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PROGRAM OF PROJECT MANAGEMENT

**ASSESSMENT ON THE CHALLENGES OF HUMAN RESOURCE MANAGEMENT
PRACTICE ON BOLE LEMI I INDUSTRIAL PARK PROJECT**

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“ASSESSMENT ON THE CHALLENGES OF HUMAN
RESOURCE MANAGEMENT PRACTICE ON BOLE LEMI
I INDUSTRIAL PARK PROJECT”

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STATEMENT OF CERTIFICATION

This to certify that Eskedar Abayneh Gizaw has carried out this research work on the topic entitled “Assessment on The Challenges of Human Resource Management Practices on Bole Lemi I Industrial Park Project” under my supervision .This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of Degree of Masters of Art in Project Management.

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DECLARATION

I, the undersigned, declare that this project work is my original work, prepared under the guidance of Ass. Professor Teklegiorgis Assefa. All sources of materials used for the project have been fully acknowledged. I further confirm that this project work has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Addis Ababa University School of commerce

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Abbreviation

BLIPP	Bole Lemi Industrial Park Project
BLIP	Bole Lemi Industrial Park
EIC	Ethiopian Investment Commission
HRM	Human Resource Management
HR	Human Resource
Ha	Hectare
IPDC	Industrial Park Development Corporation
IP	Industry Park
KM	Kilo Meter
M2	Meter Square

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Abstract

The Study is conducted to assess the challenges of human resource management practice on Bole Lemi I Industry Park Project(BLIPP) to identify the challenges and to suggest possible solutions to solve the problems. The overall objective of the study is to assess the challenges of human resource management practices on BLIPP and to find a solution this study tried to identify the human resource management practice challenges based on different relevant literature review of concepts and experiences of different countries especially focusing on BLIPP and the companies within the industry park what challenges were faced by the employees and the employer regarding the human resource management practice of recruitment & selection, training & employee relations, evaluation & performance appraisal and reward & benefits and also what solutions should be suggested to solve these challenges.

The study has been based on primary, and secondary data collection techniques, interview, and questionnaires as well as document examining in general. Qualitative and quantitative survey instruments applied aimed at examining and describing the current status of the Bole Lemi I Industry Park Project HRM practice Challenges .

The results of the study identified the challenges of human resource management practice within the industry park and revealed that employees are affected by the existing human resource management regarding training and development, Low Salary ,Inadequate Benefit ,,High employee turn over ,unsafe work environment and low commitment . Based on the findings formal HRM policies have to be formulated and implemented , the pay structure have to revised and amended in order to effectively manage the labor force and in order to achieve the intended result by the companies and the project.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Haslinda (2009a), human resource organizations have greatest assets 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. Moreover noted by Haslinda (2009b), in order to maximize organizational effectiveness and to ensure the employees potential, capabilities and talents must be developed and updated.

Human resource (HR) can be the most important resource to affect production performance in organizations (Stone, 2008). The study of how to manage employees is extremely important for organizations in sustaining their competitive advantage in today's business environment. Thus, human resource management (HRM) plays a very significant role in influencing employees behavior within organizations (Cowham, 2008).

HRM is a techniques which is used to develop and enhance workers motivations, productivity and performance. According to Peng (2007), HRM clearly indicated that peoples are key resources of the firm to be actively managed and developed. in last two decades since late eighties HRM has becomes even more important and often sports the world to make it strategic from lowly administrative function. Human resource management has now increasingly been recognized as a strategic function that together with other crucial functions that help organizational effectiveness and performance.

Human Resource Management is a set of tools to recruit employees, form and organize their professional careers and ensure that employees are assigned to do the adequate tasks and that the overall performance of the administration is aligned well with the general and particular objectives that it seeks to accomplish.

HRM is the process of planning, organizing, directing (motivating), and controlling the procurement, development, compensation, integration, maintenance, and separation of organizational human resources to the end that organizational, individual, and societal needs are satisfied.

Human resource management is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations (Armstrong, 2016:7)

Human resource management is the process through which management builds the workforce and tries to create the human performances that the organization needs. (Boxall and Purcell, 2016:7)

The goals of HRM identified by Armstrong and Taylor (2015) are as follows

- Support the organization in achieving its objectives by developing and implementing HR strategies that are integrated with business strategy.
- Contribute to the development of a high-performance culture
- Ensure that the organization has the talented, skilled and engaged people it needs
- Create a positive employment relationship between management and employees and a climate of mutual trust
- Encourage the application of an ethical approach to people management.

Good HR practices enhance the motivation and commitment of staff which in turn improves productivity and performance.

In Ethiopia based on the ruling party ideology the country's economy policy and strategies are shaped and implemented. The previous government of Ethiopia, which was in power from 1974-1991 followed a socialist ideology with centralized power structure (Paulos,2001). When the new government took power in may 1991,it started with a socialist ideology but later on in 1995 formed the federal constitution which distributed administration power to regional government bodies, hence service was revised and rewritten to increase regional human resource capacity and development(UN-HABITAT,2002,p89).following this, regional governing bodies took the power to execute their respective regional resource recruitment, training ,promotion and other human resource activities . at this point the problem most regions encounter was the lack of trained man power and the finance to recruit and train new employees(Paulos,2007).

1.2 Background of The Industrial Park

The development of countries economies is the same meaning with the development of industrialization sector. The industrializations means, the enhancement of the weight of industry sector. But, industrialization does not necessarily mean the augmentation of proportion of the industrial goods in the total production of final goods. Having the increase of industrial goods in total production, the enhancement of the industrial goods in the export goods, also the development in the level of the physical capital, technology, and development of the industrial production and its utility, give the proper definition for the term of industrialization. (Aslan Eren,1989).

Industrial Parks (IP) contains the small and middle size manufacturing unities that have different and complying production procedures in special closed zones. IPs have common social, technical and residential services. The most important issue here is, these services and promotions have been harmonized and adjusted for the same goal. The residential life doomed to be arranged for the healthier and proper urbanization facilities. (Yavuz Bayülken,2012).

There are many definitions and explanations for the concept if industrial parks. According to the United Nations definition, “Industrial Parks are, the small and middle size organizations that have integrated business and production, with benefiting from the common infrastructure services, that have allocated in standard fabric buildings”.(Çezik, Asuman-Ayda Eraydın,1982).

Industrial Parks (IPs) have been and are key policy instruments in enhancing economic transformation by attracting investment, promoting technological learning, upgrading and innovation and generating stable and decent employment.

The Ethiopian Industrial Parks Development Corporation(IPDC) was established in 2014 to avail developed land and pre- built sheds equipped with all-encompassing utilities and Infrastructure facilities.

1.2.1 Industrial Parks Development Corporation and The projects

IPDC is mandated to develop and operate a wide ranges of industrial parks, it serves as Industrial Park land bank, develops Industrial Parks and hands over to private Industrial Park developers (leases or sub-leases land, sells or rents shades).

IPDC have a plan to develop 100,000 ha of land between 2016 and 2025 -i.e.10,000 Ha Annually- for a total factory floor area of 10 million m² (1 million m² annually).

Table 1.1 Industrial Park Projects

No.	Name of Parks	Site & Location From Addis Ababa	Land Size in hectare	Clusters	State
1.	Bole Lemi I	Addis Ababa	156	Apparel	Fully Subscribed Parks
2.	Hawassa	South 275km	300	Textile & Apparel	
3.	Dire Dawa	East 473 km	1500	Textile & Apparel, Food Processing, Assembly	Parks currently being promoted
4.	Kombolcha	Noth-East 380 km	700	Textile & Apparel, Food Processing	
5.	Mekelle	North 760 km	1000	Textile & Apparel, Food Processing, Assembly	
6.	Adama	South East 74 km	2000	Textile & Apparel, Food Processing	
7.	Bole Lemi II	Addis Ababa	186	Textile & Apparel	Planned Parks for post-2016
8.	Killinto	Addis Ababa	337	Food Processing , Pharmaceuticals , House appliance , electronics and electrical	
9.	Bahir Dar	North-West 578km	1000	Textile & Apparel, Food Processing	
10.	Jimma	South-West 346 km	500	Textile & Apparel, Food Processing	

Source; Published FDI data 2016, Overview Investment Opportunities& policies in Ethiopia

The study of this paper is on the Bole Lemi I Industrial park Project which is located in the south eastern part of Addis Ababa, 4km away from Goro square with land area of 156 hectare.

