



IndiraGandhi National Open University

**ASSESSMENT OF CHALLENGES IN HUMAN RESOURCE DEVELOPMENT
PRACTICES IN PRIVATE BANKS: THE CASE OF BERHAN INTERNATIONAL
BANK S.C**

BY:

TEKALEGN GIRMA

EnrolmentNo:-ID1403870

Academic Supervisor: DR.ELIAS BEREHANU

MASTER OF ARTS IN PUBLIC ADMINISTRATION

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Project Title

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**THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS OF M.A. (PUBLIC ADMINISTRATION) OF THE INDIRA GANDHI
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May, 2017

DECLARATION

I hereby declare that the dissertation entitled ASSESSMENT OF CHALLENGES IN HUMAN RESOURCE DEVELOPMENT PRACTICES IN PRIVATE BANKS: THE CASE OF BERHAN INTERNATIONAL BANK S.C submitted by me for the partial fulfillment M.P.A to Indira Gandhi National Open University (IGNOU). I also declare that no chapter of this manuscript in whole or in part is lifted and incorporated in this report from any earlier work by me or others.

Place: Addis Ababa, Ethiopia

Date: May, 2017

Signature:.....

Enrolment No:**ID1403870**

Name: Tekalegn Girma

Address: Addis Ababa, Ethiopia

E-mail:tekalegn.girma@yahoo.com

Telephone No:+251 911 41 1482

CERTIFICATE

This is to certify that Tekalegn Girma student of MPA from Indira Gandhi National Open University (IGNOU).was working under my supervision and guidance for his project work for the course MPA entitled ASSESSMENT OF CHALLENGES IN HUMAN RESOURCE DEVELOPMENT PRACTICES IN PRIVATE BANKS: THE CASE OF BERHAN INTERNATIONAL BANK S.C. It is recommended that this project be placed before the examiner for evaluation.

Place: Addis Ababa, Ethiopia, Signature:.....

Date: May 10, 2017

Name: Elias Berehanu (PhD)

Address: Addis Ababa University,

Phone No. +251911630722

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God, your eternal mercy, love and protection through your son, Lord Jesus Christ made all this

Possible, “I will praise you, O Lord with my whole heart” (psalm: 9:1)

Next, my gratitude and love goes to my family, for unreserved support, care and encouragement they provided me to arrive at this level.

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DEFINITION OF TERMS

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

- **HR. (Human Resource):** refers to the talents and energies of people who are available to an organization as potential contributors to the creation and realization of the organization's mission and vision.
- **Development:** means improving the existing capabilities to the human resources in the organization and helping them to acquire new capabilities required for the achievement of the firm as well as individual goals.
- **HRD: (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.
- **Challenges:** For this study challenges are obstacles or impediments that hinder effectiveness of human resource development practices in the selected offices.

ABSTRACT

Nowadays, organizations operate in a complex and changing environment that greatly influences their growth and expansion. To cope up with this changing environment human resource development has become an essential component in the development process. This is due to the fact that any development process is driven by the human factor. For this reasons the main objective of this study was to assess human resources development practices and challenges prevailing in private banks: the case of Berhan international bank S.c. In order to achieve this objective the researcher used both primary and secondary data sources. These collected data were analyzed and interpreted using descriptive statistical tools and qualitative technique. With research it is argued about the current human resource development practices also about the challenges encountering the practice of human resource development in the Bank. From the data analysis the finding of the study explain that the organization has human resource development programs. However, they lack effectiveness 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 findings also indicate that in the bank personal analysis was not conducted effectively as a crucial HRD need analysis approach. Finally, this paper recommend that the Bank to minimize problems in the practice of HRD first and foremost, HR should get due attention since it is an engine for other resources, focus on career development and post training evaluation should be exercised in order to increase the effectiveness of human resource development and providing the necessary technical and interpersonal support to make HRD process more sustainable.

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CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

According to Haslinda (2009), human resource is organizations 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. 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.

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.

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 so as 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 lack HRD or not. Therefore, the purpose of this study is to assess HRD practices and challenges in the selected study area.

1.2. 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). 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.

According to Federal Civil Service Proclamation No. 515/2007, in Ethiopia, HRD is the critical issue to deliver the required service to the organization. Therefore, there is the need of strong advocacy work on HRD in Ethiopia specifically in private banks .This is, because the implementation of bank policies and strategies is highly dependent on competent, qualified and skillful employees.

