut throat competition. HRD is considering as the key to higher productivity, better relations and greater profitability for any organization.

The pace of change and the uncertainty about how markets will evolve has made it increasingly important for companies to be aware of the HRD practices they participate in and to understand the roles that they play. The ability to continuously learn the evolving bank dynamics, coupled with competence in aligning the HRD practices to changing requirements, is one of the key sources of competitive advantage in present context. However, sometimes, despite the ability and competence, the banks fail to align their HRD practices with the fast changing requirements.

Therefore, there is a great need to research the challenges in the existing HRD practices in the banking sector.

Coming to the study areas in Berhan International Bank S.C no researches works are available in relation to the practices and challenges of HRD. Thus, the existence of such limited researches throughout the country and absence of studies in the study areas initiated the researcher to raise the issue under consideration. Therefore, study is unique because no study undertaken on how the modern approaches of human resource development practices could be adopted in private banks. Therefore, this study was aimed to fill the existing gaps by assessing the practices and challenges of HRD in Berhan International Bank S.C.

## **1.4. Objective of the Study**

### **1.4.1. General Objective**

The overall objective of the study was to assess the existing human resource development practices and challenges prevailing in the Berhan International Banks S.co.

### **1.4.2. Specific Objectives**

The specific objectives of the study include:

1. To assess the current human resource development practices in the Berhan International Banks.
2. To identify the challenges encountering the practice of human resource development in the Berhan International Banks S.co.
3. To identify the measures should bank employ to improve human resource development practices

## **1.5. Research Questions**

The rationale behind this study revolves around the following questions:

- 1). What are the current human resource development practices in the Berhan International Banks S.co?
2. What are the challenges that impede human resource development practices in the selected Banks that need to overcome?
3. What possible measures should the bank employ to improve human resource development practices?

## **1.6. Significance of the Study**

A study on human resource development practices and challenges is one important aspect of development research. The primary importance of the study will assist the policy formulating bodies and decision makers to give due emphasis to HRD and devise different mechanisms in order to continuously upgrade the employees expertise to improve profitability. The study areas will use it as a guideline to address problems and improve their understanding in the practices of

HRD. Finally, it will serve as a reference for further researchers for those who have an interest in relation to this area.

### **1.7. Scope of the Study**

This study is meant to examine the practices and challenges of human resource development practice in the one of the private banks, Berhan International Bank S.Co. It also focus to the main branch and heads office Berhan International Banks S.co namely directors, managers, section heads, senior officers and officers selected. The rationale to give emphasis on such areas is in terms of man power they have a wider scope than others.

### **1.8. Limitation of the study**

The study was specifically focused on assessing the practices and challenges of HRD in the Berhan International Banks S.co. Regardless of the fact that the researcher tried to do all the best to maximize its fruitfulness the study is subjected to some limitations because of its scope. The findings of the study were limited to those areas and conclusions and recommendations are limited to the challenges and practices of HRD. Lack financial and shortage time also put limitation of our research because requires plenty of time and require enough money.

### **1.9. Organization of the Study**

The study has been divided into five chapters. The first chapter was introduces background of the study. In the second chapter, deals with different related literatures are presented to create depth understanding towards the subject under study. Chapter three is concerned with the methodological part of the study. The analysis and discussions of major findings were indicated in the fourth chapter. In the fifth chapter conclusions, recommendations and implications of the study was made. Lastly, the references and appendices sections are attached.

### **Definitions of Key Terms**

The following definitions of terms used in this study are adapted from related literatures.

**Human Resource:** refers to the talents and energies of people who are available to an organization as potential contributors to the creation and realization of the organization's mission and vision (Matthews, 2000).

**Development:** means improving the existing capabilities to the human resources in the organization and helping them to acquire new capabilities required for the achievement of the firm as well as individual goals (Habib, 2012).

**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 (Abdulahi, 2009)..

**Challenges:** For this study challenges are obstacles or impediments that hinder effectiveness of human resource development practices in the selected offices (Deb, 2010).

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1. An Overview of Human Resource Development

As Matthews et al. (2000), though the existence of automated activities in the organizations worldwide human resource development is a bulging issue to adapt the real experiences what are going on. Thus, HRD is a subject playing paramount significance at a national level and it is much more of sensitive issue that due attention should be given by both developed and developing countries to attain organizational goals through modernizing its employee skills. According to Singh (2012), HRD implies that the energies of employees in an organization as potential contributors in turn this has a critical role for the creation and realization of the organizations visions, missions and goals.

According to McLean (2001), HRD is theorized as any process or activity either short or over the long term that helps to develop employees' work based knowledge, and satisfaction for personal, organizational and country at large. Similarly, Harris (2008) described HRD as well organized learning activity to improve organizational performance and personal growth organized by an organization. Haslinda (2009a) revealed that the purposes of HRD are said to capacitate the nature and extent of HRD activities being practiced in a give organization. Its purposes are centered on learning and performance perspective both benefiting the individual and the interests of stakeholders. In a wider sense, the purposes HRD centered on economic, social and the ethical benefits. HRD centrally focuses on training, development and learning with organizations for individual development to achieve organizational strategies and competence. With appropriate HRD program, people become more committed towards their job; people are assessed based on their performance (Deb, 2010). Therefore, HRD is considered as the key to better relations, greater profitability, and higher productivity for any organization.

Strategic HRD is driven by the organization's goals, operates within these goals to develop human capital, and is thus a purposeful way of matching people to the organization. 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. The central focus should be to expand the learning capability

that can help generate the knowledge base of the organization and enhance both competitive and collaborative capability (Harrison & Kessels, 2004).

## **2.2. Elements of Human Resource Development Practice**

HRD promotes dignity of employment in an organization and provides opportunities for teamwork and personal growth need for a career development. Hence, Singh (2012) found that a well-planned system is a central part of HRD in every business company. HRD elements which are important for better functioning of a given organization are the following:

**Training and Development:** According to Khan (2012), training involves providing the employees the knowledge and skills needed to a particular current task while development is preparing employees for future work responsibilities and help them to perform their current job.

**Career Development:** Kebede and Smbavasima (2013) argued that no HRD function can be acceptable to the people of any organization, if it fails to provide opportunities for individual employees to have happy career prospects. Proper career planning develops the career of every individual executive, which results in adequate growth of the career of every employee (Abdulahi, 2009).

**Performance appraisal:** is an important part of HRD, which enables organizations to understand employee performance, what is expected from them, what they actually do and how they can be updated (Boswell, 2002). Therefore, it is more than simple checklist actions whether activities are performed or not that organizations sought to review their effectiveness and make further management decisions.

## **2.3. Procedures of Human Resource Development Practice**

Harris et al. (2006) identified HRD processes which include needs assessment and conducting evaluation and follow up.

**Needs assessment:** it is the first task that organization to identify human resource development needs (Charles, 2006). Since human resource development is a need-oriented effort, kind and duration of the training and development is of major importance at this stage of the process (Bhupendra, 2009).