Bole Lemi I Industrial Park started operation in 2014 and rented out to 11 foreign owned garment companies which are engaged in fully export business, it is a cluster of Apparel and leather products with companies of India, China and South Korea with a total of 10,000 labor.

There are many challenges in industrial park development i.e infrastructure, Human resource, this paper is mainly focused on Identifying the human resource management challenges of BLIP and finding a way to solve them in order to promote the industry park development by accomplishing the intended significance.

Managing human resource properly will enable industry park development projects to succeed, encourages investors to get in to this business, increase the country's economy and level of development and will also benefit the community regarding creating job opportunity, adequate income, work ethics and synergy.

Table 1.2 Operating Company in Bole Lemi I

No	Company	Country of Origin	Sector	Estimated/Planned Investment(US \$)	No of Employees	Building in m2	Block No	No o Sheds
1	New wide Garment Ethiopia Branch Company PLC	Taiwan	Garment	1,051,475.00	1390	11,000	1	1
2	George Shoe Ethiopia Plc	China	Leather Shoes	5,750,000.00	1,128	16,500	2,3	2
3	Shints ETP Garmant PLC	S.Korea	Garment	7,670,000.00	4,190	38,500	4,13,14,15&16	5
4	KEI Industrial Engineering Consultancy PLC	S.Korea	Garment	2,000,000.00	190	5,500	18	1
5	Vestis Garment production PLC	India	Garment	575,000.00	605	5,500	6	1
6	JAY JAY Textile PLC	India	Garment	5,698,599.00	3,299	27,500	7,8&9	3
7	Ever Top sports wear PLC	Korea	Apparel	3,222,308.65	475	11,000	11	1
8	C & H Garments PLC	China	Garment	550,000.00	538	5,500	12	1
9	Ashton Apparel Manufacturing PLC	India	Garment	4,653,409.09	1,659	16,500	19&20	2
10	Lyu Shoutao Factory Plc.	China	Leather Products	700,000.00	570	5,500	10	1
11	Arvind Lifestyle Apparel Africa PLC (ANF GULF)	India	Apparel	4,000,000.00	815	22,000	5&17	2
	Total			35,870,791.74	14,859	165,000		20

Source; Unpublished data, report from Ethiopian Investment Commission BLIP office

As described on the above table there are eleven operating company's in the industry park with the total labor of 14,859, each company has its own challenge regarding human resource management so identification of these challenges will be conducted.

There is no best way to manage people and no manager has formulated how people can be best managed because managing people is not a straightforward thing. People are complex beings that have complex needs. Effective HRM very much depends on the causes and Conditions that an organizational setting would provide.

1.3 Statement of the Problem

There can be no organizations without people; the most important asset of organization is its employees. Organizations are created by the rules and resources drawn upon and enacted by people; and the nature of organizations is a result of people's actions. Thus an organization's behavior reflects people's psychological, ethnic, racial, cultural, political and social make-up.

The importance of people in organizations is immense because it is the people that plan, design, implement, sustain and end an organization's life. one of the most important functions in an organization is the management of the human resource function.

It is evident that employee commitment, motivation and job satisfaction are related and dependent on each other, and that their combination leads to improvements in employee performance.

As employees are the most important asset of organizations , effective human resource is very essential in an organizations, industry park projects have created a large number of employment opportunities for citizens of Ethiopia but there are many challenges associated with the human resource management practices in the industry park and Bole Lemi I Industry park project faces many challenges regarding the human resource management practices some of them are Low Salary, Inadequate Benefit , Health and Security issues.

Many organizations face different challenges of Human Resource Management the common challenges are listed below-:

- Hiring the wrong person for the right job
- High Employee Turn Over
- Poor Time management
- Not working properly not being able to deliver what is expected from them
- Having Dissatisfied Employees
- Failure to provide training
- Favoritism and Nepotism

Ethiopia is the second most populous nation in Africa with a dominantly young and productive population, and industrial park projects creates wide employment opportunities for this productive population and yet effective human resource management have to be undertaken in order for meeting the goals of these projects.

In order to have effective HRM organizations have to be conscious of changes in their internal and external environment and to be able to identify challenges they are facing.

Human resource management is essential to link different people in the same organization to use their various capabilities for achieving the organization's goals. HRM is not understood as only working for managers or employees. Rather, it is a managerial function for creating the organization's competitive advantage by developing people's which in turn benefits the organization

The observations of the researcher in BLIPP about employees is that, they are not satisfied with their wellbeing in terms of compensation i.e. wages and benefits. There are no sufficient salary and reward. Due to these motives high employee turnover and low performance is being caused. There is no significant work in organizations in the context of human resource management and the reason is that top management never realizes the needs and demands of their employees. As a result to develop a better understanding the research is carried to assess and identify the human resource management challenges within BLIPP and to forward workable recommendation.

Country in the growing phase like Ethiopia needs to know the contribution of different factors and the intensity of their impact on organizational performance that leads towards economic development and prosperity. Ethiopia is gradually shifting from agriculture to industrial economy and therefore it is important to determine empirically, the contribution of different factors like, HRM practices towards effective management of employees and organizational performance.

1.4 Research Questions

The study is going to be guided by the following research questions:

1. What are the challenges of HRM practices in BLIPP?
2. What challenges do employees face while working in companies within BLIPP?
3. What solutions measures can be suggested to solve the identified problems in BLIPP?

1.5 Research Objective

The study has both general and specific Objectives.

1.5.1 General Objective

The overall aim of the study is to assess the challenges of human resource management practices on BLIPP and to find a solution.

1.5.2 Specific Objectives

Specifically, the study has the following objectives

- a) To assess the human resource management practice challenges faced by BLIP.
- b) To assess the impact of the human resource management practice challenges on the industry park.
- c) To suggest some solutions to overcome the identified problems.

1.6 Significance of the Study

This study is on human resource management practice challenges in BLIPP and it enables the BLIPP HRM to see their weakness and to take the necessary course of action to solve the problems identified.

The study paper has the following significances

1. This research helps to add on existing literatures on the human resource management challenges and propose ways of solving these challenges to improve the human resource management of BLIP.
2. To help the BLIP HRM to identify the challenges faced and take corrective actions to enhance the overall performance.
3. The findings provide basic information on the key challenges or gaps affecting the effectiveness of the HRM as well as provide the possible solutions for alleviating the major challenges.

1.7 Scope of the Study

The study mainly concentrates on Human resource management practice challenges of Bole Lemi I Industrial Park Project because HRM plays a great role in achieving the desired outcome/success of this industry and identifying the challenges faced is an important factor for the effective management of human resource. This study focuses on HRM practices of recruitment & selection, training & employee relations, evaluation & performance appraisal and reward & benefits.

The focus is on identifying the major problems of the HRM practices on the four selected companies in the industry park and forwarding workable recommendation.

1.8 Limitations of the Study

This Research Work is done as part of MA program to fulfill the requirement of the university. Although there are many challenges on bole lemi I industrial park project, this research limits itself only on the Human Resource Management practice Challenges on the selected practices within the four companies of the industry park .It was impossible to cover all the HRM practice challenges because of time constraint .the research depends on primary data and secondary documents .the thesis is prepared in a limited time .So more in-depth and wider analysis could not be accomplished despite the limitation of time.

1.9 Organization of The Research Report

This research paper is organized in five chapters, chapter one deals with the introductory part which includes background of the study, background of the industrial park , industrial parks development corporation and the projects , statement of the problem ,research question, objectives ,significance ,scope and limitation of the study.

Chapter two is devoted to review of related literatures on the HRM concepts, practices, objectives and the challenges of HRM. An overview of the research methodology to be used to investigate the research problem will be presented under chapter three; this chapter covers the research design, source of data, sampling method, data collection procedure and methods of data analysis. Chapter four will be devoted to presenting the findings, analysis and discussion of challenges of HRM in Bole Lemi Industrial Park Project. The last chapter will be the conclusion and recommendation. The findings and recommendations concerning HRM and HRM challenges in Bole Lemi Industrial Park Project will be presented in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

2.1.1 Human Resource Management Concepts

Human resource management is the process through which management builds the workforce and tries to create the human performances that the organization needs. (Boxall and Purcell, 2016:7).

“HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques.” Storey (1995: 5).

HRM is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices.” Bratton and Gold (2007: 7).

2.1.2 Human Resource Practices

Employees have expectations regarding HR functions, including recruitment, selection, training and development, motivation, and termination in their organization, and the role of HRM has an important effect on HR practices . (Antila & Kakkonen, 2008).

2.1.2.1 Recruitment

Recruitment is defined as a process that seeks and obtains potential job applicants in sufficient numbers and quality in order to fulfill the available work positions, as well as meeting the organization's requirements and expectations (Shen & Edwards,2004). Recruitment is highly dependent on job analysis to identify the organization's needs, and recruitment is also linked to organizational strategy through human resource management planning (Macky & Johnson, 2003). Recruitment policy is very important to organizations, and it reflects an organizations' general strategy (Nel, Werner, Haasbroek, Poisat, Sono & Schultz, 2008). There are internal and external factors that influence recruitment. Government or trade union restrictions and labor markets are defined as mainly external factors influencing the development of recruitment policy; internal factors such as

organizational policy and an organization's image can indicate the recruitment effort (Nel et al., 2008).

Recruitment methods are various from both internal and external aspects. In the internal aspect, current employees are allowed to apply for their desired jobs within their organization; referrals among current employees are also used as internal recruitment (Nel et al., 2008). External recruitment methods include advertisements, employment agencies/consultants, school recruitment, and electronic/Internet recruitment (Macky & Johnson, 2008).

2.1.2.2 Selection

Selection is the process of gaining information for the purpose that decides who should be employed in particular work positions (Shen & Edwards, 2004).

As a professional HR manager, it is vital to have the competency and ability to select appropriate employees and place them in suitable work positions (Marques, 2007). Selection is an important element in HR functions, because the selected employees have close relationships and connection with the organization's development. There are some factors that influence employee selection. Internally, these include the organization's size and type, applicant pool, and selection methods to decide the requirements and outcome of employee selection. Interviews including unstructured interviews and structured interviews, are key methods in employee selection. Interviews can give a much better picture of the candidates than reading their applications from paper (Macky & Johnson, 2003).

2.1.2.3 Training and Development

Training and development is defined as activities within organizations, and managers have limited control over these activities. Training and development as a learning opportunity provides employees with an in-depth understanding of their organization's value and performance standard (Antonacopoulou, 2000). General training is understood by its applicability to most employers, and specific training is understood as the attainment of KSAs valuable to one employer (Garavan, 1997). training and development is an essential function in human resource management; and it plays a key role in giving employees an opportunity to improve their performance, and to gather more understanding of their organization's expectations and future directions.

Investing in employee training and development can enhance an organization's specific knowledge, especially in developing employees' KSAs in their professional area (Birdi,

Clegg, Patterson, Robinson, Stride, Wall & Wood, 2008). It would not be easy to have fully capable and developed employees in organizations; however, organizations can provide opportunities through effective training and development systems or program to improve their employees' capability (Cunningham, 2007). The importance of training and development is to recognize an organization's skill gaps; the gaps are between the skills which existing employees have and the skills which their organizations require them to learn or improve (Holland & Cieri, 2006). Training and development helps the organization's management meet its HR needs and requirements as well as improving their market value (Nel et al., 2008).

Training and development in personnel control can be utilized to adjust antecedent conditions of performance including KSAs, and employee values and motives (Teo, Lakhani, Vrown & Malmi, 2008). Training and development is a way to add value to employees who are trained and developed, and it also adds value and creates a competitive advantage to their organizations (Burke & Hsieh, 2005). The purpose of training and development is to have the competency which relates to the cluster of KSAs that are associated with an organization's effective performance, and can be evaluated and improved through training and development (Berge, Verneil, Berge, Davis & Smith, 2002).

2.1.2.4 Motivation

From a psychological perspective, motivation is defined as an independent and a dependent factor; as an independent factor, motivation is a process administering people's choosing from alternative forms of their voluntary activities; as a dependent factor, motivation plays a role of stimulating people's behavior and encouraging their intention to behave (Kooij, Lange, Jansen & Dikkers, 2008). In the human resource management concept, motivation is one of the most important functions. Employee motivation is the way to make employees understand their organization's special goals and requirements of achieving the goals, and employee motivation is also the way to give an opportunity to employees to recognize their capability (Nel et al., 2008).

It is imprudent for managers not to recognize changes in employee performance and attitudes. Employees need to be recognized and motivated in order to develop their potential to continue more effectiveness (Christie & Kleiner, 2000). Creating benefits for employees is a relevant way to motivate them in order to achieve better performance. From a HR point of view, money incentives are not the only way to benefit employees (Birdi et al., 2008). Employee motivation is also importantly related to customer satisfaction as the motivated

employees will present high quality production or service in order to satisfy their customers for achieving their organization's goals (Teo, Ling & Ong, 2005).

2.1.2.5 Termination

Christie & Kleiner (2008) state that while terminating an employee is unpleasant, the outcome of termination may have a positive influence. When managers want to terminate their employees rightfully, they must have a comprehensive understanding of employment law, as well as criteria for specially protected workers such as consideration of people's race, gender, or religion (Kleiner, 2003). Termination is a sensitive element for organizations, and it can build relationship stress in the work place. HR professionals must have the ability to reduce employees' stress about termination, and give them an accurate understanding of the organization's discipline and termination procedure (Holmlund-Rytönen & Strandvik, 2005).

2.1.3 Performance Management

Lawler and Mc Demott (2003) suggested that it is very difficult to manage human capital without a system that measures performance capability. Companies need a performance management system that can identify the capabilities of its human capital so that they can effectively staff projects, implement strategies initiative and manage development of their work force. Measures of performance are also required to deal with variety of approaches to performance management. These choices continuous to increase because of availability of 360- degree appraisal tools and the growing use of the web to enable firms to do more integrated and comprehensive human capital management system. The system is used in decision regarding performance based pay-employee development and training and development efforts of the organization. More over the performance information received from system is used by organization to correct performance to correct performance problems and assess the effectiveness of their improvement efforts.

2.1.4 Conflict Management

In the real world, conflict is quite normal and the management of conflict is embedded in organizational life (Alderfer & Smith, 1982).

Conflict in employment relations is often vertical in nature (Rollinson & Dundon, 2007). That is, when workers question or resist employer decisions, this is symbolic of a very visible challenge to managerial authority and power. In vertical conflicts workers are lower down the

hierarchy, and are therefore questioning the legitimacy and power base of managers above them. As individual employees tend to be powerless in contrast to the power of resources available to an employer, conflicts are commonly pursued as collective forms of action. This makes for a very emotional and highly visible conflictual episode. For this kind of conflict employee involvement, participation and collective bargaining mechanisms have to be used to resolve the conflicts.

Managers tend to view all forms of conflict as dysfunctional; something which diverts attention away from productive relationships and company efficiency. This is often because many managers adopt a unitarist perspective to employment relations and assume that employees are all working towards the achievement of a common goal (Rollinson & Dundon, 2007). But not all forms of conflict are dysfunctional some may lead to functional or productive outcomes.

2.1.5 Compensation and Reward

Compensation systems are designed to attract, retain and motivate employees while complying with all legal rules and regulations. Compensation refers not only to extrinsic rewards such as salary and benefits but also to intrinsic rewards such as achieving personal goals, autonomy and more challenging job opportunities (Carroll et al., 1995). Job evaluation is used to evaluate jobs systematically and to assign them to pay grades. Standard methods of evaluation include ranking, classification, point and factor compensation. Pay systems are usually designed to compensate people for the work they produce, the skill they learn and use or the time they spend. Individual employee, team-based and organizational wide systems such as profit sharing and gain sharing are replacing automatic pay increases to relate pay to performance. Executive compensation systems normally include four components: salary, bonus, long term incentives and profit.

According to Noe et al. (2003), wages, bonuses and other types of pay have an important influence on an employee's standard of living. This carries at least two important implications. First, pay can be a powerful motivator. An effective pay strategy can substantially promote an organization's success; conversely, a poorly conceived pay strategy can have detrimental effects.

