



College of Business and Economics

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**The Effect of Human Resource Development on the Performance of
Selected EFFORT Companies**

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DECLARATION

I, Asefa Gebretsadik Gebreegziabher, declare that this master's thesis entitled “The Effect of Human Resource Development on the Performance of Selected EFFORT Companies” is the result of my own effort, and the research is not submitted to any degree in any university. All the information in this document has been collected, documented, and presented in accordance with the rules and ethical conduct of academics. This study is submitted in partial fulfillment of the requirements for the award of a Master's Degree in Business Administration. I have fully cited and acknowledged all the materials and results that are not original to this study.

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ACRONYMS

EFFORT: Endowment fund for Rehabilitation of Tigray

HRD: Human Resource Development

HRM: Human Resource Management

T&D: Training and Development

NCBP: National Capacity Building Program

AILD: Abergele International Livestock Development

BTPF: Bruhtesfa Plastic Factory

TE: Trans Ethiopia

m.a.s.l.: meters above sea level

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ABSTRACT

This study aims to examine the effect of Human Resource Development (HRD) on the Performance of selected Endowment Fund for the Rehabilitation of Tigray (EFFORT) companies, Abergele International Livestock Development (AILD), Bruhtesfa Plastic Factory (BTPF), and Trans Ethiopia (TE) in Mekelle, Tigray, Ethiopia. In spite of the HRD has recognized importance, its implementation practices, especially in large corporations such as EFFORT, have remained understudied. The study employed a mixed-methods approach, combining both quantitative and qualitative methods to collect data from AILD, BTPF, and TE. A well-structured questionnaire was used as a data collection tool, and a total of 332 employees actively participated in the study. The study assessed the current HRD practices, identified main challenges, and explored the relationship between HRD and company performance. Based on the HRD need assessment results, the weighted mean values for AILD, BTPF, and TE were 3.26, 3.83, and 3.93, respectively, which indicates that employees have recognized the importance of HRD for EFFORT companies. The weighted mean values of HRD design and implementation practices for AILD, BTPF, and TE were 1.764, 2.58, and 3.93, respectively. This showed that the design and implementation practices in AILD, BTPF, and TE were strongly dissatisfied, dissatisfied, and satisfied, respectively. Additionally, the employees at AILD and BTPF expressed their dissatisfaction with the current HRD design and delivery, career development opportunities, and financial support for training and education. This suggests that although the respondents recognized the importance of HRD for their companies, they feel HRD practices are not sufficiently aligned with staff needs. Conversely, the weighted mean values of TE employees with respect to HRD design and delivery, career development opportunities, and financial support for training and education were 3.93, 3.93, 3.77, and 3.89, respectively. This implies that the employees of TE had a more positive view of HRD practices and their influence on the performance of the company, and perceived that they are satisfied with the current HRD design and delivery, career development opportunities, and financial support for training and education. Thus, conducting HRD needs assessment, providing HRD based on identified gaps, bolstering career development initiatives, and increasing employees' financial support for HRD and educational growth are crucial to enhance employees' competency and the company's productivity, which boosts the company's competitiveness.

Keywords: *Human Resource Development, Employees' competency, Company Performance*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

In the current business landscape, companies must continually enhance their operations to propel their economies (Kareem, M. A., 2019) and are increasingly acknowledging their human resources as the most significant asset. The strategic advancement of human capital through training, skill enhancement, career development, and organizational learning has become crucial for maintaining a sustainable competitive edge. Human Resource Development (HRD) is thus not just an administrative role but a strategic instrument that has a direct impact on organizational performance (Kemjika, et.al, 2021). Contemporary businesses have come to recognize that their performance is just one of the many departments that may be impacted by their focus on human resources, their management, and the implementation of a comprehensive human resources system (Nainggolan et al., 2024). Organizations can harness the skills and abilities of their employees by fostering organizational and individual learning through the provision of a supportive environment that facilitates knowledge production, sharing, and application. Companies should present some practical and efficient strategies for enhancing and investing in the different facets of human capital (Alnachef & Alhajjar, 2017).

According to Mohammed (2015), an organization's capacity to fully utilize the skills and potential of its strategic staff determines its success and advancement (Mohammed, A., 2015). Despite the massive obstacles provided by globalization and the swift changes in the business environment, these talents are necessary to help firms become more productive. In today's corporate environment, human resources are developed to be competitive and are considered very important for the success of the corporation (Keltu, T.T., 2024). Employees who are capable and skilled have the knowledge and abilities necessary to provide clients with high-quality services. Furthermore, workers with enough resources, equipment, and infrastructure are more likely to accomplish the objectives of the company. As a result, individuals must possess the abilities, attitudes, knowledge, and skills necessary for their jobs if a business is to succeed (Uche et al., 2015).

The term "human resource development" (HRD) was introduced by Nadler, who defined it as "organized learning experiences within a specific timeframe aimed at enhancing job performance and personal growth." HRD represents a process instead of merely a group of concepts. A variety of tools and methods, including performance evaluations, career development, counseling, training, and future assessments, are employed to initiate, support, and promote this process (Nadler, L.,1969). Later, Swanson & Holton E. (2001) characterized human resource development (HRD) as a process aimed at cultivating and unleashing human knowledge to improve performance through employee development and organizational growth (Swanson, R. A., & Holton, E. F., 2001). Likewise, Kelly (2006) stated that human resource development (HRD) combines training and development, career planning and development, and organizational development to enhance individual, team, and organizational efficiency and effectiveness (Kelly, D.,2006). Richard et al. (2009) explain that organizational performance is the capability of an organization to meet its objectives by utilizing its resources effectively and efficiently (Richard et al., 2009). Organizational performance is often seen as the actual outputs or results of a business in comparison to its set objectives and goals. As noted by Wang and Swanson (2008), human resources development (HRD), which focuses on training and enhancing skills, has gained increased attention among companies as a method to prepare employees for greater responsibilities (Wang, G. G., & Swanson, R. A.,2008). The growing emphasis on training and development (T&D) is attributed to its vital role in advancing human capabilities necessary for achieving strategic corporate goals (Abdulslam, 2011).

In the context of Ethiopia, the government recognizes that successful sector policies depend on enhancing human resource capabilities for effective implementation. As a response, the country launched the National Capacity Building Program (NCBP) in 2001. This program is broad and inspiring, necessitating commitment from all government sectors to fully unlock the potential of employees (Adebabay, A., & Perkins, S., 2010). The government's recognition of interconnected initiatives led to the formation of a Federal Ministry of Capacity Building (FMCB) to oversee and provide strategic guidance for the overall programs, especially in HRD. Developing economies, such as Ethiopia, face unique challenges and opportunities in leveraging HRD for growth (Amanuel K., 2020). The Ethiopian industrial sector is gradually diversifying, with conglomerates such as the Endowment Fund for the Rehabilitation of Tigray (EFFORT) playing a significant role

in manufacturing, construction, transport, textiles, and agriculture-based industries. As one of the largest indigenous business groups in Ethiopia, EFFORT companies are expected to uphold efficiency, innovation, and productivity to remain competitive both locally and internationally. However, performance in many of these companies has been constrained by skill gaps, limited training, and insufficient alignment between HRD strategies and organizational goals. While HRD has been shown globally to enhance organizational performance, its application in developing economies such as Ethiopia remains underexplored, particularly in large conglomerates like the EFFORT. Existing HRD initiatives within EFFORT companies often lack systematic alignment with organizational goals, leading to skill gaps and constrained productivity. Despite the recognized importance of HRD, little empirical evidence exists on how practices such as training, career development, and performance management influence performance in this unique socio-economic and post-conflict context. This study, therefore, seeks to examine the impact of HRD on employee and organizational performance within selected EFFORT companies, contributing both to the academic literature and to practical strategies for strengthening Ethiopia's industrial competitiveness. Given these challenges, the critical question arises: how do HRD practices—specifically training, career development, and performance management—affect employee and organizational performance in EFFORT companies? A study conducted by Gebrekidan (2011) confirmed that the Ethiopian civil service experiences inefficiency and inadequate service delivery due to insufficient focus on HRD. Therefore, further investigation is needed to understand the reasons behind this issue. Addressing this gap will contribute to both HRD scholarship and practical strategies for Ethiopian conglomerates.

1.2 Statement of the Problem

Employees play a crucial role in driving organizational success; however, many organizations overlook the significance of ongoing human resource development (HRD). Ineffective HRD practices result in elevated employee turnover, decreased productivity, diminished profitability, and weakened organizational performance. Factors such as inadequate needs assessment, limited diversity, poor implementation strategies, and insufficient budgets pose further obstacles to HRD initiatives. Post-conflict organizations, like EFFORT companies in Tigray, encounter additional difficulties due to war-related devastation, loss of skilled personnel, and financial constraints. According to the preliminary study the researcher conducted, despite the essential role of HRD in

recovery, reintegration, and enhancing performance, there is limited knowledge regarding the current status, challenges, and impact of HRD practices in these companies.

While international research demonstrates a positive correlation between HRD practices and organizational performance, there is little empirical evidence addressing this relationship within Ethiopian conglomerates. Without systematic assessment, EFFORT risks underutilizing its human capital, which may reduce its long-term sustainability and impact on the national economy. Therefore, this study focuses on the assessment of the major challenges, evaluates the status of HRD practices, and investigates the linkage between HRD practices and employees' and organizational performances, and its impacts on the companies' performance. Therefore, this study seeks to fill this gap by investigating the effect of HRD on the performance of selected EFFORT companies.