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).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 requirement, is one of the key sources of competitive advantage in present context. But sometimes, despite the ability and competence, the banks fail to align their HRD practices with the fast changing requirement.

Coming to the study areas in Berhan International Bank S.C no researched 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. So, study is unique because no study under take 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 challenges of HRD in Berhan International Bank S.C.

1.3. Objective of the Study

1.3.1. General Objective

The overall objective of the study will be to assess the existing human resource development challenges prevailing in the Berhan International Banks S.c.

1.3.2. Specific Objectives

The specific objectives of the study include:

- ❖ . To assess the current human resource development practices in the Berhan International Banks.
- ❖ . To identify the challenges encountering the practice of human resource development in the Berhan International Banks S.co.

1.4 Research Questions

For the above problem, the study seeks to answer the following specific research question:

- ❖ What are the current human resource development practices in the Berhan International Bank?
- ❖ What are challenges encountering the practice of human resource development in the Berhan International Banks S.co. ?

1.5 Scope of the Study

This study is focused on assessing customer satisfaction towards service provided by Berhan International Banks. Though customer satisfaction and service loyalty are issues that deserve the involvement of both the service providers and customers, the scope of the study is limited to the perception of customers only.

1.6 Significance of the Study

It is a known fact that the success and failure of any organization, be it private business or public organization, merely depends on how well its customers are satisfied. Generally, the output of this study has the following significances:-

- To the management of Berhan International Banks S.C, the findings and results that will be reported in this study will provide a more reliable scientific measure and perspective for describing and evaluating the level of their customer satisfaction with the services they deliver.
- The findings of this study will be able to evidently put up the reduce gaps in specific reference to customer satisfaction and service loyalty of Berhan International Banks.
- The result of this study can be used as reference for further researchers who interest to study on this area.

1.7. Limitation of the study

The study was specifically focused on assessing challenges of HRD practices 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 of finance and time shortage also put limitation of the research because it requires plenty of time and require enough money.

1.8. 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. The third chapter deals with the issue of the methodological of the research. 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.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. An Overview of Human Resource Development

Armstrong (2003) in handbook of personnel management practice provides a definition of human resource management as a strategic and coherent approach to the management of an organization's most valued assets. The people working here who individually and collectively contribute to the achievement of its objectives." HRM strives to achieve the organizational goals through employee performance.

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.

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.

Hence, a competitive success of firm is achieved through the skills and potentials of the people that they possess (Leimbach et al., 1998). According to Kenney et.al (1979),as cited Bahiru Wondmeheh (2011), states that organizations have very different polices for gain the maximum benefit from training while in contrast there are still many organizations where the systematic approach is unknown and management do not accept responsibility of training. The majority of organizations lie somewhere between these extremes with training which is variable in quality, limited scope and to a greater or lesser extent. According to Trace (1984) training and development processes include: assessment phase, implementation phase and evaluation phase. Even though the phases which are suggested by different authors are different, the components which are included in different phases remains similar. Therefore, this study uses the following sequential phases of the systems approach in managing the training and development process.

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). Effective training and development program should be conducted systematically. The training need assessment is the building block of a training program. In

supplementing this idea, Clark (2000) suggested that this phase is a basis for giving answers to questions like who must be trained.

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. Determining organizational training needs to perform different activities which are essential for the process of training and development programs. On this phase, selecting the trainers, trainees, appropriate training environments, preparing lesson plan and selecting methods considered as a prerequisite to conduct the training and development program effectively (Kenny, 1979).

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 (Ahuja, 1988).

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 (Deb, 2010).

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 (Deb, 2010).