Second, the importance of pay means that employees care a great deal about the fairness of the pay process. A recurring theme is that pay programs must be explained and administered in such a way that employees understand their understanding rationally and believe it is fair.

organizational reward system has a significant impact on the level of employee's job satisfaction. Job satisfaction is an employee's general attitude about the job. The major components of job satisfaction are -attitude toward the work group; general working conditions; attitude toward the company; monetary benefits; and attitude toward supervision. Health, age, level of aspiration, social status, and political and social activities are other factors that contribute to job satisfaction (Byars & Rue,1994).

2.1.6 Employ Relation

The scope of employee relations covers, institutional relations, employee safety, health, employment security, working condition and assistance with non-work problems. Government law regulates employee safety. Apart from fulfilling the obligations spelled out under law, employee's organized safety awareness programs to stress upon the organizations commitment to safety. The components of program are hazard identification, communication and education to those risk and reinforcement of safe practices. Employee health is taken care by employee assistance programs and employee wellness programs. Disciplinary procedures ,compressed workweek, flexi time, job sharing and part-time work fall under the gamut of employment security and working conditions. To help the employees to manage their work and private life both, companies have started family friendly policies, which include childcare, elder care and family leave policy. The purpose of all these programs is to ensure the workforce's economy and psychological well-being . These programs help in enhancing productivity , reducing turnover and making the organization more competitive. Therefore, employee relations are meant to cultivate a sense of belonging to and oneness with the organization.

2.1.7 Objectives of human resource management

The objectives of human resource management are derived from the philosophies which tie the emergence and development of human resource management together, both as a discipline and profession (Beer & Spector 1985; Cuming 1985; Armstrong; 1995; Dessler 2005).

The first objective was on trying to achieve an organizational mission, vision, goals and objectives by using people as valuable resources. traditional personnel management theory view was using employees as instruments needed to accomplish work in organizations but

human resource management managers recognize and appreciate the need for putting people first for achieving organizational objectives since the power of the organization depends on the workforce.

The second objective concerns the utilization of staff capacity. Organizations who can fully utilize their employee's performance are successful. This can be done in different approaches of redesigning jobs so that related jobs can be done by one person, recruitment of multi-skilled employees, part time work arrangements, sub-contracting etc.

The third objective involves ensuring employees commitment to their jobs, teams, departments and the entire organization. Total commitment plays a great role in minimizing unnecessary conflict which may lead to low morale, high employee turnover and low productivity. Commitment is fostered by using various strategies including employees being nurtured through coaching, mentoring and the provision of lucrative reward.

Employees have to be nurtured by using various strategies through coaching, mentoring and reward in order to create and enhance commitment.

The fourth objective is to ensure that organizational systems, processes and activities are integrated and synergized through a strong organizational culture. Organizational culture is made up of values, attitudes, norms, myths and practices that is 'how things are done around'. Different categories of jobs, professions and departments are seen as a 'whole' rather than disjointed.

Organizational symbols, songs, artifacts etc. are used to foster a culture of uniqueness, which makes employees feel proud of their jobs and the organization.

The fifth is optimal utilization of available resources. Resources are always scarce. In order Organizations to succeed resources should not be over utilized, underutilized or are utilized at the wrong time or in the wrong place. In order to monitor organizational efficiency the mechanism for matching resources with performance has to be used .

The sixth reason for embracing human resource management practices is derived from organizational cybernetics and systems theory whereby the underlying principle is that 'the sum is less than the whole'. From a human resource management perspective, each job, organizational unit, section, department and all categories of staff are seen in their totality. Working together instead of as an individual is a method for improving synergy at all levels. Departmental outdoor training programs are some of the initiatives used to improve synergy at functional level.

The last but one objective covers the utilities of creativity, innovation, teamwork and high quality management as key drivers in organizational excellence. Matching with changing customer needs and expectations requires the presence of an environment for creativity, innovation, team working and an obsession with quality.

Decentralization of decision making to the lowest levels in the organization structure, adaptation of flatter organizational structures, open office layouts, team building exercises, encouragement, support and reward for innovative ideas, and the use of quality circles in job performance are some of the strategies used to keep the organization at the cutting edge.

The last objective is to enable managers to be flexible and adapt to changes required in pursuing excellence in human resource management functions. Fast-tracking a change in an organizational environment requires the ability to take prompt decisions and take the right measures before it is too late. Flexibility and adaptation seeks to reduce bureaucracy and inflexible working rules and regulations. What matters most is not 'how the job is done but what is achieved'.

2.1.8 Human Resource Management Challenges

According to Decenzo and Robbins (2012), "HRM is concerned with the people dimension" in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organizational objectives.

Human resource management practice and policies includes conducting job analysis, planning labor needs and recruiting job candidates, selecting appropriate candidates, orienting and training new candidates, appraising performance, managing wages and salaries, providing incentives and benefits, communicating and developing current employees and building employee commitment (Dessler 2009). In order to maintain better work environment, the HR manager should concentrate on equal opportunity, employee health and safety treatment along with labor relations.

Human resource management is involved in anything related to the company's employees from the Chief Executive Officer to the worker on the production line including recruitment, selection, employment, and exit of employees from the organization (Bogardus 2004, 2).

Basically the HR manager's responsibilities for effective human resource management are based on following headings.

- Placing the right person in the right job.
- Orientation to new employees in the organization.
- Training employees.
- Improving the job performance of each person.
- Gaining smooth work relationship.
- Interpreting the company's policies.
- Controlling labor costs.
- Protecting employees' health and safety conditions.

Managing human resource is a difficult process from various perspectives because we humans are hard to manage with different attitudes and needs. HR manager faces different types of challenges while managing human resource and he/she must have good leadership skills and adequate knowledge about minimizing this challenges.

Some most common challenges are listed below.

2.1.8.1 Multi-Generational Challenge

There are mainly four groups of generation working together with various characteristics and demand.

- **Traditionalists:** also called Radio Babies/ Vetrans this are the silent generation born in the years 1930-1945, they are hard-working, conservative, conformist and loyal towards organization they need convenient life and family security.
- **Boomers/Baby Bommers:** are born in the years 1946-1969 they are characterized by success, achievements, ambition, reluctance towards authorities and they are loyal towards their own career and have the need for sense of achievement and recognition.
- **Generation X (Baby Boosters):** are born in the years 1970-1979 they maintain balance between work and personal life, focus on a team and loyal towards mutual relations but they are reluctant towards rules.they have the need for true friendship ,happiness and pleasure.

- **Millennials** : are the Youtube Generation) born after 1980 they have self-confidence; financial successes .they are independent, but team-oriented and loyal towards themselves and towards relationships ,they need freedom and convenient life

As the work group are different as Millennials, Generation X, Boomers and Traditionalists are working together under same roof of the organization, company could experience the challenge of having different sets of values, expectations, and work styles in the work place. According to the article “Contemporary Issues Faced by HR Managers Today” by Ruth Mayhew, each generations has its attributes to contribute in working world. Older workers of the traditionalist generation are a goldmine. They have years of experience and expertise that can draw upon for training others as new employees join the company. The analysis done in two articles mentioned above makes clear that, it is not an easy game for HR managers to manage multi-generational employees at a same time without using different tactics and skills that’s would cause a fruitful result.

2.1.8.2 Diversity

Diversity can be found all around in every company which is recognized as vital element and it includes the issues like gender, ethnicity, sexual orientation, social class, religious belief and more. According to Reilly & Williams, HR practitioners are increasingly concerned to see diversity in thinking style, management style, personal beliefs, and working preferences. Mainly the reason of diversity in an organization is to collect talent under same roof but it is not easy as it sounds and the organization must face several challenges to manager the diverse workgroup. As the people have different needs, interest, personality, and learning habit, human resource management act as a leader to bring them all under same umbrella which other management won’t perform.

Lack of clear goal, case of women (Treatment with women varies according to culture), ethnocentricity, historical national prejudices (Finland-Russia), Discrimination, and racism, and societal values are some highlighted issues ongoing nowadays in companies as sort of challenges. According to the article Emerging Challenges in HRM: Workforce Diversity Volume 5, issue 1, cross cultural training, motivating professional, technical changes, training of Human Resource Information system, proper performance evaluation system, shifting HR strategy with changing economy, and encouraging openness are some ways to overcome the challenges of workforce diversity.