Identify and design objectives: Once HRD needs are clearly identified, the next process is to establish objectives. An objective is a specific outcome that the employee capacity building program is intended to be achieved (Scarpello&Ledvinka, 1988). Instructional method and media: The instructional method and media depend on the program content and in turn developed by human resource development need identification and established objectives (Werther& Davis, 1996). The objective is to teach specific skill, provide needed knowledge, or try to influence attitudes the content, method, and media must match with the job requirement of the organization and the learning style of the participant.

Implementation of the HRD Program: As Harris et al. (2006), HRD program is aimed at enabling organizations to achieve objectives and the program is set up after having clear-cut objectives in mind. Moreover, providing answers to questions like what skills are going to be taught, what kind of employee development is sought, what long or short term objectives are proposed will determine the design and details of the programs (Chatterjee ,1995). Evaluation and follow-up: Is the final phase of HRD program to verify the success of the program, i.e. whether employees in the program do the jobs for which they have been prepared (Bhupendra, 2009). It is most commonly interpreted in determining the efficiency and effectiveness of a program in relation to the desired goals and objectives. HRD is doing an investment in people to update their competence (Boswell, 2002).

#### **2.4. Principles of Human Resource Development**

The principles stated below must be kept in mind while framing a HRD system so as to have a proper and regular development of the human resource in every organization. Development of organizational capability: according to Deb (2010), the whole the development of employees and the organization are the basis of ideal human resource development system. The competencies include overall development of the work force in all aspects, such as: technical, psychological, physical or moral development should be in an organized manner.

Potential maximization: HRD system plays an important role to identify the employees' hidden potential that enables them to be competent enough to utilize their ultimate knowledge that can help to achieve organizational objectives (Habib, 2012).

**Autonomy maximization:** this is the degree of independence offered to employees at work so that they could be able to handle their responsibility to some extent. A proper HRD system must provide certain level of autonomy to its employees enabling them of handling duties on their own (Singh, 2012).

**Maximum delegation:** this principle implies that in an organization responsibility delegation i.e. sharing responsibilities of authorities with subordinates should be prevail to develop a cohesive and a congenial environment (Habib, 2012).

**Participative decision-making:** according to (Habib, 2012) this shows that top managers should encourage the participation of their subordinates in the system of human resource development to create favorable working environment where the employees are free to discuss their issues and their suggestion should be welcome.

**Change management:** as to this principle though usually people resist change, it is the inevitable thing in this universe. To be tough in the competition an organization and its human resource need to be as much flexible in getting itself adapt to the changing scenario. The balance between the organizational culture and the changing culture is maintained through good HRD system (Habib, 2012).

## **2.5. Challenges for Human Resource Development**

A critical challenge that faces human society at the start of the 20<sup>th</sup> century is to obtain full employment and sustained economic growth in the global economy. This challenge has recently become even more complex and demanding. It has been increasingly recognized that people's endowment of skills and capabilities and investment in educating and training, constitutes the key to economic and social development and facilitates every bodies participation in economic and social life (Wachira et al., 2012). The main challenges that confront the Human Resource Development function in organizations in meeting their goals are as follows;

**Building knowledge-creative learning culture:** According to Harrison and Kessel (2004), the effectiveness of HRD in contributing to culture change rests on its practitioners' alertness and awareness. That means, in practice for managers and other employees, and on their production of

relevant involvements that can form part of culture's new context. To do this, they require a deep knowledge of culture and of its typical impact on workplace behaviors and performance.

**Developing managerial and leadership skill:** the basic challenge that the organizations face in meeting their desired goals. In knowledge economy managers and team leaders increasingly have to master strategizing, organizing and help to implement management development strategies to build interacting types of core competences (Harrison & Kassel, 2004).

**Upholding Cultural Values:** This will secure a stronger commitment on the part of those targeted by the development efforts than it would be the case otherwise (Habib, 2012). It is therefore essential that government administrations be careful when reviewing its development options, not to ignore the fact that the reaction of people toward its HRD plans (Wachira et al., 2012).

**Understanding of different interests:** According to ((Habib, 2012), the national HRD planning should be objective, providing means to eventually set the stage for achievement of priorities, goals, and interests that truly make a difference as far as the fate of the country and the wellbeing of its people are concerned.

**Allocating sufficient financial resources:** Financial resources can only be available by a limited amount but the amount must be adequate to achieve the goals of HRD. Also it is essential not to waste the financial resources. It is very important to be able to continue financing HRD at all times and regardless of unstable swings in financial budget levels (Habib, 2012).

**Utilizing HR assessment technology to plan HRD:** HR assessment technologies have developed to a very advanced stage now days. It can be beneficial, therefore, to initiate a particular HRD program that serves the national HRD strategy through application of suitable HR assessment technology systems. Such systems are designed to assess the selection, appraisal and development and coaching of workers (Habib, 2012). These systems are best used in conjunction with a process whereby workers' experience, education, qualifications, competence and trainability can be assessed.

**Promoting positive work force attitudes toward HRD:** As to Wachira (2012), positive attitudes among members of the work force constitute a condition for absorbing the programs requirements; and that is important for smooth program execution. It is essential that work force members realize their personal needs for improvement, and be conceived of the direct and clear link between these needs and the designed HRD programs (Habib, 2012). National HRD programs need to be designed with recognition that members of work force attitudes toward HRD constitute an important factor for HRD success.

## **2.6. Theory of Human Resource Development**

A theory is a general statement or set of related statements about reason and result, actions and reactions. The main purpose of discussing these various foundations is to acknowledge the fact that HRD should continue to develop as a discipline and the integration of economic, psychological theories serve as a unique theoretical foundation of HRD (Baradous, 1997).

### ***2.6.1. Economic Theory of Human Resource Development***

Business traced its roots in the early stages of human civilization in one form or the other every business activity is necessarily an economic activity. To give and to take has been the two aspects over which the base of business lies. In the earlier period of time, it was carried out on individual basis, but with the passage of time it turns out in the shape of a formal and an organized structure (Randall, 1987 & Torracco, 1999). An organization is an organic entity through which business is carried out primarily for achieving economic objectives of the organization. Moreover, the economic theory holds the critical position in the evolution of the concept of HRD in context of an organization. Economics is the study of how scarce resources are optimally utilized and how these scarce resources are allocated. It consists of certain concepts of efficiency which could help in designing a framework for ensuring maximum societal well-being. Thus, economics is considered to be one of the theories of human behavior (Deb, 2010).

### ***2.6.2. Psychological Theory of Human Resource Development***

From the organizational point of view psychology is concerned about the individual behavior at work. This theory asserts that the behavior and mental process of employees and their effect organizational system performance. For an organization to be effective and well-organized in the competitive edge and global scenario, it must take great care of maintaining a cohesive working

environment. This is undertaken where the working conditions are integrated with the talents and skills of the HR. The application of psychological tools to solve problems of the employees working in the organizations facilitates their integration with the organizational climate and results in enriched and enhanced performance (Deb, 2010).