2.5. Strategic Perspective of Human Resource Development

HRD is seen as the human capital that organizations should protect core competencies through investment in training and development because the value of employees to the organization is pertained to the uniqueness and value of their capabilities and skills (Sambasivam&Kebede, 2013). HRD is well achieved through a strategic approach, a position consistent with resource-based and human capital strategies to meet organizational goals (Lepak& Snell, 1999). This

enables organizations to mix different knowledge components, connect previous and current knowledge and combine internal and external knowledge to ensure sustained and continuous competitive advantage (Davenport, 2003). HRD as a development policy process which includes formulation, adoption and implementation of policies, the monitoring of their effects and their adjustment followed by organizations (Dussault, 1999). Policymakers need to define explicit policy objectives based on a rigorous analysis of the initial situation and of the feasibility of change in the short, medium and long term. As stated by the same author in any organization, explicit objectives, supported by the public are crucial. These put policy-makers in a stronger position to negotiate with the stakeholders to shape HR policies. At the macro level, HRD requires a mix of strategies to achieve its objectives (Anyim et al., 2012). If it is really need-oriented, stakeholders must be involved at all stages of the policy-making, from problem identification and needs assessment, to the definition of objectives and priorities as well as of strategies (Swanson & Holton, 2009). Therefore, planning, coordination of policy-making, regulation, monitoring and information are also strategically important to the well-functioning of HRD.

2.6. Challenges for Human Resource Development

A critical challenge that faces human society at the start of the 20th 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 (Gomiz-Mija, 1995). 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.

2.7. 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 and psychological theories serve as a unique theoretical foundation of HRD (Baradous, 1997). According to Michael Armstrong (2006), with an effective management development programs: development processes may be anticipatory (so that managers can contribute to long-term objectives), reactive (intended to resolve or preempt performance difficulties) or motivational (geared to individual career aspirations).

2.7.1. 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 & Torraco, 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).

2.7.2. 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).

2.8. Empirical Studies

Study survey conducted by Baradous (1997), 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 public 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 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. Kumar (2007) has carried out a comprehensive research in the changing pattern of human resource development practices under globalization in one of Indian organizations. The researcher conducted the study with the objectives of knowing and highlighting the practices of human resource management adopted by the organization to deal with the competitive situation. On the basis of data collected and situation observed the study has found the following human resource management practices in the study area these include training, orientation, compensation, working environment, performance appraisal and promotion. The HRD practices adopted are properly matched according to needs of present time. To scale up human resource development the researcher suggested human resource manager should have term approach and be proactive rather than reactive and give due emphasis for HR activates. Study has also conducted by Kebede and Sambasivam (2013), with the objective of investigating the strategic orientation, practices and managers awareness towards the concepts of HRD in Ethiopia.

Study sought to investigate and identified the HRD challenges facing the private banks, specifically in the Berhan International Bank S.C. The study revealed that HRD is the critical issue in improving good governance in the organization and provision of high quality services. And the research highlighted that the main human resource capacity challenges manifest in the dimensions such as policy skill and performance motivation induced.

CHAPTER THREE

3.RESEARCH DESIGN AND METHODOLOGY

This chapter presents the methodology that will be 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.

3.1. Research Design

A survey research design will employ 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 will be collected through a self-administered questionnaire which will be 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.

3.2. Research Approach

In order to achieve the objective of this study, the researcher use 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 choose 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.

3.3. Population of the Study

In the Head office and Main Branch there are 203employees 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
Total		203

3.4. Sampling Technique

The researcher use 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 were used to select the representative sample from each level based on October 24, 2016 lists of employees. From, non- probability sampling technique, purposive sampling method will employ to select top officials for interview.

3.5. Sample Size

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, Higgins, 2001 and Fowler, 2002, P.31).It was determined as shown below;

$$n = \frac{z^2 pq}{d^2} \dots \dots \dots \text{if } N \text{ is greater than or equal to } 10,000$$
$$f_n = \frac{n}{1+n/N} \dots \dots \dots \text{if } N \text{ is less than } 10,000$$

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%) was 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 will be determined as follows;

$$n = z^2 pq / d^2 \text{ therefore, } n = (1.75)^2 (0.5) (0.5) = 120$$

$$(0.08) * 0.08$$

$$F_n = (n / (1 + n/N))$$

$$F_n = 120 = 75$$

$$(1 + 120/192)$$

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

Tables: 3.2 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: 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 will be selected using the above formula of probability sampling techniques for purpose employees who represent 75 sample

sizes. Whereas, three key officials of the authority will be selected for interview from the directorate. Totally, there will be 78 respondents, including the interviewee.

3.6. Data Types and Sources

The researcher used both qualitative and quantitative data types. 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 were also obtained from key informants and discussants through interview and focus group discussion respectively. The advantage of using primary data is that, they are more reliable since they come from the original sources. To supplement the primary data, secondary sources will be 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 will be used.