Bennis(1991) states that, to manage the changing workforce, you must be flexible, individualize your approach, include and empower others in your organization, reward performance, and support the personal and professional needs of others

2.1.8.3 Motivation

In psychology, motivation is a term used to explain why people behave in a certain way. Motivation is the force that ignites, directs and maintains our behavior (Bartol and Martin, 1998). The definition has three key components. The first is *ignition*, is the initial feeling of interest that a person has towards achieving a set goal. The second is *direction*, is the set of actions that people will take in order to achieve their goal. Direction is influenced by what an individual most desires to do. The third is *maintenance* of the behavior until the goal is achieved. Maintenance equates to how much an individual is willing to stay in that direction when difficulties arise (Di Cesare and Sadri, 2003).

Work motivation is the influential factor that lead us to do the things in order to achieve the organizational goal. The organization with well-motivated employees can grow confidently in global market but currently as the business trends, life trends are changing rapidly motivating employees is one of the biggest challenges for managers to handle. Employees are happy or not, employees are cooperative or not, employees accept responsibility for their work or not, employees rarely off work or mostly, output always high or low, quality high or low, tasks completed on time or delayed, and management is respected or not are some important checklist to analyze employee's motivation. Motivation acts as a glue connecting individuals to organizational goals. In general motivation is connected with the need and followed by demands. Maslow's hierarchy of needs is most commonly used to analyze individual's needs which illustrates the conception of people satisfying their needs in a specified order from bottom to top Need identification, searching ways to satisfy needs, selecting goals, employee's performance with consequences, and reassessment are some steps which should be considered during the phase of motivation process.

Theorists of work motivation distinguish between intrinsic, extrinsic and social motivators. However, there is an ongoing disagreement on these distinctions because one motivator can be classified differently depending on its context at work. Nevertheless, a separation has to be made in order to explain the different types of motivators.

Literature defines intrinsic motivators as the ones that concern the individual and originates from the nature of work itself such as job satisfaction, personal development,

acknowledgement from managers or an interest in a task or a project at work. Intrinsic motivators are largely psychological.

Extrinsic motivators are the ones that are beyond individual's control and they are tangible such as pay increase, bonuses or other material goods. Social motivators originate when an individual is with other people; mostly stemming from having a common purpose as a group or a team. Social motivators are also mostly psychological (Bratton, 2007).

If we can understand the motivation process and what motivates employees, we can influence their behavior. There is no universally accepted theory of motivation in the workplace due to the complex nature of the topic; however, there are a number of popular theories that aim to explain what motivates employees at work. It is for the benefit of the reader to note that each theory approaches to motivation from a different angle and collectively, they provide useful clues in understanding how to improve employee well-being at work, or rather, how to create a work place where employees will be motivated.

It is also useful to note that one should not judge early theories of motivation on the basis of today's ethics and morals. In addition, bear in mind that, many of the early ideas were never intended to have the importance that later placed upon them.

2.1.8.4 Labor Mobility

The high rate of labour mobility is argued to be a major disincentive to the broad provision of training (Lloyd, 2002; Harrison, 2000; Hill & Stewart, 2000 & Hill, 2004), and thus a barrier to employees' career development and enhancement (Budhwar et al, 2002). These problems have been blamed for employees leaving the company in search of new career prospects, and also for the notion of 'poaching' of employees (Spurling, 1993; Greenhalgh & Mavrotas, 1994 & 1996; Joyce, McNulty & Woods, 1995; Debrah et al, 2002; Lloyd, 2002; Kerr & McDougall, 1999; Beckmann, 2002; Moen & Rosen, 2004). Specifically to the context of South East Asian countries, particularly Indonesia, Malaysia and Singapore, Debrah et al (2002) claimed that some firms are not providing the training that their employees need, but instead poach employees from other firms, who have already been trained and developed by their prior employers. However, it may seem that poaching is benefiting employers in terms of financial investment in training, but the extent of employees' adaptability to the new working environment and their ability to transfer previous experience and learning to their new jobs are unclear. In this context, Lloyd (2002) argued that it might be more cost effective to provide more rather than less training for highly skilled employees.

2.1.8.5 Globalization

At a political and economic level, globalization is the process of denationalization of markets, politics and legal systems i.e. the use of the so-called global economy. Globalization refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity (village markets, urban industries, or financial centers). It means that world trade and financial markets are becoming more integrated. Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics etc. HR managers have a challenge to deal with more functions, more heterogeneous functions and more involvement in employee's personal life.

2.1.8.6 Lack of Commitment

Commitment can be used to understand and predict desired employee behavior, particularly in the areas of performance, absenteeism and emotional attachment to the organization. One of the defining characteristics of HRM is managing organizational climate that leads to employee commitment.

The assumption is that employees who are highly committed to work are more likely to put effort towards learning, training and development with the intention of improving their performance. Effective HRM practices enable the achievement of dedication amongst employees and those employees are likely to contribute to organizational effectiveness (Guest, 1997).

According to the general HRM philosophy, commitment is a shared responsibility between management and employees and commitment towards the organization is increased by maximizing human resource practices. This in return will result in high employee commitment and low absenteeism and labor turnover.

So whenever employees lack commitment it will result in low performance, absenteeism, labor turnover and resistance to change.

2.1.9 Role of HRM on Organizational Culture

HRM practices aim to develop strategies that provide fit between the style of management and the overall business strategy while maintaining employee well-being and increased performance at work. Basic HRM practices such as recruitment, selection, training, etc. affect

the performance and stability of an organization. Thus these practices have the ability to influence employee behavior and create values that develop organizational culture (Gomez, 2004).

Cultural values are part of the external factors that affect HR practices. Number of cultural values influence employee behavior. In organizational cultures where employee involvement is common it is more likely to have higher employees' satisfaction and motivation than the ones that do not favor employee involvement. However, there might be various reasons why employees do not want to contribute or speak out. Some employees might see this as an unnecessary risk, while others might simply have personal reasons.

2.2 Empirical review

2.2.1 The Emerging Challenges in HRM

-The Research under the title "The Emerging Challenges in HRM " by Mrs. Ekta Srivastava, Dr. Nisha Agarwal (2012) that identifies the challenges of HRM in modern management. The methodology used in this research were secondary data like books, journals and various website from internet. the following summarized points are taken from the research.

There are a number of challenges identified in the study, among the identified challenges in the study the first is globalization which is the process of denationalization of markets, politics and legal systems that is the use of global economy. Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics etc. HR managers have a challenge to deal with more functions, more heterogeneous functions and more involvement in employee's personal life. The second challenge is work Force diversity as stated in the research workplace diversity include different factors such as age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience. the third challenge is technological advances, adapting workplace to rapid technological change which influence the nature of work is a challenging task. technological change brings difficulties and challenges in organization because new technology creates unemployment by reducing the number of jobs that require little skill and increases the number of jobs that require considerable skill. The fourth challenge is Changes in Political and Legal Environment these are changes in political parties and rules regulation due to which new laws are come and you have to follow all laws while doing business. It is the duty

of human resource and industrial relations executives to fully examine the implication, of these changes and brings about necessary adjustment within the organization so that later utilization of human resource can be achieved. It is the responsibility of Human Resource manager to anticipate the changes and prepare organization to face them without any breakdown in its normal functioning. The fifth challenge is change in the economic environment which includes examination of the impact of a number of factors on production. Which are the scarcity of raw materials and other inputs including power and electricity, encouragement of the culture of consumerism, increasing consumer awareness and demand for quality products, continuing upward trend in the inflationary pressures with decrease in the purchasing power of money and its spiraling effects in the ever increasing aspirations of workers for higher wages and other material benefits and mounting costs on the employee welfare and other benefits. In an inflationary economy, the resources tend to become scarce and the costs of machine, materials and labor multiply. These push up the capital and running costs. the sixth challenge is revolution in information technology Information technology has influenced HRM through human resources information systems (HRIS) that streamline the processing of data and make employee information more readily available to managers. the researcher believes that revolutionary computerized information system has and will have impact in the management as it covers two primary areas application of computer in the managerial decision making process

1. Use of electronic computers managerial decision making process
2. In future computerized information system will have increasing impact at the coordinate and strategic levels of organization.