1.3 Rationale of the Study

Human Resource Development plays a critical role in equipping employees with the skills, knowledge, and motivation necessary to meet organizational goals. In today's competitive business environment, companies that fail to invest in HRD often struggle with low productivity, weak employee engagement, and limited adaptability to change. For organizations such as the EFFORT companies, which operate across diverse sectors, the efficiency and growth of the workforce directly influence overall performance and sustainability. Despite the acknowledged importance of HRD, many firms in emerging economies still underutilize structured training and development programs, leaving a gap in understanding the measurable impact of HRD on organizational performance. Examining this relationship within the context of selected EFFORT companies is therefore vital. It will provide empirical evidence on whether HRD initiatives significantly contribute to improving productivity, efficiency, and competitiveness.

This study is justified on both practical and academic grounds. Practically, it will help managers and policymakers within EFFORT companies make informed decisions about resource allocation for HRD programs. Academically, it will enrich existing literature on HRD and organizational performance, particularly in the context of large conglomerates in developing economies. By addressing this gap, the research aims to highlight the strategic importance of HRD as a driver of sustainable organizational success.

1.4 Research Questions

1. What is the current status of human resource development in the EFFORT companies?
2. What are the key challenges of human resource development in EFFORT companies?
3. What is the relationship between human resource development and company performance?
4. What is the impact of human resource development on employees' competency and company performance?

1.5 Objective

1.5.1 General Objective

The general objective of the study was to investigate the effect of human resource development on the performance of Endowment Fund for the Rehabilitation of Tigray (EFFORT) selected companies

1.5.2 Specific Objectives

The specific objectives of the study will be:

- ✚ To assess the current status of the HRD in EFFORT companies.
- ✚ To identify the key challenges of HRD in EFFORT companies.
- ✚ To investigate the linkage between HRD practices and company performance.
- ✚ To evaluate the impact of HRD practices on the performance of EFFORT companies.

1.5 Significance of the Study

Human Resources Development is vital for the personal development of employees/individuals and company performance. HRD focuses on improving the skills, knowledge, and abilities of employees through various development activities. HRD provides employees with the opportunity to gain new skills and knowledge, improving their effectiveness in their current roles and preparing them for future responsibilities. Continuous learning through training programs increases employee satisfaction, teamwork, communication skills, retention, knowledge sharing, competence, and confidence. Organizations that invest in HRD improve their productivity, efficiency, and quality of work. When employees are well-trained and equipped with the necessary

skills, the overall performance of the organization improves. HRD can lead to improved problem-solving skills, greater efficiency, and higher levels of service quality, all of which positively impact the customer experience. It creates a competent, motivated, and adaptable workforce that drives organizational success and enhances individual career growth.

Conducting studies on human resources development and company performance has huge significance in enhancing personal and organizational performance, employee growth and satisfaction, adapting to changing environments, fostering a culture of continuous learning within organizations, exploring how to create inclusive environments that promote diversity, fairness, and equality, and ensuring that employee development is highly significant to company goals. Moreover, the study will have huge significance in providing feedback to employees, companies, researchers, policy makers, and other concerned stakeholders about the human resource development practice and organizational performance and productivity. Hence, the findings of this study will be helpful for EFFORT employees, company owners, leaders, policy makers, decision makers, and other concerned stakeholders to examine the significance of human resources development practices and the company's performance and productivity.

1.6 Scope of the study

The EFFORT organizations comprise many companies located throughout Tigray. Studying the effect of HRD on the Performance of all EFFORT companies requires a substantial budget, considerable time, and numerous experts to collect and analyze the data. Hence, the study covered three selected EFFORT companies: Abergele International Livestock Development (AILD), Bruhtesfa Plastic Factory (BTPF), and Trans Ethiopia (TE), which are engaged in manufacturing and service industries and located in Mekelle, the capital city of Tigray.

While HRD encompasses multiple dimensions, the study will concentrate on training and development, career development, and performance management. The performance of companies was evaluated in terms of productivity, efficiency, and employee outcomes.

1.7 Limitations of the study

Geographically, EFFORT companies are dispersed across different parts of Tigray. Since the conglomerate encompasses many firms, including all of them in the study would result in an excessively large number of participants. Conducting research across all EFFORT companies would also require a substantial budget, extended time, and considerable material and human resources. Due to these limitations, the researcher selected three companies— AILD, BTPF, and TE —located in Mekelle, the capital city of Tigray. Consequently, the findings of this study, based on these three companies, may have limitations in terms of generalizing conclusions to all EFFORT companies.

1.8 Organization of the paper

The thesis was organized into five chapters. Chapter one describes the research introduction that focuses on the background, research problem, purpose, significance, scope, and limitations of the study. Chapter two covers the literature review part of the thesis, which includes experiences and lessons from previous studies, and best practices on the effects of human resources development practices on the performance of different organizations. Chapter three covers the research methodology, which includes the research approach, the research design, data collection, analysis, and interpretation. Chapter four contains the results and the discussion part of the research. Chapter five covers the conclusion and recommendations of the thesis.

CHAPTER TWO

2. LITERATURE REVIEW

This chapter reviews relevant literature on the relationship between HRD and organizational performance. It begins with an overview of HRD and theoretical perspectives that explain the role of HRD in organizations. The discussion then moves to the conceptual understanding of HRD and performance, followed by a review of empirical studies both globally and within the Ethiopian context.

2.1 Overview of Human Resource Development

Human resource development is described as encompassing various programs and activities, both directly and indirectly, instructional and/or individual, that have a positive impact on individual growth as well as the productivity and profitability of the organization (Smith, R. L. 1988). It is a strategic, ongoing effort by management to enhance employee skills and organizational performance through training, education, and developmental initiatives (Mondy and Noe, 1990). Key HRD domains include training and development, organizational development, employee support, career advancement, and performance evaluation (Smith, R. L. 1988). HRD is concentrated on leadership skills and organizational challenges, in contrast to education, where learning experiences enhance overall competence in a specific area (Scarpello and Ledvinka, 1988). The term education is primarily linked to university or college programs within a specific discipline, either in public or private institutions, as "non-managers are much more likely to be trained in the technical skills necessary for their current roles, whereas managers often receive training aimed at cultivating skills for future positions—particularly conceptual and interpersonal skills" (Stoner et.al., 1996).

Several researchers and scholars have noted that organizations implement HRD practices as vital tools to promote positive behaviors among employees and leverage their skills, knowledge, and competencies, which is expected to enhance their productivity and the overall performance of the organization (Daniel, 2018; Katou, 2009; Clardy, 2008; Bates & Chen, 2004; Bartlett, 2001). A primary objective of human resource development, considered one of the essential functions of the

HRM system, is to evolve the workforce into the most valuable asset possible, enabling companies to achieve improved results through innovation and creativity. Organizations commit resources to the development of their workforce, enabling employees to continually enhance their skills and knowledge to effectively perform various tasks relevant to their current or future roles. Because of their significant expense, these activities are viewed as either investments or expenditures by companies, based on their implications (Newton, C. H. 2018).

2.2 Theories of Human Resource Development

The discussions surrounding the theories and bodies of knowledge that should ideally form the theoretical base of HRD have been ongoing, aiming to establish a solid foundation for HRD research and practice. The theoretical base of HRD comprises those theories and bodies of knowledge deemed essential for articulating the unique purpose and defining traits of the HRD discipline (Swanson, R. A., 2001). A theory explains a phenomenon and its functioning. It can encompass a broad statement or a set of related statements regarding actions, reactions, and the relationships between causes and effects (Torraco, R. J., 2004). The HRD discipline depends on three fundamental theories to comprehend, elucidate, and implement its processes and roles. These include psychological theory, economic theory, and systems theory (Ju, B., 2019). Psychological theory addresses the essential human elements involved in developing human resources, as well as the social and technical interactions between humans and systems. Economic theory focuses on the fundamental concerns related to the efficient and effective use of resources to achieve productive objectives in a competitive landscape. Systems theory examines the intricate and dynamic relationships among environments, organizations, work processes, and individual/group variables at any given time and over time. Human capital theory, which is a subset of economic theory, serves as a fourth theoretical perspective (Dobbs, R. L., Sun, J. Y., & Roberts, P. B., 2008). The central concepts of these theories align, which accounts for their joint application in the examination of organizational performance and human resource development. The integration of various theories is employed because, as Abbott (2006) points out, no single theory can comprehensively capture the complexities and elements of social phenomena; thus, without theoretical frameworks, understanding numerous obscure occurrences would be unfeasible (Weinberger, L. A., 1998). Despite any apparent deviations from reality, theories provide a way of organizing these events into a cohesive understanding. Each of the concepts mentioned above

is evaluated concerning organizational functions, with a corresponding discussion on their implications for HRD initiatives and overall organizational effectiveness.