3.7. 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 departments in Berhan International Bank. Questionnaires are 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. The questionnaires for Officers are 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.

3.8. 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 will be used. Quantitative data generated through questionnaires will be analyzed using MS-Excel.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

The central focus of this study is to assess HRD practices and challenges in the Berhan International Bank S.C. 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.

4.1. Response Rate on Questionnaire

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 95 percent response rate. In addition to questionnaire, interview was held with three key informants.

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. The distributed questionnaires were filled up and returned with response rate of 95%. 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	40	58
	Female	29	42
	Total	69	100
Age	18-20	5	7
	21-30	42	61
	31 and above	22	32
	Total	69	100
Education level	Diploma and below	14	20
	Degree	46	67
	Master and above	9	13
	Total	69	100
Work experience	1 years and below	4	5
	2-6	10	14
	7-11	43	62
	12 and above	12	17
	Total	75	100

Source: Field survey (2017)

From the Table 4.1 above, it is possible to deduce the following facts. The overwhelming majority of the respondents were 40(58%) males and the rest 29(42%) 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 42(60 %) 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 22(32%) 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, 14(20%) of the total respondents were diploma holders. Whereas, the majority 46(66%) and 9(13%) 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 62% of the respondents have relatively longer service times 7-11 years. Following 17% 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. Measuring Employees' Awareness towards HRD Concepts

Awareness of the respondents towards human resource development concepts was measured based on questionnaire provided to them which comprise: training and development, career development, organizational development and performance appraisal which are crucial for better performance of every organization. It is possible to say that employees have awareness of human resource development concepts if they recognize all sub-constructs indicated below as part of human resource development.

Table 4.2: Respondents Awareness of HRD Concepts

S.No	Statements	Strongly Agree	Agree	Neutral	Dis Agree	Strongly Disagree
1.	I am aware of training and development from HRD point of view	75%	10%	8%	5%	2%
2.	I believe career planning and development as crucial part of HRD	59%	23%	8%	2%	8%
3.	I familiar with performance appraisal from HRD point of view	60%	19%	5%	11%	5%

Source: Field survey (2017)

Table 4.2 above, shows that the awareness of the respondents towards HRD concepts. From the above analysis related to awareness of human resource development from training and development standpoint as indicted in the table above was, 75% of the employees strongly agreed, 10% of the employees agreed, 8% of the employees neutral, 5% of disagreed and the remaining 2% of the employees strongly disagreed with statement. This indicates that the respondents strongly agreed with a relative homogeneity in their responses. From this it is possible to conclude that the employees of the bank were aware of training and development as a component of human resource development and they have excellent understanding of human resource development from training and development point of view. Kilam and Neeraj (2012), in their study in company found that consistent findings concerning the awareness of the organizations staff towards training and development as a critical HRD aspect. The implication is whenever the employees have good understanding about training and development they may update themselves to enhance organizational performance.

As it is also evidenced in the Table 4.2 above, the response of the respondent related to “employee awareness of human resource development from career development viewpoint”, the response of the respondent was 59% of the employees strongly agreed, 23% of the employees agreed, 8% of the employees neutral, 2% of disagreed and the remaining 8 % of the employees strongly disagreed with statement. The results of this analysis proved that respondents of the office were aware of career development as a component of human resource development. From this it is possible to deduce that the respondents have very good understanding and knowledge about career development from human resource development point of view that could result both individual and organizational improvement. This has also an implication to bank to link their plans with career development. Kilam and Neeraj (2012) found that good awareness and understanding of employees pertaining career planning and development and it was perceived to be the most important HRD sub-system as it has a very strong bearing on the individual and organizational growth and development in India which supports this study finding. It is this very sub system of HRD, which greatly contributes towards individual and organizational goal integration. From this description one can clearly conclude that the respondents were familiar with and have good understanding about human resource development concept from organizational development point of view. Akuoko and Baffoe (2012), in their comprehensive research found that low level of employees understanding and awareness of organizational development as part and parcel of HRD in five business companies which contradicts with this study finding due to organizations reluctance in empowering the employees’ skill and knowledge. The awareness of organizational development may have an implication on organization to enhance their effectiveness and coping with changes and innovations.