The last identified challenge is mobility of professional personnel mobility of various managerial and professional personnel is increasing between the organizations. As individual develop greater technical and professional expertise, their services will be greater demand by organization in the environment.

To overcome these challenges cross cultural training, motivation of employee, technological and information technological training is necessary and to reduce mobility of professional personnel HRM has to use monetary and non monetary motivation techniques and also Proper performance evaluation system and proper career development plans should be used in the organization.

2.2.2 Challenges of Human Resource Management in Borderless world

The Research under the title “Challenges of Human Resource Management in Borderless world” by Parag A. Narkhede Dr. Seema P. Joshi (2007) that identifies the challenges of HRM in modern management. The methodology used in this research were secondary data like books, journals, various website from internet and case studies . the researcher believes that as companies move around the world setting up offices, service delivery centers and manufacturing hubs, there will be an even greater movement of people and this will result in a big challenge while moving forward. The researcher identified the following challenges as challenges ahead.

Rework the vision and mission of the company -; companies develop and emphasize an HRM philosophy to which top management is deeply committed, and which is clearly articulated and practiced by all employees, working proactively toward the achievement of organizational objectives. HR planning is closely linked with strategic planning, so as to support the company mission and give incentives to support its achievement.

Information & Knowledge age-: since the information age has made knowledge the most important organizational resource, Information and knowledge have replaced manufacturing as the source of most new jobs. Organizational effectiveness will increasingly depend on attracting, utilizing and retaining people who can use their knowledge to solve problems, create services, develop new work processes and satisfy customer needs.

Attracting and Retaining Talent-: One of the greatest challenges of human resource management today is to create HR Capabilities that increase and sustain organizational performance. The ability to attract and retain talent is a core HR capability that is critical to achieving sustainable business performance. To retain employees organizations have to create a good employer brand, internally as well as externally, by ensuring that people have good jobs which make them feel proud of working for the organization.

Empowering Employees-: is mutual influence; it is the creative distribution of power; it is shared responsibility; it is vital and energetic, and it is inclusive, democratic, and long-lasting. Empowering enables people to use their talents and capabilities, fosters accomplishment, invests in learning, finds the spirit in an organization and builds effective relationships, informs, leads, coaches, serves, creates, and liberates. Managers of an empowering organization should value employees enough to build a culture that values and supports individuals and should know that company is most likely to succeed when employees

have the tools, training, and authority to do their best & understand that information is power and they share it with all employees

Managing Global Workforce-: the biggest challenge organizations around the globe are facing is to know the social classes and categories from which the new global workers are recruited, and to understand the systems of education and training that shape them so that they can be made socially and culturally fit to serve customers. Educational institutes are crucial in providing the raw material for the virtual service economy and in producing social networks that form an important basis for sociality and upward mobility among the new professional classes.

Enhancing The Supplementary Services-: the work force in today's competitive world is loaded with work and stress and developing certain competencies is necessary to survive this stressful situations. The growth of an supplementary industry like computer training institutes, manpower consultants, „soft skills“ and „cultural training“ consultants, psychological counsellors, spiritual guides, stress and time management trainers, gyms, recreational facilities and health-related services, yoga teachers, suggest that new forms of subjectivity are being produced not only through the work itself, but also through the deliberate shaping of personalities and bodies to be „fit“ for the global Challenges

Managing Workplace Diversity-: the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work have huge impact for the success of organizations. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena, which must be one of the important organizational goals to be attained. More importantly, if the organizational environment does not support diversity broadly, one risks losing talent to competitors. diversity cannot be easily categorized and those organizations that respond to human complexity by leveraging the talents of a broad workforce will be the most effective in growing their businesses and their customer base

Challenges of Mergers and Acquisition-: Mergers and acquisition are being accepted as one of the most effective techniques to strengthen a company's market position and adopt a new technology to gain competitive advantage over other organizations. there is frequent change in the business situation, the ownership of company's changes hands, starting off a wave of uncertainty of acquired company, employees will have fear of losing their jobs or their boss

might be changed demotivating feeling could surround the organization by the effect of mergers and acquisition so HR professionals have to perform certain activities with set of skills and competencies in order to handle the situation.

Managing Cross Cultural Communication-: Cross- cultural communication is becoming increasingly important as organizations expand their business operations beyond their national boundaries. Cross-cultural factors like connotations, semantics, tone difference & difference in perceptions create potential for increased communication problems. Managers doing business in other countries should sensitize themselves to the cultures of those nations and avoid making mistakes while performing their work or interacting with customers by nurturing the corporate culture.

The researchers asserted that this factors are influential in HR function so HR managers have to be well acquainted & well equipped to face these challenges.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Approach and Design

In order to address the research questions and also achieve the research objective, the researcher will determine the suitable research design. A research Design is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with time and money in consideration .a research design constitutes the blue print for the collection ,measurement and analysis of data(Kothari 2004:7) .This research has a descriptive nature describing the existing phenomenon as it exists .According to Kothari(2004:8) descriptive research includes surveys and fact finding enquiries of different kinds . The major purpose of descriptive research is description of the state of affairs as it exists at present. This research briefly describes about human resource management challenges.

The research incorporates mixed type of research methodologies having both quantitative and qualitative approaches .it claims the knowledge of pragmatic assumptions for it's rigor and validity.

3.2 Target Population

There are a total of around 14,859 employees in BLIP and the participants of this survey are 4 HR managers, 48 employees of LYU Shoutao Factory, Shints ETP garment, George shoe Eth. PLC & Ashton apparel Mfg. PLC which are in the BLIP and 1 senior expert of EIC,BLIP office ,the thesis used purposive sampling techniques. The study was conducted by questionnaire, interview and document examining. since the research is a case study mainly focused on “ human resource management challenges on bole lemi industrial park project” the participants are the employees , the HR managers of the four companies within BLIP and also senior expert of EIC of bole lemi office.

3.3 Sample Size

There are 7,547 employees working in the four selected companies , because of the nature of the research and time constraint, the whole employees could not be participant, and the sample population of the study comprised purposely selected from the organizations are 53 participants.

3.4 Sampling Strategy

The research is a case study undertaken at Bole Lemi Industrial Park Project, Addis Ababa. Questionnaire was distributed to 19 participants purposively who are capable of responding to the questions and from these questionnaire participants 4 of them are HR managers of the four companies. Interview was conducted with 34 participants from which 33 are laborers of the four companies and with 1 senior expert of Ethiopian Investment Commission BLIP office who is the acting manager of the office.

3.5 Data Sources and data Collection Tools and Techniques

For the purpose of the study some data gathering techniques were used to collect data from the study area. Questionnaires, interviews and document analysis are used to collect the data required for the study and both primary and secondary data were used in order to get a complete view on the HRM Challenges of Bole Lemi Industrial Park Project.

The first section of the questionnaire gathers information on the profile of respondents. The second section of the questionnaire measures the extent to which human resource practices (recruitment and selection, training and development, performance appraisal and compensation) are being practiced in this selected organization.

Respondents are requested to rate these aspects based on a five-point Likert scale ranging from 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree. Lastly the third part of the questionnaire is an open ended question to mention the challenges of HRM practices in the companies and in the industry park.

3.6 Validity and Reliability

Validity and reliability issues are used for checking quality of instrument or evaluating the research tools. Validity of the questionnaire and interview was done through consultations with the advisor before applying statistical tools, testing of the reliability of the scale is very much important as it shows the extent to which a scale produces consistent result if measurements were made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales.

3.7 Ethical Consideration

The researcher followed logical procedures in every stage of data collection processes. Accordingly, the respondents were introduced about the purpose of the study, informed consent from the respondents and responsible officials of the industry park was given to conduct interview about the subject under study. Therefore, on the basis of these ethical principles, efforts were made and confidentiality was assured and kept throughout the process of this research work

3.8 Data Analysis and Presentation

According to available data obtained from companies within BLIPP . Hence, given the nature of the study, purposive sampling technique has been deployed. The target populations for this study include: purposefully selected personnel from Bole Lemi I Industry Park Project companies; Key relevant government sector.

The study has been based on primary, and secondary data, and data collection techniques of interview, and questionnaires research methods in general. And the assessment has been carried out using these methodologies that mainly comprise qualitative and quantitative survey applying instruments aimed at examining and describing the challenges of human resource management practice in the industry park .