2.2.1 Psychological Theory and Human Resource Development

According to this theory, the actions and thoughts of employees influence the performance of organizational systems (Ju, B., 2019). An organization needs to maintain a unified working environment to remain productive and well-structured in today's competitive global landscape (D'Annunzio-Green, N., & Francis, H., 2005). This integration is achieved by aligning the skills and abilities of human resources with the working environment. Applying psychological techniques to tackle employee challenges not only improves their performance but also helps them adapt to the organizational culture. This theory operates not only at the individual level but also at both the group and organizational levels. It illustrates how an individual's perceptions, attitudes, and behaviors can impact the organization's technologies, internal sub-systems, processes, and objectives. Thus, grasping the psychological perspective is vital for enhancing organizational performance (Deb, 2010). The principles of psychology applicable to practice focus on human mental processes and the factors influencing behavior. Among scholars and practitioners of psychology, there are numerous divisions and trends within the field, often lacking integration. By interpreting the three sub-theories of psychology in relation to theory and practice relevant to HRD, the field and profession can evolve. Although the psychological principles seem basic, they are frequently overlooked in practice: Gestalt psychology suggests that HRD should clarify the goals of individual contributors, work process owners, and organization leaders. Behavioral psychology indicates that HRD should foster the development of behaviors among individual contributors, work process owners, and organization leaders. Cognitive psychology, or purposive behaviorism, recommends that HRD should align the goals and behaviors of individual contributors, work process owners, and organization leaders (D'Annunzio-Green, N., & Francis, H., 2005)

2.2.2 Systems Theory and Human Resource Development

Swanson and Holton (2001) conceptualize HRD as a system that includes inputs (resources and strategies), processes (training, development, learning), and outputs (enhanced employee and organizational performance) (Swanson, R. A., 2001). This framework emphasizes the interconnectedness of HRD with other organizational subsystems, indicating that the effectiveness of HRD should not be assessed in isolation but rather in relation to overarching organizational outcomes. It perceives the world through the lens of "systems," each of which is a "whole" that

serves as both a part of a larger system and something greater than the sum of its individual components (Jacobs, R. L., 2014). Systems theory is the interdisciplinary study of the abstract organization of phenomena, regardless of their material type or the scale of their existence in time or space. As noted by Randall (1987) and Torraco (1999), this theory is a field that investigates systems in their entirety and clarifies how the interactions among inputs, processes, outputs, and feedback influence internal subsystems with specific objectives that derive from and support the mission of the broader system (Randall, D. M., 1987; Torraco, 1999). The principles of systems theory for practice are dynamic. The elements of the system, their configurations, and their interdependencies—the complex characteristics of the phenomenon under investigation—must be addressed (Torraco, R. J., 2014). The principles of systems theory for practice demand deep contemplation, robust theory-building research, and the application of innovative tools for effective practice. The general system theory of HRD must comprehend how it interacts with other subsystems within the overarching organization. Chaos theory of HRD must assist its host organization in maintaining its purpose and efficiency amid the chaos it encounters, while futures theory of HRD must aid its host organization in shaping various potential futures (Yawson, R. M., 2013). McLean (2006) emphasized the importance of systems theory in organizational development. A system or subsystem consists of four main components: input, process, output, and feedback (McLean, G. N., 2014). Input influences the process, which in turn affects output. Output impacts feedback, and feedback influences input. Consequently, the cycle continues. From input to feedback and back again from input to feedback. HRD scholars and practitioners should adopt a systems-theory perspective when overseeing organizational development. This entails being cognizant of the interrelations of subsystems and their networks, as well as the connections and separations within the targeted organization (Swanson, 2001). In particular, McLean (2006) highlighted two essential concepts related to organizational development grounded in systems theory: “interdependency” and “cause and effect.” Interdependency implies that modifications in one subsystem’s components can impact other parts or the entire system. “Cause and effect” indicate that controlling changes within the system is challenging due to the interconnected nature of each subsystem within the overall system. Furthermore, predicting changes in subsystems may be complex (McLean, C. N., 2009).

2.2.3 Economic Theory and Human Resource Development

Since the dawn of human civilization, various forms of business have existed, with each business activity being primarily an economic activity (Rauch, A., Frese, M., & Utsch, A., 2005). The core of business revolves around the two fundamental principles of giving and receiving. Initially, these transactions occurred on an individual level, but over time, they have developed into a more formal structure. An organization functions as a living entity that engages in business mainly to achieve its financial objectives (Wang, G. G., & Swanson, R. A., 2008). Additionally, economic theory is vital in shaping the concept of human resource development within an organization. Economics examines how scarce resources are allocated and utilized as effectively as possible. It encompasses certain efficiency-related concepts that can be instrumental in establishing a framework that ensures maximum societal welfare. Therefore, economic theory is one of the foundational theories of human behavior (Deb, 2010). Economics analyzes how societies employ their resources to produce the desired goods and services (Le Grand, 1984). Traditionally, economic theories have presupposed rational behavior, albeit with some modifications (Becker, 1962). Economic theories serve as the foundation for HRD (Swanson, 2001), and typically, the ultimate goal of any HRD initiative is to yield financial advantages for both the organization at the macro-level (Weinberger, 1998) and individuals at the micro-level. While psychological and systems theories play a role in HRD, economic theory is deemed the most relevant and beneficial (Swanson and Holton, 2009). In the 1920s, Taylor's scientific management principles were integrated into planning and training initiatives aimed at enhancing labor productivity and profitability (Au, 2011). Taylorism emphasizes control structures but does not prioritize employment relationships (Littler, 1978). This concept left its mark on several countries, including those in Europe (O'Neill, 2017). By the 1980s, Taylorism's influence was diminishing due to shifting market dynamics (Pruijt, 2000), but it saw a resurgence through Neo-Taylorism, which redirected its focus towards work quality (Pruijt, 2003). Among the various economic theories, "human capital theory" is recognized as the most relevant branch in HRD (Torraco, 1997; Weinberger, 1998). Human capital is described as "a unit level resource that results from the development of individuals' knowledge, skills, abilities, and other characteristics (Ployhart and Moliterno, 2011, p.131)." This field began to take shape in the early 1960s (Sweetland, 1996). Human capital theory posits that the advantages of investing in people are threefold: enhanced performance at the individual level, increased productivity and profitability at the organizational level, and societal returns that benefit all (Nafukho et al., 2004).

The principles of economics for practice focus on the management of limited resources and wealth production. When discussing performance, many people can conceptually convert performance units into monetary values. HRD itself incurs costs and generates benefits that must be comprehended, and these are not always advantageous. As the understanding of these costs and benefits improves in theory and practice, the HRD field and its profession are likely to evolve. Despite the principles for practice being seemingly straightforward, they require attention: Scarce resources theory: HRD must validate its usage of limited resources. Sustainable resource theory: HRD must contribute to sustainable, long-term economic performance. Human capital theory: HRD should yield both short-term and long-term benefits from investments in the growth of knowledge and expertise within individuals or groups (Storberg-Walker, J., 2009)

2.2.4 Human Capital Theory and Human Resource Development

First proposed by Becker (1964), the Human Capital Theory asserts that investments made in education, training, and skill enhancement improve individual productivity, which subsequently boosts organizational and economic performance. Practices in Human Resource Development, such as training and career advancement, are regarded as strategic investments that provide returns in the form of increased efficiency, innovation, and competitiveness. Schultz (1961) introduced the human capital hypothesis, suggesting that the foundation of human capital theory is based on the notion that formal education is an essential and even necessary avenue for acquiring knowledge and skills that enhance workers' productivity capacity. Later, Becker (1964) broadened this concept by describing human capital as the study of investments made by individuals, organizations, or nations that accumulate productive skills and cognitive or technical knowledge (Becker, 1964). The exploration of human capital began with the emergence of classical economics in 1776. Human capital can be represented in general terms, such as literacy and numeracy, or in more specific instances, such as mastering a particular skill (Denisi & Griffin, 2008). The core principle of human capital theory is the recognition that physical capital contributes only a small fraction to the growth of organizational income. Becker and Gerhart (2006) posited that investments in human capital are substantially more beneficial than those in physical capital and other resources. Thus, Human Capital Theory aims to illustrate the benefits of education and training as an investment in human resources (Aliaga, 2001), with the primary assertion being that individuals are viewed as a form of capital for development (Aliaga, 2001; Becker, 1993; Benhabib and Spiegel, 1994; Engelbrecht, 2003; Hendricks, 2002). From this standpoint, education and

training are perceived as conscious investments that prepare the workforce and enhance the productivity of individuals and organizations, while also fostering growth and development on a global scale. With its focus on conceptualizing people as capital, Human Capital Theory, similar to the discipline of human resource development, encountered criticisms during its initial evolution. Notably, it was remarked: ‘It may seem odd now, but I hesitated a while before deciding to call my book Human Capital ... the concept of human capital remains suspect within academic circles that organize their thinking about social problems around a belief in the exploitation of labor by capital’ (Becker, 1993). Organizations are encouraged to invest in the competencies that employees need to operate effectively and efficiently. It is believed that individuals who acquire the most relevant skills are more desirable to employers and thus more likely to excel in their performance. Consequently, organizations strive to provide training for their staff to develop the necessary skills for improved performance. A significant critique of human capital theory is that it operates under the assumption that education guarantees enhanced performance for workers. However, it is essential to acknowledge that employee performance cannot be attributed solely to skill acquisition, as numerous other factors, like leadership, managerial attitudes, motivation, organizational culture, work environment, and organizational resources, influence employee performance within the workplace (Wuttaphan, N., 2017).