From Table 4.2 above, “familiarity of human resource development concept from performance appraisal perspective”, the response of the respondent was 60% of the employees strongly agreed, 19% of the employees agreed, 5% of the employees neutral, 11% of disagreed and the remaining 5% of the employees strongly disagreed with statement, which signifies that the respondents agreed on rating with a relatively high homogeneity in their responses. The research finding by Akuoko and Baffoe (2012) supports this study finding as to them effective building of employees’ competencies helped them to be familiar with performance appraisal in relation to HRD in the organization. With this lead, one can conclude that employees of the organization

were aware of performance appraisal as a component of human resource development in this study. The implication of employee understanding performance appraisal is that it may have practical significance for appraisers, appraises, HRD planners and the bank as a whole.

4.3. The Practice of Human Resource Development and Training

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.

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



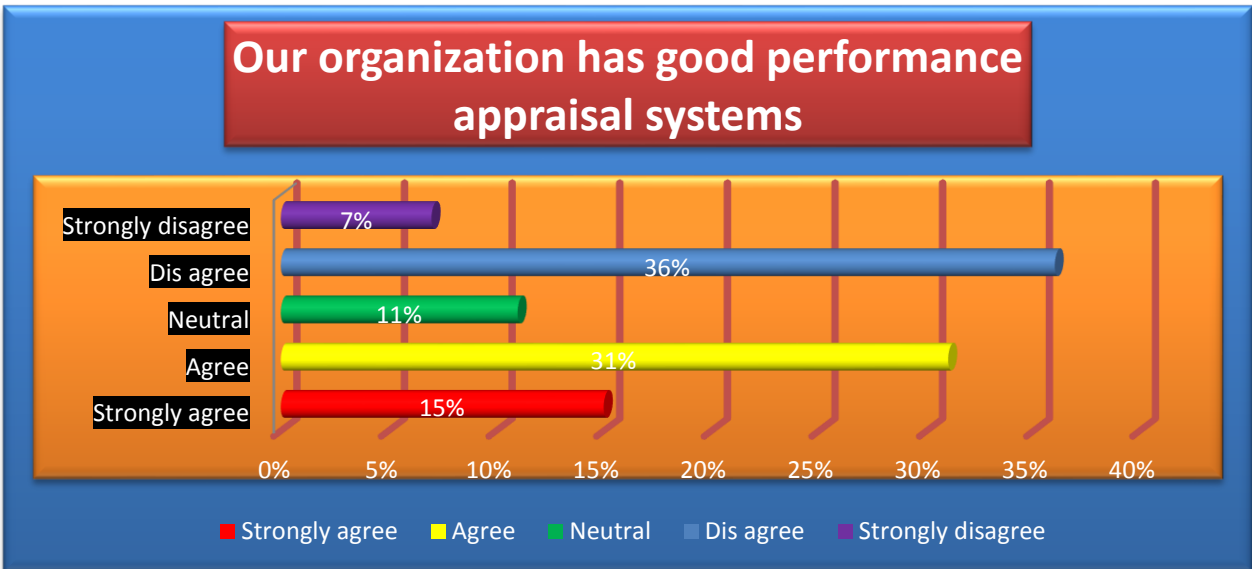
Source: Survey (2017)

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 branch 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.

According to the information gathered from interviewees in organization they replied that as do 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.

In addition, as informants replied that the educational opportunities are limited in organization for career growth and development. However, in practice explicit tasks were not done in relation to the issue described to upgrade HRD in each sector bureau.

Figure 4.2: Performance Appraisal System



Source: Survey (2017)

The Figure 4.2 above also reveals that, the assessment of the employees training needs the response of the respondent was 15% of the employees strongly agreed, 31% of the employees agreed, 11% of the employees neutral, 36% of disagreed and the remaining 7% of the employees strongly disagreed with statement. These shows that 31% of the respondents agreed with the statement, "Organization has good performance appraisal system". But the remaining 36%of the respondents discontented with the statement "Organization has good performance appraisal system". Therefore this show that there is performance appraisal system in the organization but there is still a gap with the system. Here, training needs assessment can determine level of optimal performance and standards for excellence. Based on the finding one can conclude that the study areas were not in a way taking good performance appraisal in relation to HRD.

Sorab (2006) found that performance appraisal in the public sector and has a positive relationship with human resource development. Accordingly, performance appraisal is useful for self-

development and individual counseling, remuneration, quality feedback, communication and motivation.