### **2.7. Empirical Studies**

Study survey conducted by Shefali and Thakr (2007), towards performance appraisal as tool of human resource development in few organizations. The researchers have found certain weaknesses and strengths of the system. They suggested that some measures for achieving the objectives of performance appraisal system. They stated that many of private organizations have tailored their appraisal systems efficiently manage the performance of human resource development in the era of intense competition; however, many changes have not been made in the system. The only changes that have been made by the organizations were the introduction of self-appraisal system according to the observations taken by the researchers.

Study has also conducted by Sambasivam (2013), with the objective of investigating the strategic orientation, practices and managers awareness towards the concepts of HRD in Ethiopia.

Study sought to investigate and identified the HRD challenges facing the private banks, specifically in the Berhan International Bank S.Co.. The study revealed that HRD is the critical issue in improving good local governance and provision of high quality public services.

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.

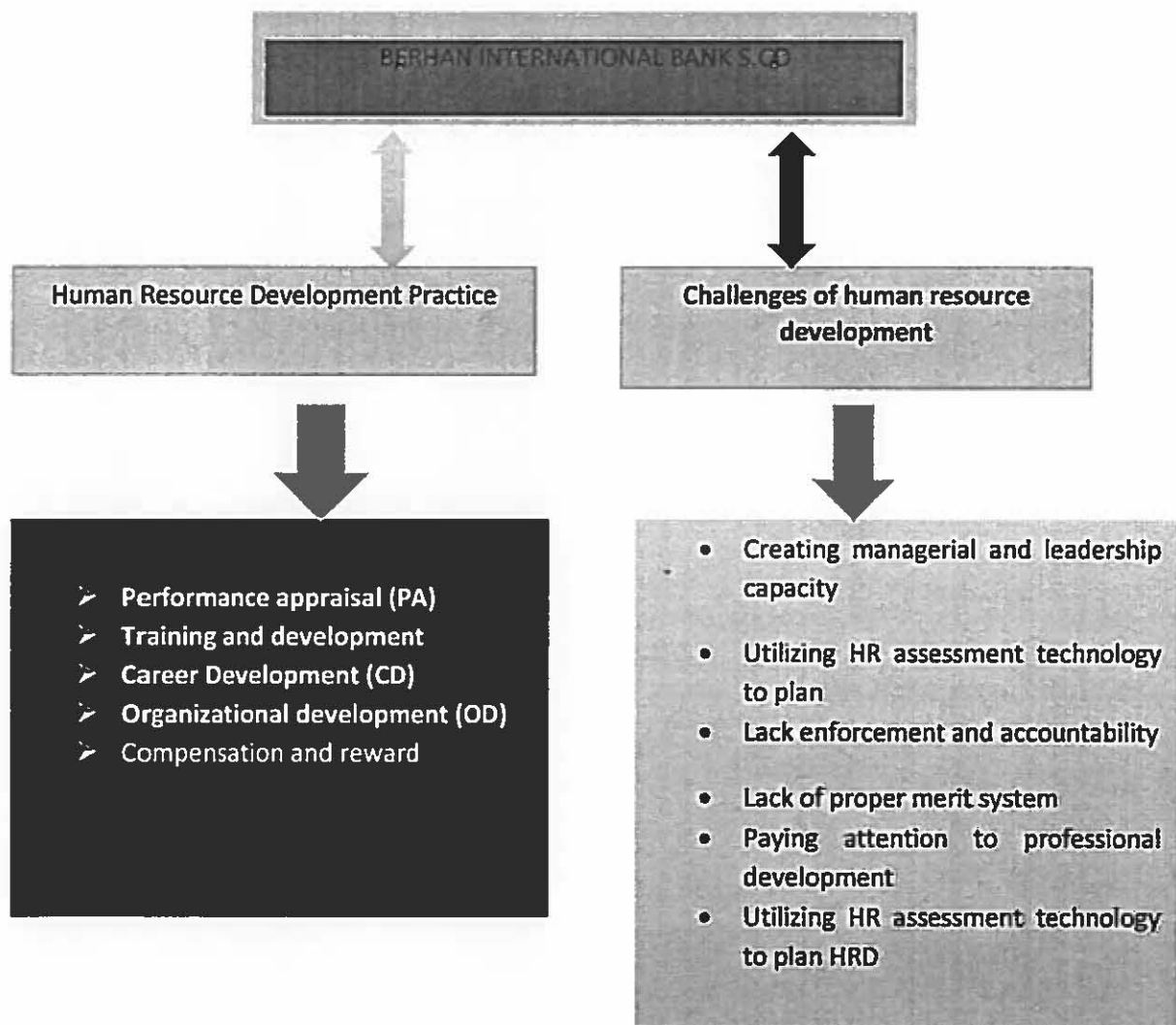
Wachira (2012) has observed the emerging trends of human resource development practices on the basis of survey of employees working in few cooperative organizations the overall HRD climate as neither good nor bad. The study identified that the employees shown unfavorable attitude towards human resource development policies and practices. The researcher said that

HRD climate should improved in the competitive environment. As the overall conclusion indicated by the study, human resource has not properly implemented.

The study carried by Ganesh Anjali (2007), concerned with training needs identification in public sector has identified that evaluation of training activity is very important namely in resource deployed and inputs provided. To make training conducive, goal oriented, need based, cost effective and duly modified from time to time on the basis of evaluation procedures require critical need identification. 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.

Saraswathi (2010) has undertaken 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. 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.



Conceptual Frame Work On Human Resource Development Practice

Source: Mark Smith and Susan Marinakis, 1997

**Training and development:** a competitive success of an organization is achieved through the skills and potentials of the people that they possess (Leimbach et al., 1998). Training will improve the employees' performance and productivity. Apart from recruiting, selecting, orienting and placing employees in jobs do not ensure success. In most cases, there may be gap between employee knowledge and skill and what the job demands that could be filled through training programs (Abdullah, 2009). Training can be given internally and externally.

**Career Development (CD):** Proper career planning also leads to career development. It develops the career of every individual executive, which results in adequate growth of the career of every employee (Abdulahi, 2009). Career development focuses on the alignment of individual subjective career aspects and the more objective career aspects of the organization in order to achieve the best fit between individual and organizational needs as well as personal characteristics and career roles.

**Organizational development (OD):** involves tasks that should be attended to both organizational variables (such as: structure and systems) and employees variables (such as: competence, skills and attitudes) (Sundararajam, 2009)

**Performance appraisal (PA):** it provides tools for acknowledging good performance, identifying areas in need of improvement and providing guidelines to justify management decisions (Akuoko & Baffoe, 2012). Therefore, PA is more than simple checklist actions whether activities are performed or not that organizations sought to review their effectiveness and make further management decisions.