2.3. Overview and Conceptual Framework of Human Resource Development

Human resource development involves systematic and ongoing initiatives aimed at enhancing employee skills through training and development, career planning, performance management, and organizational learning. A successful HRD strategy guarantees that employees’ abilities are in sync with changing organizational objectives and industry requirements. The primary aspects of HRD consist of training and development, career development, performance management, and organizational learning. At the organizational level, the concept of HRD refers to the full range of strategies, tools, processes, procedures, and structures that are employed in a given organization, aimed at improving the capability of the organization's workforce to achieve its goals (Harbison, 1973; Salleh, 1992). HRD refers to a conscious and continuous process of acquiring and increasing the number of employees, training the employees with the requisite knowledge, education, skills, and experiences that are crucial for the organizational and economic development of an organization and the country.

Human resource development is a major function of human resource management. HRD is a continuous process with preset systematic and planned tasks in which organizations design to provide their members with an opportunity to learn necessary skills to meet short- and long-term organizational goals (Torraco, R. J., & Swanson, R. A., 1995; Harries et al, 2006). Similarly, Harries et al. (2008) described human resource development as a well-organized learning activity to improve organizational performance and personal growth organized by an organization. Human resource development as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement. Adam Smith states, “the capacities of individuals depended on their access to education”. 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 an organization to perform current and future jobs through planned learning activities. It is the organized activities arranged within an organization in order to improve performance and /or perform general growth for the purpose of improving the jobs, the individual/or the organization. It includes planning and development, career development, and organization development. According to Susan (2012), HRD is a framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Training, on the other hand, is an organizational effort aimed at helping an employee acquire basic skills required for the effective and efficient execution of the functions for which he or she is hired. That is, having a focus on technical skills, supervisory skills, and relatively specific areas of accounting methods, material management, and planning techniques (Garavan, T., Shanahan, V., Carbery, R., & Watson, S., 2016). According to Vasantham (2015), the idea of human resource development is a framework for assisting staff members in improving their organizational and personal skills, knowledge, and capacities. The framework for assisting staff members in enhancing their organizational and personal skills, knowledge, and talents for both individual and system success is the main focus. Developing people's abilities, competencies, and knowledge is the focus of HRD, which is a people-oriented concept. The backgrounds, expectations, values, and other characteristics of employees differ from one another. Human resource development programs are used to build human resource capabilities since each employee should be managed differently based on distinct concepts or approaches (Vasantham, S. T., 2015).

Several researchers tried to establish a connection between the two important variables when designing the study. Organizational performance, staff productivity, competency, corporate image, and retention were the dependent variables, while HRD is the independent variable. Training, education, and development are the three main components of HRD. Employers offer training as a learning exercise to help workers do their existing jobs more effectively. The main goal of education is to educate students for careers that differ from their current occupation. Over time, different researchers have used various methods to measure Human Resource Development; the most common being the use of questionnaires. Anitha (2014) used a 5-point Likert scale to determine the opinions of employees and managers on HRD. For this study, the questionnaire used by Anitha (2014) will be adopted and modified to suit.

2.4 Components of Human Resource Development Practice

Human Resource Development is all about the growth and development of people within organizations so they can perform better, achieve career goals, and contribute to overall success. HRD is crucial for aligning individual skills with organizational requirements in order to achieve complete, well-rounded development (Jacobs & Jones, 1995). Enhancing individual performance as well as organizational effectiveness and production is the goal of HRD, as previously mentioned. These days, HRD is viewed as the key to increased profitability, enhanced relationships, and improved efficiency for any business (Vasantham, 2015). Notwithstanding the many definitions, HRD is primarily concerned with workforce development to enable both the company and individual workers to achieve their service delivery objectives. HRD's components are incredibly diverse. Nonetheless, the following are key elements of HRD that are essential to the functioning of a business (Armstrong, M., 2006)

2.4.1 Training and Development (TD)

Training and development refer to the process of acquiring or imparting the knowledge, skills, and abilities (KSAs) required to perform a specific activity or task. As a result, the advantages of training and development for both employers and employees are strategic and significantly broader in scope. To address the current and future challenges faced by businesses, training and development encompasses a variety of learning initiatives, including employee training for their existing roles and fostering knowledge sharing to enhance business prospects and customer service. It also emphasizes career growth for individuals, thereby improving the effectiveness of individuals, teams, and the organization as a whole. A well-rounded training and development

program focuses on the essential knowledge, skills, and attitudes required to fulfill organizational objectives and establish a competitive edge (Peteraf, 1993). In fact, at the beginning of the twenty-first century, Human Resource Managers indicated that one of the primary challenges they faced involved matters related to training and development (Stavrou, Brewster, and Charalambous 2004). To guarantee that employees have the necessary skills, knowledge, and abilities to carry out their assigned duties, training and development play a vital role in the growth and success of our organization. By selecting the appropriate training methods, we ensure that our staff acquires the essential skills needed for our business, which must also be continually updated in line with the latest HR best practices. To align with current and future business requirements, the training and development process has taken on a strategic significance, as indicated by studies conducted by Stavrou et al. (2004) and Apospori, Nikandrou, Brewster, and Papalexandris (2008), which emphasize T&D practices in cross-national contexts. Apospori et al. (2008) concluded that training significantly impacts organizational performance. In contrast, Cunha, Morgado, and Brewster (2003) were unique in their inability to identify the effect of training on organizational performance, recommending that further research on this relationship be conducted.

A training program aims to assist employees in effectively executing their current job responsibilities post-training, while a developmental program prepares individuals for future roles, focusing less on existing job tasks (Werther and Davis, 1996).

Khan (2012) states that while development involves setting employees up for future work responsibilities, increasing their capacities, and helping them perform their current duties, training involves providing employees with the knowledge and skills necessary for a particular current job or task (Khan, S.B., 2012). According to Leimbach (1999), an organization's competitive success is thus achieved through the abilities and potential of its personnel. Training will boost an employee's productivity and effectiveness. Success is not guaranteed by these steps: hiring, selecting, acclimating, and assigning employees to jobs. Most of the time, training programs could help close the gap between an employee's knowledge and abilities and what is needed for the job (Salas et al., 2012). Even with the organization's initiatives to implement training and development programs, there are numerous challenges that need to be addressed for effective and efficient planning. Across different regions, whether in the public or private sector, there is a rapidly growing demand for employee training (Niazi, A.S., 2011). This increase is largely driven by organizations' goals to improve quality, enhance productivity, reduce turnover and costs, and

achieve their overall objectives. Moreover, the continual emergence of new technologies, social unrest, and the uncertainty of the future are additional reasons prompting organizations to prepare their workforce. Consequently, training is frequently regarded today as a solution offered to organizations to confront their challenges (Burhan et al., 2021).

Training and development (T&D) focus on changing or improving the knowledge, skills, and attitudes of individuals. He defines training as an activity providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted. However, he defines development as a long-term focus on preparing for future work responsibilities while increasing the capabilities of individuals to perform the current job they are assigned (McGuire, 2012).

2.4.2 Career Development (CD)

According to Kebede and Sambasivam (2013), no HRD function can be considered acceptable by the workforce of any company if it does not provide each employee with a chance for a bright future. The twelve HRD goals are integrated with career planning and development. A well-planned career leads to career advancement. Every executive's career is advanced, and there is ample opportunity for each employee's career to grow (Abdullah, 2009). Effective planning is therefore closely linked to career planning and development (Van Dijk, 2004). According to Upton & Egan (2003), career development focuses on the alignment of a person's organizational needs with their personal traits and career responsibilities to create the optimum for people's subjective career aspects with the organization's more objective career aspects (Sambasivam, Y., & Kebede, M., 2013)

2.4.3 Organizational Development (OD)

It emphasizes the overall performance of the company (Singh, 2012). French and Bell (1999) state that improving an organization's vision, learning, and problem-solving procedures is a sustained endeavor overseen and supported by top managers. According to Singh (2012), this may be accomplished by managing an organization's culture in a continuous, cooperative manner to improve both the productivity of the company and the welfare of its workers. Furthermore, according to Vijay (2007), OD entails activities that should be addressed for both organizational variables (like structure and processes) and personnel variables (like competence, abilities, and attitudes) (Grieves, J., 2000).

2.5.4 Performance Appraisal (PA)

It is a crucial component of human resource development that helps businesses to know where their employees stand, what is expected of them, what they actually do, where they are lacking, and how to update them. PA is an evaluation of how well an employee performs their allocated tasks and obligations. In businesses, PA fulfills a number of functions, including offering instruments for recognizing exceptional work, pinpointing areas that require enhancement, and offering guidelines to support managerial choices (Akuoko & Baffoe, 2012).

2.5 Processes of Human Resource Development Practice

According to Harris et al. (2006), managers need the chance to expand their management thinking, and employees at all levels require more capacity building in the dynamic environment of today. Organizations must participate in ongoing management development programs for their staff in this regard. Harris et al. (2006) reported that there are five HRD processes: needs assessment, goal-setting and design, program implementation, evaluation, and follow-up (Anwar, G., & Abdullah, N. N., 2021).

2.6 Human Resource Development and Organizational Performance

Organizational performance is a complex and multidimensional concept. The potential success of a business depends on its ability to effectively implement strategies to achieve institutional objectives (Randeree and Al Youha, 2009). Tomal and Jones (2015) defined organizational performance as the actual results or output of an organization as measured against that organization's intended outputs. Dryer and Reeves (1995) proposed HR outcomes (turnover, absenteeism, job satisfaction), organizational outcomes (productivity, quality, service), financial accounting outcomes (ROA, profitability), and capital market outcomes (stock price, growth, returns) as the four possible measurements for organizational performance. Several research findings (Atkinson and Brander-Brown, 2001; Harris and Mongiello, 2001) in performance management advocate an emphasis on both financial and non-financial dimensions such as competitiveness, service quality, customer satisfaction, organizational flexibility, resource utilization, and technology.