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 other secondary sources there were some challenges that encountered office in the practice of human resource development indicated in Table 4.3 below.

Table 4.4: Challenges of Human Resource Development

S.No	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1.	Developing comprehensive HRD strategies	3%	21%	14%	43%	15%
2.	Utilizing HR assessment technology to plan HRD	5%	26%	17%	37%	15%
3.	Promoting positive workforce attitudes towards HRD	18%	51%	14%	4%	11%
4.	Lack enforcement and accountability	7%	22%	37%	29%	7%
5.	Paying attention to professional development	14%	25%	14%	29%	18%
6	Lack of proper merit system	11%	18%	29%	25%	14%

Source: Survey (2017)

As it can be clearly shown in the Table 4.4 above, different human resource development challenges are illustrated which include: developing comprehensive HRD strategies, Developing comprehensive HRD strategies, utilizing HR assessment technology to plan HRD, promoting positive workforce attitudes towards HRD, lack of enforcement and accountability, paying attention to professional development. As it shown on Table 4.4 above, “Developing comprehensive HRD strategies “reveals the response of the respondent was 3% of the employees

strongly agreed, 21% of the employees agreed, 14% of the employees neutral, 43% of the employees disagreed and the remaining 15% of the employees strongly disagreed with statement, this implies that the relative homogeneity of the respondents on their responses disagreed. From this result one can infer that the offices needs clear developing comprehensive HRD strategies that may help to upgrade employee's knowledge and skills to improve their performance and achieve organizational objectives in the desired way.

The Table 4.4 above "paying attention to professional development" also reveals that, the assessment of the employees training needs the response of the respondent was 14% of the employees strongly agreed, 25% of the employees agreed, 14% of the employees neutral, 29% of disagreed and the remaining 7% of the employees strongly disagreed with statement. From this one can understand that the sub-constructs indicated in the Table are human resource development challenges of the offices that need to be overcome. 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 Gebre kidan (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 there are challenges in HRD of their organization. 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

emphasis for professional development, accepting modern technological changes, creating an environment for attracting and retaining qualified personnel, insufficient managerial capacity building and lack of employee's motivation were becoming great challenges for the effective practice of HRD.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATION

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

5.1. Conclusions

The findings showed that the employees in the office have had awareness about HRD concepts since they have good understanding of the components of HRD. Accordingly, they are familiar with training and development, career development, organizational development and performance appraisal which are HRD functions and they were able to relate them with HRD. However, few employees still did not understand these HRD concepts. The organization have training and development programs; however, they lack effectiveness 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 as it is required in relation to the issues described to promote HRD and to attain development goals.

With regard to performance appraisal, attempts have been made to assess the performance and behavior of the employees. However, the working environment needs more conducive as the findings revealed. Performance appraisal gives equal room for open dialogue but, transparency and continuous follow up was feeble 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 and the job requires and identifying job-related knowledge and skills that are needed 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 positive workforce attitude, 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 abovementioned 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 is not all about providing teaching rather than it should aimed 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 and mentoring is also very essential to identify individual employees training needs and HRD should be based on career development which helps employees achieve maximum self-development.

- ❖ HRD need assessment and selection criteria practice of the office are among the most serious 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.
 - ❖ Based on the finding one can conclude that the study areas were needs improvement in a way taking good performance appraisal in relation to HRD. Therefore the organization should take more actions regarding in developing performance appraisal system in its HRD strategies, because good performance appraisal in the business sector has a positive relationship with human resource development.
Accordingly, performance appraisal is useful for self-development and individual counseling, remuneration, quality feedback, communication and motivation.
 - ❖ The organization should give priority to develop comprehensive HRD strategies: that help to develop the performance of the employee and that enforce to increase the value of the organization.
- To overcome the challenges of HRD there is a need for trained man power, financial resources; differentiate high and low performers by using performance criteria like quantity, quality, timeliness and budget spend on doing a job.
 - Generally, making the performance assessment system more open and carrying out continuous follow up, strengthening the monitoring and evaluation role and providing the necessary technical and interpersonal support to make the HRD process more sustainable.
 - 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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ANNEX:

Part I

IndiraGandi National Open University

Department Of Public administration

Survey Questionnaire to Be Filled By Employees

Dear Respondents,

This is conducted in partial fulfillment of the requirements for MPA inPublic Administration. I am distributing these questionnaires to accomplish my thesis on Titlesof Dissertation **“Assessment Of Challenges In Human Development Practices In The Private Bank: The Case ofBerhan International Bank S.C”**.