In this study descriptive research methods used. This approach is used because the study aims to describe analysis and explain the situations and circumstances based on collected data.

Because of the limitation of time, in depth analysis could not be achieved. Qualitative data collection methods is used and summarized in a report form. It also includes respondents perception on the HRM challenges.

CHAPTER FOUR

RESULT AND DISCUSSION

In this section the results of the challenges of human resource management in BLIPP are examined. The analysis of BLIPP HRM challenges is mainly based on primary sources of data obtained through questionnaire and interviews.

Questionnaire have been distributed to 23 employees and 19 was collected, interview was conducted with 33 labors working within this selected company's taking 10 labors' from each of the company and 1 Senior Expert of Ethiopian Investment Commission working as acting manager at the office located in BLIPP.

Table 4.1 Description of Survey participants

S.No	Survey Participants	Participants during interview interaction		Participants during Questionnaire interaction		Total
		M	F	M	F	
1	LYU Shoutao Factory Employees	3	4	3	2	12
2	Shints ETP Garment Employees	2	7	5	2	16
3	George Shoe Eth. PLC Employees	5	3	2	1	11
4	Ashton Apparel Mfg. PLC Employees	3	6	2	2	13
5	Ethiopian Investment Commission office Representative	1	-	-	-	1
	Total	14	20	12	7	53

Table 4.2 Questionnaire Respondent's Profile

Job Description	Sex		No of Respondents	Level of Education				Years of Experience		
	M	F		Certificate	Diploma	Degree	MA & Above	< 1	< 2	< 4
HR Manger	4	-	4	-	-	3	1	1	2	1
Production Manager	1	1	2	-	-	1	1	-	2	-
Production Officer	2	1	3	1	2	-	-	1	2	-
Quality Control Inspector	1	-	1	-	-	1	-	-	-	1
Production Supervisor	2	1	3	-	2	1	-	-	1	2
Team leader	2	-	2	-	-	1	1		1	1
Secretary	-	2	2	-	2	-	-	1	1	-
Technician	1	-	1	1	-	-	-	-	1	-
Warehouse Supervisor	1	-	1	-	1	-	-	-	1	-

Nineteen employees were participated in the questionnaire from the four selected companies with different profession working in BLIP beyond two years and eleven respondents with working experience of one year and above, the rest respondents have been working there less than a year. The researcher believes that their response represents the whole employees within the industry park.

4.1 Analysis of Results and Interpretation

The responses of participants were summarized in tabular form and detailed analysis and conclusions derived are described in the subsequent pages.

4.1.1 Bole Lemi I Industry Park (BLIP)

Besides the sheds built for the companies, there are offices and different centers within the industry park providing different services to mention some of them are medical center, cafeteria, commercial bank etc..

Table 4.3 Analysis of questionnaire responses

No	Questions	Frequency in Percent				
		SA	A	N	D	SD
5	The Industry's park environment is suitable for work	5.26	47.37	15.79	31.58	-
6	Working in the industry park has a lot of advantage	15.79	26.32	15.79	36.84	5.26
7	Our organization places the right person in the right job	-	42.11	10.53	31.58	15.79
8	I am being paid adequately for the work i do	10.53	5.26	10.53	52.63	21.05
9	The Current Wage attracts the best recruits for the various posts	5.26	10.53	10.53	31.58	42.11
10	Selection is based on merit and skills only.	15.79	31.58	5.26	47.37	-
11	The organization provides training for the employee to develop their work performance and skills.	21.05	36.84	15.79	26.32	-
12	The current performance appraisal system is capable of encouraging the good performers	15.79	21.05	10.53	36.84	15.79
13	There is a transparency & continuous follow up when evaluating employees	10.53	42.11	21.05	15.79	10.53
14	I have been evaluated for my performance fairly	15.79	26.32	10.53	31.58	15.79
15	There is a strong link between performance & reward in the organization	21.05	31.57	15.79	21.05	10.53
16	There is reward for better performers in the organization	21.05	47.37	5.26	21.05	5.26
17	Pay increments offered by our organization are satisfactory	10.53	15.79	-	63.16	10.53
18	I am satisfied with the benefits i receive	5.26	15.57	-	26.32	52.63
19	Rewards and incentives are fairly distributed in our organization	31.58	26.32	10.53	21.05	10.53
20	The existing reward and incentive plans do not	26.32	36.84	15.79	15.79	5.26

	motivate us for better performance					
21	Our organizations protects employees health and safety conditions	10.53	21.05	15.79	36.84	15.79
22	Management follows policies and practices that serve combined interests of both employees and the organization	21.05	26.32	15.79	15.79	21.05
23	Management respects each employee’s ability and knowledge of the job	15.79	21.05	5.26	47.37	10.53
24	The company values our contribution to its well being	15.79	26.32	10.53	31.57	15.79
25	The company strongly considers our goals & values	10.53	15.79	15.79	36.84	21.05
26	Our organization does not ignore complaints from t’s employees.	5.26	21.05	15.79	31.58	26.32
27	The organization cares for employees general satisfaction at work	10.53	21.05	5.26	36.84	26.32

4.1.2 Analysis of the industry park

More than half percent of the respondent agree that the industry park environment is suitable for work but 31.5% respondents disagree on its suitability. To conclude about the suitability further investigation is required and regarding the advantage of working in the industry park equal numbers of respondents agree and disagree on the matter.

4.1.3 Analysis of recruitment and selection in BLIPP

The employees within BLIP are two types of employees i.e permanent staff hired for indefinite period of time and contract staff hired for a definite period of time. Most of the employees are permanent staff. All contract staffs have a short term contractual agreement with a time of 6-12 month with a potential of renewal.

Regarding the question about the current wage attracting the best recruits 73.6% of respondents disagree, they don’t believe the current wage attracts the best recruits and this is a major challenge for HRM. There is a doubt about organization placing the right person on the right job in some variation the greater number of respondents disagree on this matter further investigation is needed for this , and equal number of respondent’s agree and disagree on selection by merit & skills only.

4.1.4 Analysis of training, performance appraisal and evaluation in BLIP

Soft skill training is provided by the companies for the employees and in some companies the performance management system provides incentives for better performers to encourage productivity and good performance, and grade is given for employees during evaluation according to their grade employees will receive promotion, benefits and different rewards.

57.8% respondents agree that their organization provides training for the employees to develop their work performance and skills, but 26.3% of respondents disagree on this even if the percentage of respondents which agree is double providing training needs improvement to develop work performance and skills of employees. More than half percent of respondents with 52.5% disagree that the current performance appraisal system encourages good performers and 36.7% respondent's agree about its encouragement but since major number of respondents do not think the current performance appraisal system encourages good performers and this shows that the performance appraisal system also needs improvement. Regarding transparency & continuous follow up when evaluating employees and the link between performance and appraisal it needs further investigation.

4.1.5 Analysis of reward and benefits in BLIP

Regarding existence of reward for better performers in the organization majority of the respondents with 68.36% agree and 26.2% of respondents disagree. 73.6% of respondents disagree on pay increments offered by their organization being satisfactory and the rest 26.4% agree on the subject matter yet there is a huge gap between this responses so pay increments offered by the organizations are not satisfactory and this is another challenge for HRM. 80% of respondents are not satisfied by the benefits they receive which has a large influence on their performance and this is also another challenge. 57.8% respondent's agree on rewards and incentives fair distribution in their organization and 31.5% of them disagree even if the number of respondents which agree on this is higher further investigation is required some adjustment is needed. 63.1% respondent's are not motivated for better performance by the existing reward and incentive plans and 21% of respondents are motivated by the existing reward and incentive plans for better performance, since majority of the respondents are not motivated, the reward and incentive plans need enhancement.