HRD encompasses an organization's activities relating to human development (Abdirisak, M. A., 2023). According to DeSimone (2015), the current environment in the organization must be conducive to growth to guarantee a worker's productive performance. Assessing HRD initiatives is necessary to determine whether the organization's strategic objectives have been met and whether employee performance has increased. According to Hamlin and Stewart (2011), the assessment's findings could be used to determine how effective HRD programs and resource allocation are perceived based on performance. The reasons for doing assessments are numerous. According to Nguah and Asare (2015), the motivations are typically divided into two categories: improving the HRD program and deciding whether to keep it in place or not. According to Katou (2009), in addition to an in-depth understanding of services and goods, HRD programs must place a strong emphasis on decision-making and customer handling skills. Investing in the development of employees' talents, knowledge, and skills is a valuable policy for hiring and retaining high-quality workers. This will ultimately increase the productivity of the business and its workforce (Chand & Katou, 2007). Organizational performance can be evaluated using both financial and non-financial measures. In the HRD context, performance is often measured through employee productivity and efficiency, innovation and adaptability to market changes, profitability and growth, employee satisfaction and retention, and customer satisfaction and service quality.

The effectiveness of an organization is closely linked to the performance of its employees. This is due to the fact that employees play a vital role in any business and are key to achieving high levels of organizational productivity and effectiveness. To maintain efficiency and improve performance, employees need to receive ongoing training that helps them adapt to new processes and technologies. Sullivan (2011) highlighted the importance for managers to identify employees who lack the necessary skill sets, as he noted that global competition has accelerated the need for change (Swarnalatha et al., 2012). Furthermore, Kareem (2017) pointed out that human resource development (HRD) has become increasingly significant in management development over the past twenty years. Consequently, companies must continuously cultivate and advance the skills and overall effectiveness of their workforce. Organizations seeking growth allocate a substantial portion of their HRD budgets to meet their needs. HRD entails the integration of career development, organizational development, and training and development aimed at enhancing the effectiveness of individuals, teams, and organizations. The objective of HRD strategies is to

elevate employees' skills, competencies, and behaviors, which in turn enhances business performance. Various examples demonstrate how HRD has positively impacted companies by leading to increased profits, enhanced productivity, and improved outcomes for both organizations and their employees (Kareem, M. A., 2019). Over the years, many studies have been conducted on the correlation between HRD and employee performance. Organizational inefficiencies and subpar employee performance continue to pose significant challenges within human resource development. This reflects a variety of factors that affect how HRD practices influence employee performance. Recent studies indicate that a vital factor is an employee's capacity to learn, integrate, and apply new knowledge, a concept known as Absorptive Capacity (ACAP) (Easterby-Smith, M., Graça, M., Antonacopoulou, E., & Ferdinand, J., 2008).

2.7 The Challenges of Human Resource Development

One of the major challenges influencing the future of HR processes is the change from a manufacturing to a service or knowledge-based economy. This new economy is characterized by a decline in manufacturing and a growth in service or knowledge as the core of the economic base. A service economy can be defined as a system based on the buying and selling of services or providing something for others (Oxford Dictionary, 2014a). A knowledge economy is referred to as the use of information or knowledge to generate tangible and intangible value (Business Dictionary, 2014a). Some economists argue that service activities are now dominating the economies of industrialized nations, and knowledge-intensive services or businesses are considered a subset of the overall service economy (Anderson & Corley, 2003). The development of human resources faces significant problems in the context of a rising knowledge economy. The human resource development function of every organization has the following main obstacles in achieving its goals: Human resource development should be in line with strategic priorities, knowledge-based learning culture should be developed, managerial and leadership skills should be developed, cultural values and norms should be upheld, various needs and interests should be understood, adequate financial resources should be allocated and used prudently, a comprehensive human resource strategy should be developed, human resource assessment technology should be used to plan human resource development, a positive work environment should be created (Xudoyazarovich, S. A.; 2024).

2.8 Empirical Literature Review on Human Resource Development

Research conducted in developed countries consistently indicates a robust positive correlation between HRD and organizational performance (Wright & McMahan, 2011; Alagaraja, 2013). Training and development initiatives have been associated with improved employee engagement, innovation, and increased profitability. In Asian markets, studies emphasize the importance of HRD in enhancing the competitiveness of both manufacturing and service sectors (Kumar & Siddiqui, 2018). Global companies are increasingly recognizing HRD as a strategic investment rather than merely an expense, incorporating it into their long-term business plans. A comprehensive analysis of various organizations by Tayefi (2007) revealed positive outcomes from an employee attitudes-mediated model of HRD practices, resulting in reduced turnover and absenteeism. It is essential for HRD practices to align with business strategies to ensure more effective organizational management. This alignment holds significant promise for achieving success, fostering positive perceptions about the organization. An increase in employee positive behaviors is suggested to mediate the relationship between effective HRD practices and an organization's overall performance (Rothwell et al., 2012). The primary goals of HRD practices are to enhance the skill set of the employees' human capital due to its beneficial impact on the performance of the organization. Neuman (2007) discovered that HRD initiatives led to improved return on investments for organizations. He also investigated the extent of HRD provided to both new hires and existing employees, concluding that skill development leads to better organizational performance. The extent to which HRD practices directly boost operational performance is readily assessable. It is crucial to acknowledge that HRD serves as a vital development tool for employees and contributes to the effectiveness of both employees and the organization. In a study examining the influence of staff training and development on performance and the relevance of training initiatives available to employees (Olaniyan, D. A., & Ojo, L. B., 2008, Lwika, 2007) found that 90% of these programs were indeed pertinent to employee performance. Training positively influences efficiency, effectiveness, and enhances the corporate image. It further improves work quality, morale, and collaboration among staff. A limitation of this study was that performance had been assessed from a constrained viewpoint. Human resource development is a critical component of human resource management. The objective of HRD in an organization is to optimize productivity and increase returns for all stakeholders involved. HRD typically revolves around training and educational initiatives aimed at ensuring ongoing enhancement of individuals

and organizations. Enhancements in individual, group, or organizational performance contribute to a comprehensive uplift in the company's performance. In the Sub-Saharan African context, HRD often faces challenges such as limited resources, poor policies, and brain drain. However, research (Akinyemi, 2014; Kamoche, 2017) indicates that organizations that invest in HRD tend to see improved retention rates and greater operational efficiency. In South Africa, HRD efforts in the mining and banking industries have been shown to significantly boost labor productivity and customer satisfaction. Studies focused on Ethiopian industries reveal that HRD is still in a developmental stage. Gebremichael & Jackson (2005) highlighted that training has a considerable positive effect on employee performance, though it is frequently underfunded. In both state-owned and private enterprises, challenges in HRD include a weak connection with organizational strategy, insufficient career development systems, and reliance on outdated training methods. There is a scarcity of research concerning EFFORT companies, despite their crucial role in the industrial growth of Ethiopia. This gap highlights the significance of the current study.

2.8.1 Effects of Human Resource Development on Competencies

Competency goes beyond merely gaining skills and knowledge; it involves applying these skills and knowledge in a practical work environment to complete specific tasks and meet targeted objectives (Potnuru, R. K. G., & Sahoo, C. K., 2016). As noted by Kimmel and Hoffman (2002), competence reflects action and achievement. It should be evident to anyone interacting with public servants while seeking assistance in government offices. In the public sector, managing competencies is crucial, representing a modern perspective on career development. In the past, career advancement was primarily determined by qualifications and seniority (Mugenda, 2010). However, in a competency-focused framework, career progression is influenced by the organization's human resources, which are tasked with enhancing their competencies. Competence is essential in recruitment processes for public sector job postings, setting the expected competency level for applicants. Özkoç and Çaliskan (2014) indicate that skills serve as a measurement tool, highlighting behavioral traits significant to performance in specific roles and assessing how tasks are performed. Consequently, numerous organizations incorporate competency models within their employee development initiatives to evaluate behavior (Çalışkan and Ozkoc, 2014). HRD is a subset of Human Resource Management (HRM), focusing on competence and dedication, as well as the development of the human resources across all levels within an organization. During the HRD process, the emphasis on competence and engagement should align with both current and

future job roles (Björkman, I., & Xiucheng, F., 2002). Purcell (2009) identifies three competency categories: behavioral, managerial, and core competencies. Behavioral competencies relate to an employee's contributions to their work. The analysis involves comparing the person to the job, without explicit competency requirements specified, implying that employees must adequately perform their duties. In contrast, managerial competencies outline the knowledge, skills, and personal attitudes that dictate individual behavior (Moh'd Abu Bakir, S. (2019). This differs from behavioral competencies, which assess performance standards based on exceptional individual characteristics. As stated by Rothwell et al. (2012), HRD aims to enhance the knowledge, skills, and capabilities of individuals within a society or organization. This enhancement occurs through formal education, on-the-job training, informal training programs, and individual self-development through personal initiative, driven by a desire for improved productivity. Therefore, HRD plays a crucial role in advancing employee capabilities to achieve organizational objectives related to improved products and service delivery, which are essential for the sustainability and growth of any organization, whether public or private (Stone, D. L., & Deadrick, D. L., 2015). The critical issue concerning competency is not whether an employee has received training, but rather if they are capable of performing the required tasks. The methods by which competencies are developed are less significant; competence itself does not have an expiration date for individuals. Employees are deemed competent unless proven otherwise. Competence takes into account the relevant job performed and the fundamental level of achievement necessary to execute that job efficiently (Muduli, A. ,2015).