**Compensation and Compensation;** it includes expenses such as bonuses, profit sharing, overtime and rewards that includes monetary and non-monetary rewards such as house rent and car facility against hired services of employees (Wright, Gardner, and Moynihan, 2003).

## **CHAPTER THREE METHODOLOGY**

### **3.1 Introduction**

This chapter presents the methodology that is used in conducting this research and provides a justification for methods used. It includes research design, research approach, sources of data, data collection techniques, sample design including population, sampling technique and sample size, method of data analysis, ethical consideration were discussed very well.

### **3.2 Research Design**

A survey research design was employed in this study by using both qualitative and quantitative method to assess the practices and challenges of human resource development practice of Berhan International Bank s.c. In this research information was collected through a self-administered questionnaire which was delivered in person to the respondents. The rationale for selecting these types of research designs is to properly analyze and interpret data through triangulation and reach at finding with adequate and accurate information(Creswell, 2003).

### **3.3. Research Approach**

In order to achieve the objective of this study, the researcher employed both quantitative and qualitative research approaches. Qualitative approach is concerned with subjective assessment of attitudes and opinions. On the other hand, quantitative approaches involve in the generalization of data in quantitative from which can be subject to rigorous quantitative analysis. The reason for using qualitative research approach in this study is that it's more open to change and refinement of research ideas as the study progress or because it is highly flexible. The rationale researcher opted to integrate the quantitative research approach is that it enables to assess the practices and challenges of human resource development practice of Berhan International Banks.c.

### **3.4 Sources of Data**

Both primary and secondary source of data were used for the study. The primary data were obtained from selected employees of bank through questionnaire and interview. The advantage of using primary data is that, they are more reliable since they come from the original sources. The secondary data were also collected from annual reports of bank and unpublished document.

### 3.5 Population of the Study

In the Head office and Main Branch there are 203 employees who are engaged in clerical and managerial level the population is distributed as shown in table 3.1.

Table 3.1: Number of employees at Head office and Main Branch

S/N	Work Units/ Departments	Number of Employees
1	Directors	11
2	Managers	22
3	Section heads	15
4	Senior Officers	35
5	Officers and experts	120
<b>Total</b>		<b>203</b>

Source :Berhan International Bank report (2016) Monthly report

### 3.6. Sample Size and Sampling Technique

The researcher used both probability and non-probability sampling techniques. From probability sampling technique, stratified sampling was employed to stratify the population into four strata such as managers, section heads, senior officers and officers. Then, simple random sampling technique was used to select the representative sample from each stratum based on October 24, 2016 lists of employees. From, non- probability-sampling technique, purposive sampling method was employed to select top officials for interview.

In this study to find representative sample size of the study population of 203 total employees, the researcher employ the formula to calculate the actual sample size out of the total universal as a sample frame (Bartlett, Kotrlik, Hiigins, 2001 and Fowler, 2002, P.31).

It was determined as shown below;

$n = z^2 pq / d^2$ ..... if N is greater than or equal to 10,000 $f_n = (n / (1 + n/N))$ ..... if N is less than 10,000 Where, N=Target Population      p=Estimated characteristics of the target population. n=Desired Sample Size      q=1-p z=Standard normal variance in the required confidence level (z-cross) d=Level of statically significant (margin of error)
---

The proportion of the target population (0.5) (50%) will be taken in this study, since there was no previous research study conducted to assess the practices and challenges of human resource development practice in the case of Berhan International Bank s.c.. Based on the above formula the margin of error (d-value ranges from 0.01 to 0.1) and from this range by taking time and budget into consideration the researcher used 0.08 margin error. Therefore, the Z-value statically is 1.75 (92%) and the desired accuracy at 0.08 levels and then the sample size was determined as follows;  $n = z^2 pq / d^2$  therefore,  $n = \frac{(1.75)^2 (0.5) (0.5)}{(0.08)^2} = 120$

$$F_n = \frac{n}{1 + n/N}$$

$$F_n = \frac{120}{1 + 120/192} = 75$$

Then, proportion to the sample size of the population was drawn from each category ; the sample size is computed as follows:-

Tables: 3.1 Stratified sampling for employees

Staff's under category	Number of employees (Ni)	Sample size $n_i = n (N_i/N)$
Managers	22	8
Section heads	15	6
Senior Officers	35	14
Officers and experts	120	47
Total	192	75

Source :Own computation; based Berhan International Bank report (2016) Monthly report

Where,  $N_i$ = the target population of each strata

Thus, 8 respondents from Managers out of 22, 6 respondents from Section heads out of 15, 14 respondents from Senior Officers out of 35 and 47 respondents from category from Officers and experts out of 120 were selected using the above formula of probability sampling techniques for purpose employees which represents 75 sample size. Whereas, three key officials of the authority were selected for interview from directorate. Totally, there were 78 respondents, including the interviewee.

### **3.7 Data Types and Sources**

The researcher used both qualitative and quantitative data types. Since, using both types of data is vital to offset the limitations inherent with one method with the strength of other method (Creswell, 2003). The study used both primary and secondary data sources to get consolidated data so as to reach on concrete findings. The primary sources of data were collected from the respondents currently working in their respective sector office through questionnaire. As part of primary sources data will be also obtained from key informants and discussants through interview and focus group discussion respectively. To supplement the primary data, secondary sources was collected through extensive review of published and unpublished documents. Apart from this, human resource management guidelines, personnel training manuals and workshop proceedings about the subject under study was used.

### **3.8 Data Collection Techniques**

This study was carried out using the questionnaires distributed to the selected respondents (Officers including managers) and interview held with directors of different department in Berhan International Bank. Questionnaires were made up of both open ended and closed ended types of questionnaires. The closed ended questions enabled the researcher to obtain the exact information being sought while the few open-ended questions were used to elicit attitudes and beliefs of the respondents towards HRD practices. And open ended help to extract the reason for some phenomena. The questionnaire was divided into two sections. The first section is to solicit data on demographic characteristics of the respondents. The second section was designed to address data regarding perception of the respondents towards HRD practices..

The questionnaires for Officers were prepared in English language. Most of the closed ended questions are designed with an ordinal level of measurement basis, and others are designed as 'yes' or 'no' questions and multiple choice. For instance, in order to assess the practices and

challenges of human resource development practice of Berhan International Bank, the researcher used a Likert type-scale (i.e., “Strongly Agree “to-, “Strongly Disagree”. Secondary data were collected from the Berhan International Bank annual reports or other unpublished documents.

### 3.9 Validity and Reliability of Instruments of data

To confirm validity and reliability of the collected data, data collected from one method was cross checked with another method. For instance, data gathered from questionnaire survey were cross checked with interview and secondary data and the result obtained was reliable and consistent. In order to test the validity of the questionnaire used for the study, the researcher conducted pilot test questionnaire to seven (10% of the sample) respondents.