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!!

Please contact me by the following address if any unclear issue may face you:-

Tel:++251932178977

E-mail:tekalegn.girma@yahoo.com

Appendix-A

Part II: Demographic Information

1. SEX: male female
2. Age: 18-20 21-30 31 and above
3. Education Status: Diploma and Below Degree Masters and Above
4. Work experience (in years): 1 and below 2-6 7 and above

Part II: Please state your level of opinion for each given statement using the following scales

S.No	Statements	Strongly agree	Agree	Neutral	Dis agree	Strongly disagree
A	Awareness towards the concepts of HRD					
1.	I am aware of training and development from HRD point of view					
2.	I believe career planning and development as crucial part of HRD					
3.	I familiar with performance appraisal from HRD point of view					

B	HR Training and Development					
4.	Our organization has good training and development programs					
5.	Our organization assesses employee training needs					
6.	Our organization assessing the available aids for internal and external training and development					
7.	Evaluating training efforts					
8.	Good performance appraisal systems					
9.	Acknowledgement for good performances					
C	Scale your institution how HRD is administered?					
10.	Good personal analysis					
11.	Appropriate job analysis					
12.	Institution identifies and designs HRD objectives					
13.	Institution selects good evaluation criteria					
D	Challenges of human resource development					
14.	Developing comprehensive HRD strategies					
15.	Creating managerial and leadership capacity					
16.	Utilizing HR assessment technology to plan HRD					
17.	Promoting positive workforce attitudes towards HRD					

18.	Lack enforcement and accountability					
19.	Lack of proper merit system					
20.	Paying attention to professional development					

21). How do you evaluate the strength of the bank with respect to the following parameters?

Statements	Excellent	Good	Fair	Poor
The office assesses employee training needs				
Identifying areas in need of improvement				
Utilizing HR assessment technology to plan HRD				
Paying attention to professional development				
In adequate training and development				
Promoting positive workforce attitudes towards HRD				

If there is other measure specify _____

22). 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?

PROJECT PROPOSAL PROFORMA

CANDIDATES NAME: TekalegnGirma

ROGRAMME CODE: MPA

COURSE MPAP-002

ENROLMENT NO:-ID1403870

Address: +251 911 411482

Study Center: St. Mary University

Study Center Code: -8105,

Address -Addis Ababa, Ethiopia

Titles of Dissertation- **ASSESSMENT OF CHALLENGES IN HUMAN RESOURCE DEVELOPMENT PRACTICES IN THE PRIVATE BANK: THE CASE OF BERHAN INTERNATIONAL BANK S.C**

December, 2016

ADDISABABA, ETHIOPIA

CERTIFICATE OF PROPOSAL

I hereby certify that the proposal the dissertation entitled". **ASSESSMENT OF CHALLENGES IN HUMAN RESOURCE DEVELOPMENT PRACTICES IN THE PRIVATE BANK: THE CASE OF BERHAN INTERNATIONAL BANK S.C by Tekalegn Girma ID No- ID1403870** has been prepared after due consultation with me. The proposal has my approval has to my knowledge the potential of the developing to comprehensive dissertation project. I also agreed to supervise the above mentioned dissertation till its operation.

Signature of academic supervisor

Name: Dr. Elias Berhanu

Designation: Ass. Prof.

Address: AAU, +251 911 630722

1. INTRODUCTION

1.1. Background of the Study

According to Haslinda (2009), human resource is organizations 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. 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.

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 so as 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 lack HRD or not. Therefore, the purpose of this study is to assess HRD practices and challenges in the selected study area.

1.2. 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). 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.

According to Federal Civil Service Proclamation No. 515/2007, in Ethiopia, HRD is the critical issue to deliver the required service to the organization. Therefore, there is the need of strong advocacy work on HRD in Ethiopia specifically in private banks .This is, because the implementation of bank policies and strategies is highly dependent on competent, qualified and skillful employees.

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).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 requirement, is one of the key sources of competitive advantage in present context. But sometimes, despite the ability and competence, the banks fail to align their HRD practices with the fast changing requirement.