2.8.2 Effect of Human Resource Development on Corporate Image

Caliskan and Isik (2014) indicated that a corporate image is made up of two primary elements: the first is functional, encompassing measurable and quickly evaluable physical traits. The second is emotional, relating to the feelings, attitudes, and beliefs individuals hold towards the organization (Çalışkan, E. N., 2014). These emotional aspects stem from the cumulative experiences of employees and represent the most valuable asset for any business, as they can either enhance or undermine the organization's reputation, impacting profitability. Government operations require a significant number of human resources. Thus, HRD practices are essential for enhancing the quality of services provided by governments; effectively implementing HRD is vital for delivering valuable public services and for a nation's developmental progress. Without a competent public

service, neither the Millennium Development Goals nor any other development targets can be fulfilled (Khattak, A. N., Irfan, K. U., & Karim, A., 2023).

2.8.3 Effect of Human Resources Development on Retention

Graetz (2002) argues that turnover among employees is a significant challenge in the public sector, which relates to retention issues and the associated vacancy rates and skill shortages. Beyond the considerable financial implications of losing personnel linked to the depletion of expertise and institutional knowledge, there is a negative effect on service delivery. Recently, the public service has been facing difficulties regarding whether to develop its workforce and how to retain them, given the significant costs incurred from HRD activities (Lwin, N. N., 2022). The departure of these staff leads to financial losses and impacts the employer negatively. Due to competition, more seasoned and qualified employees often seek higher-paying opportunities outside the public sector (Rothwell et al., 2012). This situation has posed a fresh dilemma for government organizations. It has been noted that re-designation within the same institution can have some effect on both organizational and employee performance, but the movement of employees between organizations, particularly in a competitive landscape, can significantly impact the performance of the organization. Organizations seek to draw in experienced workers to enhance their overall performance (Potnuru, R. K. G., & Sahoo, C. K., 2016). Unlike investments in physical assets, such as machinery, which require little consideration of return on investment, investments in employee development necessitate a thoughtful approach to ensure these employees are retained after their training. Consequently, many organizations are opting to refrain from directly investing in HRD initiatives, finding it more beneficial to attract skilled professionals from the labor market with competitive salaries (Githinji, 2016). Purcell's (2009) conceptual model could serve as a promising starting point. This model proposes that four organizational practices might affect work-related attitudes and behaviors: information-sharing, empowerment, competence enhancement, and rewards. However, research has indicated that the reward system is intricate and may not be fully comprehensible without considering its fundamental components, such as the distributive, procedural, and non-monetary recognition factors (Kaplan, 2006).

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Description of the Study Area

Tigray is situated between 12°15' and 14°50' N and between 36° 27' and 39° 59' E with an area of 54,634 km². Tigray is surrounded by Sudan in the west, Eritrea in the north, and Amhara and Afar in the south and east, respectively. Tigray has undulating terrain, steep slopes and fragile environment. The very rugged nature of the topography created a steep escarpment on the eastern side of the region (Sembroni *et al.*, 2017). The relief consists of an alternation of flats and escarpments, reflecting the unequal resistance of the rocks subjected to weathering. Overall, the altitude varies from 500 m.a.s.l. in the northeast to 4000 m.a.s.l. in the southwest (Nyssen *et al.*, 2020).

Tigray is the home of the largely dominant Tigray people, as well as the Irob and Kunama. A reform aimed to deepen and strengthen decentralization, which reorganized the woredas, was made in 2020. Accordingly, Tigray has 94 woredas and 812 tabias. In addition, the region has a population of about 6,872,218. High human population densities are found in the highlands due to the presence of a more suitable climate, lower incidence of tropical diseases, and often fertile soils on volcanic materials (CSA, 2018, projected).

The climate of Tigray is semi-arid, dominated by distinctive dry and wet seasons. Annual rainfall in Tigray shows a clear south-north gradient, with decreased annual rainfall as one moves away from the equator. According to Birhane *et al.* (2017), the climate of Tigray is characterized as 39% Kolla (semi-arid), 49% Woina Degu'a (warm temperate), and 12% Degu'a (temperate). Tigray receives 80% of its rainfall during the rainy season from June to September. The dry period over the region extends up to 10 months, whereas the maximum effective rainy season extends from 50 to 60 days. The annual rainfall varies between 400 and 1800 mm per year; rainfall is highest at cliffs, mainly in the southern part of Western Tigray (Annys *et al.*, 2021). In addition, the average temperature is estimated to be 18 °C, which reaches approximately 40 °C around Humera (Gebremeskel *et al.*, 2018).

Mekelle, the capital city of Tigray, is located around 783 km North of Addis Ababa, the capital city of Ethiopia. It has an elevation of 2,254 meters above sea level in a mid-altitude agro-ecological zone. Geographically, the city is located between 13°24'30" and 13°36'52" North Latitude and 39°25'30" to 39°38'33" East Longitude. Mekelle is considered the most important city in Northern Ethiopia with proximity to the prominent Tourist attraction sites in Ethiopia, such as Axum, Lalibela, Semien Mountain, Erta Ale, and Gheralta Sacred Landscape. Its mean maximum and minimum temperatures are 24 °C and 11 °C, respectively. Administratively, Mekelle has seven sub-cities. Mekelle is the economic, cultural, and political hub of Tigray and northern Ethiopia. Mekelle has a total area of 322 km². Currently, the estimated population of the city is close to 630,000. The Northern and North-Eastern part of the city is named as Industrial zone, where several factories like Messebo Cement Factory, Bruhtesfa plastic factory, Velocity Textile Factory, Abergele International Livestock Development, Mesfin Industrial Engineering, Trans Ethiopia, Sur Construction, etc. are located.

3.2 Research Design and Approach

3.2.1 Research Design

In this study, a descriptive and explanatory research design was employed for its viability to explore factors in their nature. A descriptive survey design was selected for its ability to describe a situation more accurately and systematically. The quantitative approach was used to collect, organize, present, analyze, interpret, compare, and discuss the results, and the qualitative approach was employed to describe the views and opinions of the respondents. Hence, a mixed research approach was used to triangulate the results of a single approach through multiple methods (Dawson, 2017).

3.2.2 Research Approach

The study was conducted using both quantitative and qualitative (mixed) types of research approaches during the data collection, recording, analysis, interpretation, and documentation. The quantitative method was used to collect, record, analyze, interpret, and document the numerical trend values of the findings of the research. The qualitative research approach was employed to collect, describe, and interpret the views and opinions of the respondents collected using the questionnaires. The qualitative research approach was helpful to understand and clarify the reasons

behind the perceived attitudes and feelings of the respondents and to triangulate and make corrective interventions for the data that was collected using a quantitative approach.

3.3 Types and Sources of Data

For this study, the researcher used both primary and secondary data. The primary data was collected from selected key informants of EFFORT companies, particularly AILD, BTPF, and TE employees, using a well-structured questionnaire. The secondary data was gathered from various documents, records, official reports, policy documents, and other sources such as books, journals, articles, workshops, and conference papers.

3.4 Sampling and Sample Size Determination

In this study, the researcher selected AILD, BTPF, and TE among the EFFORT companies, and a simple random sampling technique was applied to select the sample size from the selected three companies. The total population of the study was the total staff members of AILD (137 staff), BTPF (268 staff), and TE (1,538 staff). Accordingly, the study will have a total of 1,943 staff ([EFFORT Corporate HR report, 2019](#)).

The sample size of the study was determined based on the following simplified formula ([Yamane, 1967](#)):

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

Where,

N = total number of populations

n = number of respondents

e = the precision level. A 95% confidence level was taken, and e = 0.05

$$\text{Then, } n = \frac{1,943}{1+1943(0.05)^2} = \frac{1943}{5.8575} = 331.7115 = 332$$

Therefore, the study had a total of 332 samples, of which AILD, TE, and BTPF shared a sample population of 7% (or 23 respondents), 79% (or 262 respondents), and 14% (or 47 respondents), respectively.

3.5 Data Validity and Reliability

The validity and reliability of this research were checked by a preliminary study before conducting the main study. The draft questionnaires were first administered to 2, 5, and 5 staff members of AILD, BTPF, and TE, respectively.

The pilot scale study was done to assess the relevance of the questionnaires and to improve the questions based on the feedback of the respondents. Based on the pilot test, the reliability coefficient of the instrument was found to be 0.72 to 0.95 for all items.

3.5.1 Validity

Well-structured questionnaires were data collection tools. The Questionnaires were prepared, proofread, and validated through peer review, and then presented to the respondents. Preliminary study was carried out to get a baseline of the research and to validate the data collection instruments.

3.5.2 Reliability

In this study, the developed data collection tool was reviewed continuously to prevent data collection problems. The research participants were oriented on how to get, fill out, and return the questionnaires to the researcher. According to Kothari (2004), reliability refers to the accuracy and precision of the measurement procedure. A measurement is reliable if it provides consistent results and is performed using Cronbach's Alpha (α). The result is usually expressed as a number between 0.00 and 1.00. In this study, the obtained Cronbach's alpha value was 0.97 (97%), which implies that there was high consistency in the measurement. In addition to this, the developed data collection tool was reviewed continuously to prevent data collection problems, and the research participants were oriented on how to get, fill out, and return the questionnaires to the researcher.