**Table 3.2: Validity and Reliability for each filed of the questionnaire**

Variable	Number of Items	Cronbach's Alpha
1) Training and development	7	0.797
2) Career development	5	0.780
3) Performance appraisal	8	0.825
4) Challenges of HRD	10	0.834
<b>Total Validity</b>	<b>30</b>	<b>0.849</b>

\*\*\*Source: From researcher survey data ,2016

As stated by Johnston(2010) the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale.

It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one-dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflect a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Johnston, 2010).

The Cronbach's coefficient alpha was calculated 3.2 above, depicts that the values of Cronbach's Alpha for each field of the entire questionnaire. As it can be seen from the Table, for each field value of Cronbach's Alpha is in the range between 0.771 and 0.849. This range is considered as high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.849 for the entire questionnaire which indicates validity is very good. So, based on the test the results are reliable.

### **3.10 Method of Data Analysis**

Depending on the types of basic questions and nature of the data, descriptive method of data analysis (descriptive statistics) such as frequencies and percentage were used. Quantitative data generated through questionnaires were analyzed using MS-Excel. The data obtained through open-ended items and in the questionnaires, interviews and observation were analyzed qualitatively, which was used to strengthen the analyzed result obtained through statistical analysis. The data were presented with the help of figures and tables, followed by a narrative discussion to help the reader understand the data in the proper perspectives related to the findings.

### **3.11 Ethical Consideration**

To undertake the study ethical clearances and approval was obtained from the Addis Ababa University. A covering letter was attached to the questionnaire ensuring respondents' anonymity and confidentiality that information obtained from them would not be disclosed to the third party. Hence, the purpose of the study was explained to the study subjects (both respondents and key informants). In addition, confidentiality and privacy were ensured by not writing names on the questionnaire and assuring that the information given by each respondent be kept confidential.

Finally, the researcher has consulted numerous works of others and appropriately acknowledges and declared that this study this is his original work.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

The central focus of this study is to assess HRD practices and challenges in the Berhan International Bank S.Co. Thus, in this chapter the response for the questionnaire by employees of Berhan International Bank are presented, analyzed and interpreted in their respective. The data were analyzed using descriptive statistics such as frequencies and percentage and presented with the help of figures, pie charts and tables. In addition, opinion remarked by key officials that collected through interview and open ended question are included. Finally, this chapter identified its finding and gives with literature review found from various studies, books, journals and others taken into consideration.

To collect the data through questionnaire, 75 questionnaires were distributed for employees of bank. The field survey result indicates that from 75 questionnaires distributed to respondent 69 were returned representing 92 percent response rate. In addition to questionnaire, interview was held with five key directorates.

For this study, a total of 75 questionnaires were distributed to the employees currently working in four strata to assess human resource development practices and challenges. All distributed questionnaires were filled up and returned with response rate of 92%. To supplement data collected through questionnaire interview were administered by the researcher with key informants.

Table 4.1: Response Rate on Questionnaire

Respondents' characteristics	Categories	Frequency	Percent
Sex	Male	39	57
	Female	30	43
	Total	69	100
Age	18-20	6	9
	21-30	40	58
	31 and above	23	33
	Total	69	100
Education level	Diploma and below	12	18
	Degree	46	66
	Master and above	11	16
	Total	69	100
Work experience	1 years and below	3	5
	2-6	6	8
	7-11	41	60
	12 and above	19	27
	Total	69	100

Source: Field survey (2016)

From the Table 4.1 above, it is possible to deduce the following facts. The overwhelming majority of the respondents were 69(57%) males and the rest 30(43%) were females. This implies that the office was dominated by male employees and females' participation was low relative to male. Another description pointed out in the Table 4.1 above, is that the age interval

of the respondents. In this regard, the majority 40(58 %) of the respondents in the selected office were found in the age interval of 21-30 years which signifies that the offices have mature and well experienced staffs who have productive and potential prospects. Following 23(33%) of the respondents were found in the age of 31 and above. Generally, the majority of the respondents of the office was middle aged by taking ILO (2013) as a reference implying that they could have good productive prospects.

Educational background of the employees is an important factor in undertaking their respective responsibilities and to make critical decisions in their working office. Considering the respondents' level of education, 12(18%) of the total respondents were diploma holders. Whereas, the majority 46(66%) and 11(16%) were first and second degree holders respectively. This signifies that the majority of respondents were first degree holders in terms of their educational level and the offices should plan for the development of its workers to masters' level so as to increase of their job performance.

From Table 4.1, also depicts that the work experience of the respondents. The majority of 60% of the respondents have relatively longer service times 7-11 years. Following 27% of them have 12 and above years' work experiences. From this we can conclude that most of the staffs have good work experiences which can help them to do their responsibilities effectively and efficiently. In other words, the office was in a good track in capturing well experienced staffs. In general, the results of the demographic characteristics of the respondents indicate that they can clearly understand and respond to the questions provided to them to gather the primary data.

#### **4.2. The Practice of Human Resource Development**

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

human resource development from training and development, career development, organizational development and performance appraisal aspects (Akuoko and Baffoe ,2012)

It is undeniable fact that the organizations' productivity is determined by the motivation level and effectiveness of its workforce. Training and development implies to the systematic process of developing the competencies relating to the job of employees for the present and future roles and responsibilities. Recruiting, selecting, orienting and then placing employees in jobs do not ensure success. In most cases, there may be the gap between employees knowledge and skill and what the job demands. The gap must be filled through training and development programs.

Figure 4.1: HR Training and Development



Source: Survey (2016)

As it shown on Figure 4.1 above, the organizations have clear training and development program indicating that the respondents agreed in their agreement response showing that they feel all right with the case described. The response of the respondent was 56% of the employees strongly agreed, 20% of the employees agreed, 14% of the employees neutral, 2% of disagreed and the remaining 8% of the employees strongly disagreed with statement, this implies that the relative homogeneity of the respondents on their responses. From this result one can infer that the offices have clear training and development programs that may help to upgrade employee's knowledge and skills to improve their performance and achieve organizational objectives in the desired way.