4.1.6 Analysis of Employee relations in BLIP

47.3% of respondent's agree that Management follows policies and practices that serve combined interests of both employees and the organization but 36.7% disagree on the matter so this needs further investigation because it is doubt full to say that management follows policies and practices that serve combined interests of both employees and the organization. regarding respect of management about employees ability and knowledge of the job more than half percent of respondents disagree and 36.7% of respondents agree and this shows that the management does not respect employees this is said because it was written down on the open ended question on the questionnaire by most of the employees and this is another challenge of HRM. 57.8% respondents do not think that their company strongly considers

their goals & values and 26.2% respondents think on the contrary. And same number respondents of 57.8% believe that their company ignore complaints of employees,26.2% respondents believe that it does not ignore complaints ,employees complaints have to be resolved on time and should be handled well.63.1 % respondents do not think that their organization cares for employees general satisfaction at work and 26.5 % believe that their organization cares for their satisfaction at work since higher number of respondents disagree on the matter companies should strive for satisfaction of employees on their work.

4.1.7 Analysis of HRM Challenges in BLIP

Respondent's pointed out these challenges of HRM in their organization and in the industry park.

Challenges on employees from companies

- Employees have complaints about low salary and recently there was strike in the BLIP by the employees regarding the low wage, benefits provided by the company's are very little, some companies provide food for their employees but most of the time it's not healthy food, there is shortage of safety materials/equipments in some companies and some of them even force them to use sharp work equipments together and this is a risk for their health, Rest room is locked in some company's because of the thinking that employees frequently go to rest rooms to skip work,
- Whenever part time work is there employees are not told prior ,whenever they try to get back to their home they will be forced to stay and work overtime and employees are not motivated to work overtime because their salary is low and the pay for overtime is also low, The necessary payment is not paid by the employer whenever employee is terminated, they even tell the guards not to let them in when they come to ask about their payment, Annual leave is not allowed on time, employers are not willing to give annual leaves and also when ever employees take maternity leave the employer refuses to pay salary,
- The punishment for being late or absent is a lot compared to their salary, the transportation service provided for the employees of BLIP is not safe and comfortable because the buses are very old and the numbers of passengers loaded on the buses are beyond its carrying capacity, some companies are not willing to give work experience document when the employees ask, Job description is not given for employees and they are not informed about their rights and responsibilities, Foreign expert's disrespect and disparage employees, In some organizations there are no policies & procedure regarding HR management.

Challenges on companies from employees

- Employees are frequently absent for long days without valid and acceptable evidence, employees refuse to accept orders from their superiors, there is high language barrier for communication, employees do not understand postings posted on their company because it is in Amharic & English and most of them do not read or speak this languages.
- Employees are unwilling to transfer to another working place within the company with same salary and benefit, employees do not wear uniforms or use safety equipment's provided by the employer and high staff turnover.
- Low number of productive labor, low performance and inefficiency of employees, low quality of production and not being able to achieve target.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The general objective of the study is to assess the human resource management practice challenges of Bole Lemi I Industrial Park Project. Accordingly, this study came up with the following major findings.

For the purpose of the study, questionnaires were administrated to nineteen employees and interview was conducted with thirty-three laborers of the four selected companies within BLIP and with one senior expert of EIC. Both primary and secondary data sources were used.

Investigation was undertaken through interview and questionnaire, which were used as a major data collection method and supplemented by secondary source data. The finding of this study indicates that there are major challenges on HRM of companies in BLIP. The result of this study shows that there are challenges on salary, benefit, safety and health issues, communication, motivation and employee relations.

Even though the project has created a good job opportunity for large number of citizens of Ethiopia, the current HRM of companies within BLIP face many challenges which has a great influence on achieving the goal of the company, the project and the country therefore effective management of human resource have to be used and the problems of both the employee and the employer have to be solved as soon as possible.

These challenges have a great impact on performance, if employees fail to meet their target the intended result cannot be achieved by the company and the economic growth of the country will not be as expected.

5.2 CONCLUSION

The analysis of the findings shows that the companies within BLIP have their strength and weakness opportunities and threats on the issue of human resource management, the following main findings are observed based on the information gathered from the interview and questionnaire. The following weakness and strength are identified

Incentives are provided to encourage good performance and to discourage absenteeism in one of the companies if an employee works for the whole month without missing a day he/she will receive some amount of money. Most of the employees are from Oromia region living without a job but being hired within these companies and having a skill and experience is an advantage brought by this project and the companies. Working within companies in the industry park allows workers to grow and develop their skills and their capacity.

Most of the employees are not aware about the objective of industry parks, about the goal of their company and even about the effect of not performing to the required level, there is no effective communication and this has a diverse effect. Motivation, satisfaction, commitment and performance of employees is low as a result of minimum salary, inadequate benefit, unsuitable working condition. Since most employees are new to the work environment, they do not respect the working culture and do not perform their duties and ask about their rights.

The identified challenges have to be dealt with closely and have to be resolved in order to achieve the desired goal and in order to have a committed, satisfied and skilled manpower.

5.3 Recommendation

Based on the findings of the study the following are recommended.

- Formal HRM policies and procedures have to be formulated and implemented within the companies, managing employees based on the policy and procedure is more effective and eliminates the challenges that emerge from not having this policy & procedure. The administration of employees of the BLIP respective companies should be in accordance with the labor should formally be documented in policy and procedures manuals. This will help to maintain and attract well qualified, experienced and competent employees from the labor market proclamation of the country origin. In addition to this improved salary scale and benefit packages must be well established with clear criteria for entry and advancement, and the system, and also could minimize turnover of labor force.
- Companies within BLIP need to have a strategy of communication in order to have a linkage with employees, management and foreign experts for its effective and efficient operational activities of the business. There has to be transparency while evaluating performance and giving promotion. And also employee relations have to be enhanced awareness about right and responsibilities, goals and objectives have to be created and employees have to be respected.
- Training and research centers for technology and knowledge transfer and diffusion should be established within the BLIP in order to support the respective companies to be effective and efficient in its operational activities and thereby to meet its set targets.
- Safety and health of employees have to be protected, creating a good working environment for the employees, motivating them and responding to their problems and needs will enable them to perform more and to the desired level this way personal goals, company goals and the country's goal regarding Industry Park will be achieved.
- Employees association has to be formed within the BLIP in order to solve employees request and to fight for their rights.

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No.	Questions	Rating Scale				
		5	4	3	2	1
5	The Industry's park environment is suitable for work					
6	Working in the industry park has a lot of advantage					
7	Our organization places the right person in the right job					
8	I am being paid adequately for the work i do					
9	The Current Wage attracts the best recruits for the various posts					
10	Selection is based on merit and skills only.					
11	The organization provides training for the employee to develop their work performance and skills.					
12	The current performance appraisal system is capable of encouraging the good performers					
13	There is a transparency & continuous follow up when evaluating employees					
14	I have been evaluated for my performance fairly					
15	There is a strong link between performance & reward in the organization					
16	There is reward for better performers in the organization					
17	Pay increments offered by our organization are satisfactory					
18	I am satisfied with the benefits i receive					
19	Rewards and incentives are fairly distributed in our organization					
20	The existing reward and incentive plans do not motivate us for better performance					
21	Our organizations protects employees health and safety conditions					

22	We believe that our management follows policies and practices that serve combined interests of both employees and the organization					
23	Management respects each employee's ability and knowledge of the job					
24	The company values our contribution to its well being					
25	The company strongly considers our goals & values					
26	Our organization does not ignore complaints from t's employees.					
27	The organization cares for employees general satisfaction at work					

27. What HRM practice challenges are there in your organization?

28. What HRM practice challenges are there while working in the industry park?

APPENDEX 2: Interview Guide

A study on The assessment on the challenges of human resource management practice on Bole Lemi I Industrial Park Project (BLIPP)

Interview Questions for Laborers

1. Do you think you are paid fairly relative to your work?

2. Do you think the performance appraisal is transparent?

3. Do you believe that you are evaluated fairly for your performance?

4. Do you know your rights and responsibilities in your organization?

5. What challenges did you face while working in your organizations?

APPENDEX 3: Interview Guide

A study on The assessment on the challenges of human resource management practice on Bole Lemi I Industrial Park Project (BLIPP)

Interview Questions for Acting Manager of EIC Bole lemi office

1. Do you believe that the employees are aware of the BLIP's goal and do you think they strive to achieve this goal?

2. Do you think the companies within BLIP are a good place for growth and development of employees? If no, why?

3. What complaints are there from employees on employers and how often do you receive complaints?

4. What complaints are there from employers on employees?

5. What challenges are there in human resource management of BLIP?

6. What do you recommend to be amended in BLIP for effective management of HRM?