Coming to the study areas in Berhan International Bank S.C no researched 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. So, study is unique because no study under take 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 challenges of HRD in Berhan International Bank S.C.

1.3. Objective of the Study

1.3.1. General Objective

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

1.3.2. 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.

1.4 Research Questions

For the above problem, the study seeks to answer the following specific research question:

- 1) What are the current human resource development practices in the Berhan International Bank?
- 2) What are challenges encountering the practice of human resource development in the Berhan International Banks S.co. ?

1.5 Scope of the Study

This study is focused on assessing customer satisfaction towards service provided by Berhan International Banks. Though customer satisfaction and service loyalty are issues that deserve the involvement of both the service providers and customers, the scope of the study is limited to the perception of customers only. And, the research sample will select from saving and current account holders of the bank.

1.6 Significance of the Study

It is a known fact that the success and failure of any organization, be it private business or public organization, merely depends on how well its customers are satisfied. Generally, the output of this study has the following significances:-

- To the management of Berhan International Banks S.C, the findings and results that will be reported in this study will provide a more reliable scientific measure and perspective for describing and evaluating the level of their customer satisfaction with the services they deliver.
- The findings of this study will be able to evidently put up the reduce gaps in specific reference to customer satisfaction and service loyalty of Berhan International Banks.

- The result of this study can be used as reference for further researchers who interest to study on this area.

1.7. Limitation of the study

The study was specifically focused on assessing challenges of HRD practices 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 of financial and shortage time also put limitation of the research because it requires plenty of time and require enough money.

II. REVIEW OF RELATED LITERATURE

2.1. An Overview of Human Resource Development

As Matthews et al. (2004), 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.

2.2. Elements of Human Resource Development Practice

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.

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).

2.3. Challenges for Human Resource Development

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.

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 organizations 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 a day. 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.

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.

III. METHODOLOGY

This chapter presents the methodology that will be 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.

3.1. Research Design

A survey research design will employ 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 will be collected through a self-administered questionnaire which will be 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.

3.2. Research Approach

In order to achieve the objective of this study, the researcher use 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 choose 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.

3.3. Population of the Study

In the Head office and Main Branch there are 203employees 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
Total		203

3.4. Sampling Technique

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

3.5. Sample Size

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, Higgins, 2001 and Fowler, 2002, P.31).It was determined as shown below;

$$n = z^2 pq / d^2 \dots\dots\dots \text{if } N \text{ is greater than or equal to } 10,000$$
$$f_n = (n/1 + n/N) \dots\dots\dots \text{if } N \text{ is less than } 10,000$$

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 will be determined as follows;

$$n = z^2 pq / d^2 \text{ therefore, } n = (1.75)^2 (0.5) (0.5) = 120$$

$$(0.08) \cdot 0.08$$

$$F_n = (n/1+n/N)$$

$$F_n = 120 = 75$$

$$(1+120/192)$$

Then, proportion to the sample size of the population will be 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: 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 will be selected using the above formula of probability sampling techniques for purpose employees who represent 75 sample sizes. Whereas, three key officials of the authority will be selected for interview from directorate. Totally, there will be 78 respondents, including the interviewee.

3.6. Data Types and Sources

The researcher uses both qualitative and quantitative data types. The study uses both primary and secondary data sources to get consolidated data, so as to reach on concrete findings. The primary sources of data will be 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. The advantage of using primary data is that, they are more reliable since they come from the original sources. To supplement the primary data, secondary sources will be 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 will be used.

3.7. Data Collection Techniques

This study will be 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 are 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. The questionnaires for officers are 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.

3.8. Method of Data Analysis

Depending on the types of basic questions and nature of the data, descriptive method of data analysis (descriptive statics) such as frequencies and percentage will be used. Quantitative data generated through questionnaires will be analyzed using MS-Excel.

IV. AN OUTLINE OF CHAPTER HEADING

CHAPTER ONE :the first chapter will introduces background of the study. CHAPTER TWO: The second chapters, deals with different related literatures are presented to create depth understanding towards the subject under study. CHAPTER THREE: this Chapter is concerned with the methodological part of the study. CHAPTER FOUR: the analysis and discussions of major findings will indicated in the fourth chapter. CHAPTER FIVE in the fifth chapter conclusions, recommendations and implications of the study will made.

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