Table 4.2. HR Training and Development

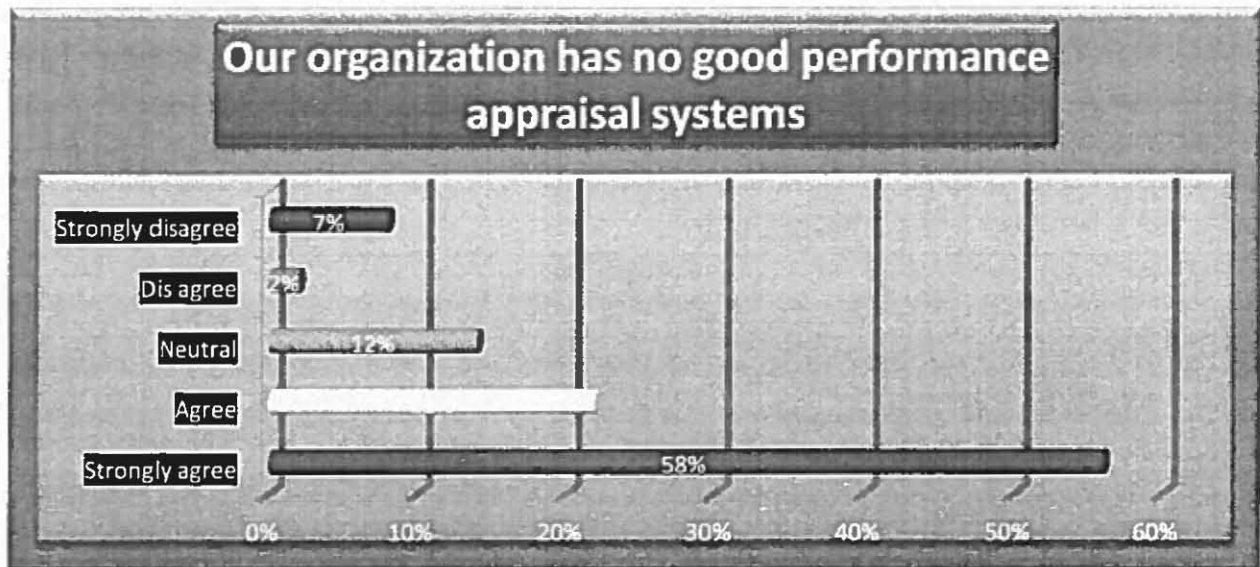
S.No	Statements	Strongly agree	Agree	Neutral	Dis agree	Strongly disagree
1.	Evaluating training efforts	2%	10%	23%	35%	30%
2.	Our organization assesses employee training needs	4%	9%	8%	39%	40%

Source: Survey (2016)

From the above table 4.2, analysis related to evaluating training efforts standpoint , the response of the respondent of 30% of the employees strongly disagreed, 35% of the employees disagreed, 23% of the employees neutral, 10% of agreed and the remaining 2% of the employees strongly agreed with statement. This indicates that the respondents strongly disagreed with the institution has evaluating training efforts. This implies that the organization was not effective in evaluating the works, effectiveness and the efficiency training given to the trainee helping them to get feedback for their improvement.

The Table 4.2 above reveals that, the response of the respondent related to “Our organization assesses employee training needs”, the response of the respondent was 4% of the employees strongly agreed, 9% of the employees agreed, 8% of the employee’s neutral, 39% of disagreed and the remaining 40% of the employees strongly disagreed with statement. From this, one can understand that the organization has not assessed training needs of the employees that increases the effectiveness of the organization in providing quality service.

Figure 4.2: Performance Appraisal System



Source: Survey (2016)

The Figure 4.2 above also reveals that, the assessment of the employees training needs the response of the respondent was 58% of the employees strongly agreed, 21% of the employees agreed, 12% of the employees neutral, 2% of disagreed and the remaining 7% of the employees strongly disagreed with statement. This shows that the respondents were dissatisfied with the case described. This implies that the organization has no good performance appraisal system based employees contribution to the origination objective.

Table 4.3: Performance Appraisal System

S.No	Statements	Strongly	Agree	Neutral	Disagree	Strongly
1.	Assessment where the employees are assigned	20%	40%	23%	15%	2%
2.	Acknowledgement for good performances	34%	45%	8%	9%	4%

Source: Survey (2016)

As it is also evidenced in the Table 4.3 above, the response of the respondent related to “Assessment where the employees are assigned”, the response of the respondent was 20% of the employees strongly agreed, 40% of the employees agreed, 23% of the employees neutral, 15% of disagreed and the remaining 2% of the employees strongly disagreed with statement. From this analysis it can be deduced that the respondents were “agree” with statement organization assess where the employees are assigned.

The Table 4.3 above reveals that, the response of the respondent related to “Acknowledgement for good performances”, the response of the respondent was 34% of the employees strongly agreed, 45% of the employees agreed, 8% of the employee’s neutral, 9% of disagreed and the remaining 4% of the employees strongly disagreed with statement. From this, one can understand that the organization has acknowledgement for good performances.

### **Career planning and development**

No HRD function can be acceptable to the people of any organization, if it fails to provide opportunities for individual employees to have bright career prospects. It is for the purpose of HRD integrating career planning and development with it. Proper career planning also leads to career development. It develops the career of every individual executive, which results in adequate growth of the career of every employee. Hence, successful planning is closely linked with career planning and development. In this section the study presents HRD practice from career development aspect based on the information obtained from the respondents.

**Table 4.4: Review Of Career Development**

S.No	Statements	Strongly agree	Agree	Neutral	Dis agree	Strongly disagree
1.	The institution has good career planning and development programs	3%	16%	4%	15%	62%
2.	The organization integrates HRD with organizational objectives	5%	19%	7%	18%	51%

Source: Survey (2016)

From the above analysis related to improve career development of employees standpoint as indicted in the table above was, 62% of the employees strongly disagreed, 15% of the employees disagreed, 4% of the employees neutral, 16% of agreed and the remaining 3% of the employees strongly agreed with statement. This indicates that the respondents strongly disagreed with the institution has good career planning and development programs. From this fact one can deduce that the bank was not in a position to consider continuous employee's professional development to fill the existing gaps. This implies that the bank has limitations in critically assess their effort to promote career development by any means to increase the satisfaction level of their employees.

As it is also evidenced in the Table 4.4 above, the response of the respondent related to "The organization integrates HRD with organizational objectives", the response of the respondent was 51% of the employees strongly disagreed, 18% of the employees disagreed, 7% of the employees neutral, 19% of agreed and the remaining 5 % of the employees strongly agreed with statement. From this analysis it can be deduced that the respondents were "disagree" with integration of HRD with organizational objectives indicating that they are dissatisfied with the case raised out. This result signifies that bank are lagging behind in linking the two things for the betterment of their performance. Kilam and Neeraj (2012), in their depth assessment in bank also found that career planning and development as the most important component of overall HRD system which helps in individual-organizational goal integration.

### 4.6.3. Organizational Development

Since organizations are open systems, therefore, it must develop itself by adopting various changes that come across in the persistently changing environment it emphasizes on the adoption of appropriate interventions that could cope up with the ongoing activities of the organization. It provides a framework in which changes in climate and culture of the organizations takes place. It also enables organizations to harness human potential for attaining organizational objectives. With regard to organizational development the respondents were given the following statements to convey their degree of agreement as stated in Table 4.3below.