3.6 Data Analysis and Interpretation

Both quantitative and qualitative analyses were employed for data collection, recording, analyze, and interpretation. The collected data was processed using Statistical Package for Social Sciences (SPSS) version 29 and Excel. Based on the data generated from the software, the findings were described, interpreted and discussed properly. Descriptive statistics (mean, standard deviation),

and correlation analysis were conducted to identify significant relationships between variables and assess the extent to which the effect of Human Resource Development on Performance of the Selected EFFORT Companies. The research findings were interpreted and triangulated using the attitudes and perceptions of the respondents.

To test the relationship between the predictors and the dependent variable, the researcher applied regression analyses, and the linear regression analysis method was used to estimate the coefficients of a linear equation, independent variables that best predict the value of the dependent variable, using the following formula:

$$Y = a + b_1 * X_1 + b_2 * X_2 + \dots + b_n * X_n.$$

Where,

Y = dependent variable

X_i = independent variables

a = constant (y-intercept)

b_i regression coefficient of the variable X_i

3.7 Ethical Considerations

Major ethical principles, including informed consent, confidentiality, and voluntary participation, will be protected from harm throughout the research phases. Informed consent will be obtained when the respondents fully understand what is expected from them. Orientation will be given to the participants about the study before the distribution of the questionnaires, and they will be asked whether they understand the study. They will be requested to raise questions and ensure their voluntary participation in the research. The respondents will be allowed to withdraw from the research if they wish, and the researcher will keep the confidentiality of the research participants (Creswell, 2013).

CHAPTER FOUR

4. RESULTS AND DISCUSSION

Human resource development is a framework for increasing human capital within an organization to increase employees' competency and boost the company's performance and productivity. Through well-designed learning activities, human resource development practices create essential competencies that employees in companies need to accomplish, and they also guarantee a healthy balance between the desires of individual employees and the entire organization. HRD makes employees better equipped with the necessary skills, knowledge, abilities, and competencies to perform their job tasks successfully and contribute to organizational effectiveness and efficiency. Thus, this chapter describes the effects and status of HRD practices in some selected EFFOR companies, particularly AILD, BTPF, and TE, with respect to human resource development need assessment; human resource development design; HRD delivery; career development practice; financial support for HRD and education; and employees' performance and productivity.

4.1 Demographics Results

To study the effect of human resource development on the performance of selected EFFORT Companies, 332 structured questionnaires were prepared and distributed to the three EFFORT companies, AILD, BTPF, and TE, which are located in Mekelle, the capital city of Tigray. All the distributed questionnaires were returned to the researcher, and the data were recorded, analyzed, interpreted, and documented accordingly.

The male respondents who participated from AILD, BTPF, and TE were 19 (82.61%), 28 (59.57%), and 192 (73.28%), respectively. The female respondents who participated from AILD, BTPF, and TE were 4 (17.39%), 19 (40.43%), and 70 (26.72%), respectively. The age of majority of the respondents who participated in the study from AILD (78.2%), BTPF (38.30%), and TE (54.20%) were within the age range of 30-35 years. The married female respondents for AILD, BTPF, and TE were 13 (56.52%), 34 (72.34%), and 165 (62.98%), respectively, and the single respondents for AILD, BTPF, and TE were 10 (43.48%), 13 (27.66%), and 55 (37.02%), respectively.

Table 4.1: Demographic characteristics of respondents

S/N	Descriptions		AILD	BTPF	TE
1	Gender	Male	19 (82.61%)	28 (59.57%)	192 (73.28%)
		Female	4 (17.39%)	19 (40.43%)	70 (26.72%)
2	Age (year)	18- 23	2 (8.70%)	5 (10.64%)	-
		24-29	1 (4.36%)	15 (31.91%)	37 (14.12%)
		30-35	18 (78.2%)	18 (38.30%)	142 (54.20%)
		36-41	2 (8.70%)	4 (8.51%)	76 (29.01%)
		42-47	-	5 (10.64%)	7 (2.69%)
3	Marital status	Married	13 (56.52%)	34 (72.34%)	165 (62.98%)
		Single	10 (43.48%)	13 (27.66%)	55 (37.02%)
		Divorced	-	-	-
4	Education Level	Certificate	8 (34.78%)	5 (10.64%)	52 (19.85%)
		Diploma	5 (21.74%)	10 (21.28%)	105 (40.08%)
		Degree	8 (34.78%)	31 (65.96%)	96 (36.64%)
		Master	2 (8.70%)	1 (2.12%)	6 (2.29%)
		PhD	-	-	-
		Others	-	-	3 (1.15%)
5	Work experience (year)	0-5	7 (30.43%)	4 (8.51%)	18 (6.87%)
		6-10	6 (26.09%)	20 (42.55%)	105 (40.08%)
		11-15	3 (13.04%)	19 (40.43%)	108 (41.22%)
		16-21	6 (26.09%)	2 (4.26%)	19 (7.25%)
		22-27	1 (4.35%)	2 (4.26%)	2 (0.76%)
		27-above	-	-	10 (3.82%)

Based on their educational level, the majority of the professional staff who participated in this study from AILD (34.78%), BTPF (65.96%), and TE (36.64%) were BSc (BA) degree holders. 8 (34.78%) from AILD, 5 (10.64%) from BTPF, and 52 (19.85%) from TE staff workers were certificate holders. The master's holders who participated in this research for AILD, BTPF, and TE were 2 (8.70%), 1 (2.12%), and 6 (2.29%), respectively. The majority (30.43%) of the employees in AILD had a work experience of 0-5 years, and most of the employees in BTPF (42.55%) and TE (41.22%) had a work experience of 6-10 and 11-15 years, respectively.

4.2 Effect of HRD on Performance of Selected EFFORT Companies

4.2.1 Human Resource Development Need Assessment

The grand mean values for AILD, BTPF, and TE were 3.26 ± 1.86 , 3.83 ± 1.07 , and 3.93 ± 0.05 , respectively. According to the HRD needs assessment conducted, most of the respondents, $4.87 \pm$

0.63 from AILD, 4.72 ± 0.743 from BTPF, and 3.90 ± 0.505 from TE, perceived that HRD is significant for the EFFORT companies. Similarly, when the research participants were asked if they believe that “the performance of EFFORT companies depends on the effectiveness and efficiency of HRD,” the majority of the respondents, 4.87 ± 0.34 from AILD, 4.70 ± 0.689 from BTPF, and 4.00 ± 0.202 , replied that the performance of EFFORT companies depends on the effectiveness and efficiency of HRD. In addition to this, 78.8 % (3.94 ± 0.314) of the respondents from TE believe that EFFORT companies provide human resources development practices based on employees’ need assessment requirements (Table 4.2). According to Ogujiofor M *et al.* (2021), HRD is considered the most valuable asset in an organization and makes a difference for most organizations, and it should be delivered based on the needs assessment. The effectiveness of HRD depends on the degree of participation of employees and, hence, is reflected in the intended business outcome. The extent to which human resource development affects organizational growth and performance has emerged as the central factor in the development of an organization. This research finding is similar to the research findings of this study.

On the other hand, when the respondents asked if “EFFORT companies provide HRD practices based on employees’ need assessment”, the mean value results for AILD and BTPF were 1.6 ± 0.89 and 2.94 ± 0.604 , respectively, which are below the grand mean values. This indicates that the respondents who participated in this study do not believe that the EFFORT companies provide HRD practices based on employees’ need assessment. When the respondents were requested to respond to their perception of whether the companies use the skills, experiences, and lessons gained from HRD in their daily tasks, the mean value results for AILD, BTPF, and TE were 1.70 ± 0.82 , 2.96 ± 0.658 , and 3.88 ± 0.521 , respectively. This implies that the mean values are far below the grand mean values, which implies the majority of the respondents of the companies do not perceive that the companies use the skills, experiences, and lessons gained from HRD in their daily tasks (Table 4.2).

Table 4.2 HRD need assessment results for the three companies

S/N	Factor's Description	Mean ± Stand. Dev.		
		AILD	BTPF	TE
1	Human resources development is significant for EFFORT companies.	4.87 ± 0.63	4.72 ± 0.743	3.90 ± 0.505
2	The performance of EFFORT companies depends on the effectiveness and efficiency of Human Resource Development.	4.87 ± 0.34	4.70 ± 0.689	4.00 ± 0.202
3	EFFORT provides HRD practices based on employees' needs assessment	1.61 ± 0.89	2.94 ± 0.604	3.94 ± 0.314
4	The companies use the skills, experiences, and lessons gained from HRD in their daily tasks.	1.70 ± 0.82	2.96 ± 0.658	3.88 ± 0.521
Grand mean		3.26 ± 1.86	3.83 ± 1.07	3.93 ± 0.05

According to the research findings of this study, the majority of the respondents perceived that HRD is significant for EFFORT companies, and the performance of the companies depends on the effectiveness and efficiency of human resource development of their employees. In contrast to this, the majority of the respondents believe that EFFORT companies neither provide HRD practices based on employees' need assessment nor use the skills, experiences, and lessons gained from HRD in their daily tasks. Accordingly, the respondents strongly recommended that the companies provide human resources development practices for their employees as per the needs assessment requirements. This finding disagrees with the research findings reported by Ogujiofor M *et al.* (Ogujiofor M *et al.* ,2021).