Table 4.5: Review of Organizational Development

S.No	Statements	Strongly agree	Agree	Neutral	Dis agree	Strongly disagree
1.	Good credibility and fairness of top management and Good culture of openness	4%	25%	4%	22%	45%

Source: Survey (2016)

As it is also evidenced in the Table 4.3 above, the response of the respondent related to “Good credibility and fairness of top management and Good culture of openness”. From this analysis the response of the respondent was 45% of the employees strongly disagreed, 22% of the employees disagreed, 4% of the employees neutral, 25% of agreed and the remaining 4 % of the employees strongly agreed with statement. From this analysis, it can be deduced that the respondents were “disagree” with integration of HRD with organizational objectives indicating that they are dissatisfied with the case raised out. The implication is that unless the bank develop problem solving culture, good team spirit, sound recruitment compensation and security it is difficult to them to build the required human resource and to attain organizational goals in the desired manner.

Based on the information obtained through interviews as per HRD report about organizational development in the bank pertaining their long-term effort to improve an organization’s visioning, empowerment, collaborative management of organization culture-with special emphasis on the culture of intact work teams and other team configurations using the consultant facilitator role as the majority of the respondents replied was insufficient. Furthermore, organizations were slow in tackling problems like communication, inadequate integration, openness, fairness in treating employees, compensation and job security, and in problem solving culture especially, as reported by focus group participants. This shows that the information obtained by the questionnaire was somewhat similar with that of the responses of interviewees.

Table 4.6: Review of Compensation and Reward

S.No	Statements	Strongly agree	Agree	Neutral	Dis agree	Strongly
1.	I feel compensation package should be linked with performance of employee	42%	37%	5%	10%	6%
2.	Employee benefit plan are one of the important reason for working in the bank	35%	55%	5%	2%	3%

Source: Survey (2016)

The Table 4.4 above reveals that, the response of the respondent related to “I feel compensation package should be linked with performance of employee”, the response of the respondent was 42% of the employees strongly agreed, 37% of the employees agreed, 5% of the employee’s neutral, 10% of disagreed and the remaining 6% of the employees strongly disagreed with statement. From this, one can understand that the compensation package should be linked with performance of employee.

From the above analysis related to employee benefit plan are one of the important reason for working in the bank standpoint as indicted in the table above was, 3% of the employees strongly disagreed, 2% of the employees disagreed, 5% of the employees neutral, 55% of agreed and the remaining 35% of the employees strongly agreed with statement. This indicates that the respondents strongly agreed with the employee benefit plan are one of the important reasons for working in the bank.

#### 4.4. Challenges of Human Resource Development

This section assesses and examines the major challenges or constraints that hindered human resource development practices in the office. As it was revealed from the questionnaire, interview and focus group discussions and other secondary sources there were some challenges that encountered office in the practice of human resource development indicated in Table 4.3 below.

Table 4.7: Challenges of Human Resource Development

S.No	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1.	Developing comprehensive HRD strategies	3%	6%	4%	15%	72%
2.	Utilizing HR assessment technology to plan HRD	5%	4%	7%	17%	65%
3.	Promoting positive workforce attitudes towards HRD	4%	10%	9%	55%	22%
4.	Lack enforcement and accountability	65%	19%	7%	11%	7%
5.	Paying attention to professional development	2%	8%	5%	10%	75%
6.	Creating managerial and leadership capacity	4%	5%	4%	12%	75%

Source: Survey (2016)

As it can be clearly shown in the Table 4.5 above, different human resource development challenges are illustrated which include: developing comprehensive HRD strategies, developing managerial leadership and capacity, utilizing HR assessment technology to plan HRD, promoting workforce attitude, paying attention to professional development. In addition to the above in adequate training and development, lack of enforcement and accountability, attracting and retaining qualified personnel.

As it shown on Table 4.7 above, the response of the respondent was 3% of the employees strongly agreed, 6% of the employees agreed, 4% of the employees neutral, 15% of disagreed and the remaining 72% of the employees strongly disagreed with statement. From this result, one can infer that the offices have no clear training and development programs that may help to upgrade employee's knowledge and skills to improve their performance and achieve organizational objectives in the desired way.

The Table 4.7 above reveals that, the response of the respondent related to lack enforcement and accountability, the response of the respondent was 65% of the employees strongly agreed, 19% of the employees agreed, 7% of the employee's neutral, 11% of disagreed and the remaining 7% of the employees strongly disagreed with statement. From this, one can understand that the organization lack enforcement and accountability

As it shown on Table 4.7 above, the response of the respondent related to the organizations utilizing HR assessment technology to plan HRD indicating that the respondents agreed in their agreement response showing that they feel all right with the case described. The response of the respondent was 65% of the employees strongly disagreed, 17% of the employees agreed, 7% of the employees neutral, 4% of agreed and the remaining 5% of the employees strongly agreed with statement, this implies that the relative homogeneity of the respondents on their responses. From this result, one can infer that the offices not utilizing HR assessment technology to plan HRD that may help to upgrade employee's knowledge and skills to improve their performance and achieve organizational objectives in the desired way.

As it is also evidenced in the Table 4.7 above, the response of the respondent related to "Promoting positive workforce attitudes towards HRD", the response of the respondent was 22% of the employees strongly disagreed, 55% of the employees disagreed, 9% of the employees neutral, 10% of agreed and the remaining 4 % of the employees strongly agreed with statement. From this analysis, it can be deduced that the respondents were "disagree" with integration of HRD with organizational promoting positive workforce attitudes towards HRD.

The Table 4.7 above also reveals that, the Paying attention to professional development the response of the respondent was 2% of the employees strongly agreed, 8% of the employees agreed, 5% of the employees neutral, 10% of disagreed and the remaining 75% of the employees strongly disagreed with statement. From this one can understand that the sub-constructs indicated in the Table are key human resource development challenges of the offices that need to overcome.

As it is also evidenced in the Table 4.7 above, the response of the respondent related to "Creating managerial and leadership capacity", the response of the respondent was 75% of the

employees strongly disagreed, 12% of the employees disagreed, 4% of the employees neutral, 5% of agreed and the remaining 4 % of the employees strongly agreed with statement.

From this fact, it is possible to conclude that in the office there were challenges that hindered and constrained the efficiency and effectiveness of human resource development practices. Habib (2012), found that similar findings with this study designing comprehensive HRD strategies, linking with strategic priorities, lack of technology, creating positive HRD climate, promoting positive workforce attitude, lack of sufficient budget and accepting modern technological changes as the key challenges in public sector in developing countries.

Wachira (2012), also pointed out in his study giving due emphasis for personal and professional development is considered as the basic challenge that need to be addressed in the practice of human resource development in Africa which supports the findings of this study. Moreover, this study came with consistent findings assessed by Gebrekidan (2011), as he outlined that inadequate training, lack of accountability and enforcement and lack of good merit system as bottleneck problems that organization should tackle in achieving HRD in his systematic review piloted in some Africa countries.

In addition, the information gathered through interview, as per HR annual report documents confirmed that the similar findings with the information obtained through questionnaire. In this regard, informants and discussants suggested that the challenges that encountered HRD in their office. The informants have suggested some challenges or constraints that impede their respective offices in the process of implementing human resource development. Some of these major challenges suggested were lack of sufficient budget for training and education, lack of accountability and transparency, lack of emphasis for professional development, accepting modern technological changes. In addition to the above, creating an environment for attracting and retaining qualified personnel, insufficient managerial capacity building and lack of employees motivation was becoming great challenges for the effective practice of HRD in the office.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

This chapter makes conclusions that were drawn from the findings of the study, which were presented, discussed and interpreted in chapter four. Finally, based on this conclusion, the researcher recommended some points that may help to promote good human resource development practice in the bank.

#### 5.1. Conclusion

The organization have training and development programs; however, they were ineffective in assessing training needs, setting performance objective, in searching aids for internal and external training and development, planning training strategies and preparing training schedules and modules as well as assessing training and development efforts. Especially, post training evaluation was not well conducted to get feedback for their improvement. The office have career development in principle, in order to create motivated workforce, to enhance the capacity of both present and future knowledge and skills, to increase the ability and productivity of employees, increase optimum man task relationship, to prepare employees to take higher assignments and to upgrade skills and prevent obsolescence. However, in practice explicit tasks were not done in relation to the issues described to promote HRD and to attain development goals.

With regard to performance appraisal, attempts have made to assess the performance and behavior of the employees. However, the working environment was not conducive as the findings revealed. The reasons for this were lack of training, lack of human capacity to set targets and lack of commitment. Performance appraisal gives equal room for open dialogue but, transparency and continuous follow up was so weak and there is loose attachment between performance and reward due to lack of participation, inconsistent implementation and lack of resources. As the findings indicated that the office was good in doing job and organizational analysis. This was through the determination of skill, knowledge, the job requires, and identifying job-related knowledge and skills that are need to support the organizations' short-range and long-range goals. However, personal analysis was not conducted effectively as a

crucial HRD need analysis approach. To the end, as the findings revealed that designing comprehensive strategies, aligning HR with strategic priorities, accepting modern technological changes, limited emphasis to personal and professional development, lack of creating managerial and leadership capacity, inadequate training, attracting and retaining qualified personnel and lack of good merit system were key challenges that hindered the practice of HRD in study areas.

## 5.2. Recommendations

In light of the aforementioned conclusion of the study, the researcher wishes to make the following recommendations are forwarded:

- Now days, we are living in a continuously changing and dynamic environment that directly or indirectly affects us. Particularly, organization is affected by the rapidly changing information technology. Thus, organization need to update its employees' skills and knowledge through training and education to cope with technological advancement and competitive environment and to achieve its pre stated short and long term goals. HR of the office should get greatest emphasis since they are engines for other resources such as physical resources, information resources, and financial resources.
  - ❖ At the first place, HRD should aim at matching the organizational need for HR with the individual needs for career development. Secondly, HRD must necessarily focus on individuals since all the strength of teams and the office must first embed into individual employee. Personal analysis during training need assessment is necessary, in view of the fact that it is very important tool for integrating individual needs into HRD practices.
  - ❖ Counseling is also very essential to identify individual employees training needs and HRD should be based on career development that helps employees achieve maximum self-development.
  - ❖ HRD need assessment and selection criteria practice of the office are among the most important issues because training and development is a need oriented effort.

determining the level, type and duration of the training and development will have a paramount importance.

- ❖ Post training evaluation should also be exercised in order to help participants to get feedback for their improvement and to find out to what degree the HRD objectives are achieved.
- Generally, to overcome the challenges of HRD the organization should develop comprehensive HRD strategies, developing managerial leadership and capacity, utilizing HR assessment technology, promoting workforce attitude, paying attention to professional development. In addition to the above provide adequate training and development, improve enforcement and accountability, attracting and retaining qualified personnel.
- Finally, the issue of HRD requires further research. After conducting a research then, it would be possible to design both short and long term strategy.

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**Appendix A**  
**Addis Ababa University**  
**College Of Business and Economics**  
**Graduate study**  
**Department Of Management**  
**Survey Questionnaire to Be Filled By Employees**

Dear Respondents,

This is conducted in partial fulfillment of the requirements for EMBA in Addis Ababa University. I am distributing these questionnaires to accomplish my thesis on "*Human Resource Development Practices And Challenges In private bank : Of Berhan International S.co*". The outcome of this study highly depends upon responsible, sincerely and timely response. Therefore, you are kindly requested to fill the questionnaire as per the instructions, carefully and responsibly. I can assure to you that anonymity and confidentiality of information obtained from you will be not be disclosed to the third party and also the information you give will be used only to achieve the objectives of this study.

**General Instructions**

- No need of writing your name
- In all cases where answer options are available please tick (√) in the box provided
- For scale typed questions please circle your preferred level of agreement

Thank you in advance for your honest cooperation!!



	Statements	Strongly agree	Agree	Neutral	Dis agree	Strongly disagree
<b>A</b>	<b>Performance appraisal</b>					
1.	Our organization has no good performance appraisal systems					
2.	Assessment where the employees are assigned					
3.	Acknowledgement for good performances					
<b>B</b>	<b>HR Training and Development</b>					
4.	Our organization has good training and development programs					
5.	Our organization assesses employee training needs					
6.	Evaluating training efforts					
<b>C</b>	<b>Career planning and development</b>					
7	The institution has good career planning and development					
8	The organization integrates HRD with organizational objectives					
<b>D</b>	<b>Organizational development</b>					
9	Good credibility and fairness of top management					
10	Good culture of openness					
<b>E</b>	<b>Compensation and Reward</b>					
11	I feel compensation package should be linked with performance of employee					
12	Employee benefit plan are one of the important reason for working in the college					
	Challenges of human resource development					
13.	Developing comprehensive HRD strategies					
14.	Creating managerial and leadership capacity					
15.	Utilizing HR assessment technology to plan HRD					
16.	Promoting positive workforce attitudes towards HRD					
17.	Lack enforcement and accountability					
18	Paying attention to professional development					

19). Give your opinion on the overall attitude on how human resource development practices improve in Berhan International Bank S.Co?

*Thank you for your cooperation!*

## Appendix B

### Questions for Interview

1. What is your understanding about the concepts of HRD?
2. How do you think the practice of HRD in terms of training and development, career development, organizational development and performance appraisal?
3. How HRD programs integrate both institutional and employee's needs?
4. Do you think the institution is a good place for growth and development of all employees? If, your answer is "No", why?
6. To what extent do managers at all levels in the institution have appropriate skills in general managerial principles, communications, group dynamics, and team building?
7. How do you evaluate HRD administration in terms of need assessment, design and identify objectives, implementation and evaluation?
9. What are challenges in practicing HRD in your institution?
10. What strategies can be used to overcome the challenges of HRD?