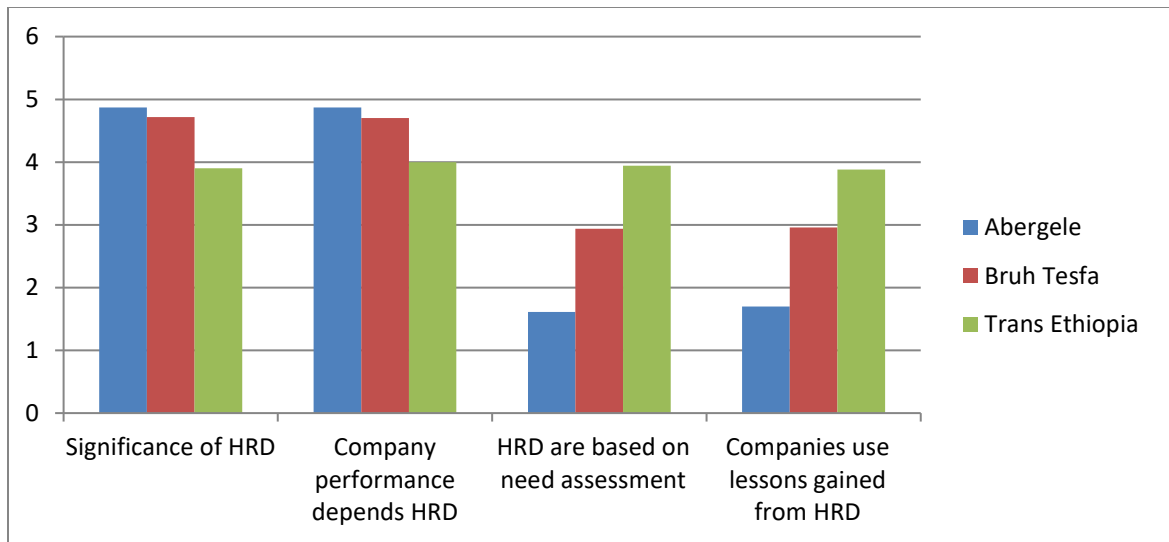


Figure 4.1 HRD Need Assessment

HRD is becoming the fastest-growing area of management development, due to the great interest of organizations in the face of intense competition and changes in the business environment, and HRD has advanced beyond the narrow view of simply training and has evolved into a more complete approach to learning and developing knowledge at the individual and organizational level. HRD needs assessments should be done and delivered as per the needs assessment results (Kareem A., 2019). According to Kareem (2019), organizations should utilize the skills, experiences, and lessons gained from HRD in their tasks, which differs from the practical experiences of the selected EFFORT companies under this study.

Thus, to make companies more productive, competitive, and enhance their efficiency, a continuous HRD needs assessment should be conducted, tailored to the requirements of employees. HRD improves company outcomes by increasing employee performance, productivity, and job satisfaction, which in turn leads to organizational growth, reduced employee turnover, and a stronger competitive advantage. Effective HRD practices equip employees with new skills and competencies, foster a positive organizational culture, and align staff capabilities with organizational needs and future goals.

4.2.2 Human Resource Development Design

The data analysis shows that the majority of the TE respondents agreed that they are satisfied with the current human resources development design. In contrast to this, the majority of the AILD and

BTPF respondents were dissatisfied with the current organization’s human resources development design practices. The weighted mean values for AILD, BTPF, and TE were 1.764 ± 0.16 , 2.58 ± 0.03 , and 3.93 ± 0.02 , respectively (Table 4.3).

As shown in Table 4.3, the AILD and BTPF respondents were dissatisfied and did not believe that the companies provide HRD that has well-defined objectives. Moreover, the respondents agree that the companies neither use relevant materials for HRD nor have an HRD schedule that is comfortable for their employees. Besides, the respondents replied that the companies don’t provide HRD based on the gaps identified during the needs assessment. Furthermore, the research participants disagree with the idea that states “the HRD given by the company maximizes its employees’ and organizational performance and productivity.”

Table 4.3: HRD design assessment results

S/N	Factor’s Description	Mean \pm Stand. Dev.		
		AILD	BTPF	TE
1	EFFORT companies provide HRD, which have well-defined objectives	1.69 ± 0.47	2.55 ± 0.83	3.94 ± 0.31
2	The company uses relevant materials during HRD for employees	1.70 ± 0.47	2.62 ± 0.85	3.92 ± 0.34
3	The company’s HRD schedule is comfortable for its employees	1.78 ± 0.74	2.62 ± 0.82	3.90 ± 0.36
4	The company’s HRD is based on the gaps identified during the needs assessment.	1.96 ± 1.07	2.55 ± 0.75	3.94 ± 0.42
5	The HRD given by the company maximizes its employees’ and organizational performance and productivity.	1.69 ± 0.63	2.57 ± 0.80	3.94 ± 0.31
	Grand mean	1.764 ± 0.16	2.58 ± 0.03	3.93 ± 0.02

According to Arubayi *et al.* (2020), the success of an organization is strongly linked to the performance of its employees because employees are an indispensable part of any corporation and are relied on for optimum productivity and organizational efficiency. To keep up with productivity and higher performance, the workforce must constantly be upgraded to match new technologies and processes. Similarly, Kareem (2019) also argues that organizations should design, support, and boost their employees continuously to improve performance through human resources development programs. The research finding of this study disagrees with the research findings reported by Arubayi *et al.* (2020), Kareem (2019), and Ogujiofor *et al.* (2021).

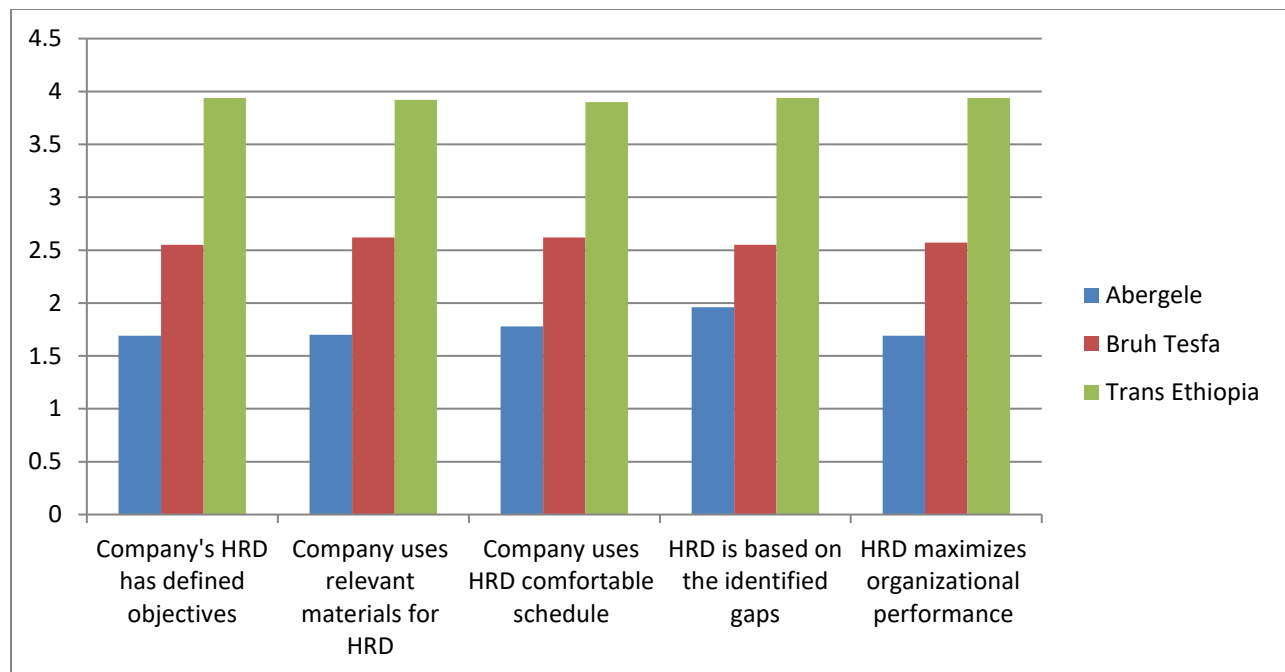


Figure 4.2: HRD design assessment results

In contrast to this, the respondents of TE perceived that the company provides HRD, which has well-defined objectives. They believed that the company uses not only relevant materials during HRD but also schedules HRD in a comfortable environment for its employees. In addition to this, the research participants agree that Trans Ethiopia's HRD is based on the gaps identified during the needs assessment, and the HRD given by the company maximizes its employees' competency and organizational performance and productivity. According to Ogujiofor M *et al.* (2021), Human resource development (HRD) design refers to the organization's plan to help employees develop their abilities, skills, and knowledge, and it enhances the organization's efficiency. Human resource development ensures the effectiveness and advancement of individual employees, collective departments, and the organization itself.

Human resources should be considered as a significant organizational asset, and the application of the appropriate strategies for its development can lead to the improvement of the corporate performance both in the short and the long term. Similarly, Wisk Geek (2012) also described Human Resource design as a strategy for the acquisition, utilization, improvement, and preservation of the human resources of an organization. In this case, the research findings reported

by Arubayi *et al.* (2020), Kareem (2019), and Ogujiofor *et al.* (2021) are in good agreement with the findings of this study.

4.2.3 Human Resources Development Delivery Practices

The weighted mean values for AILD, BTPF, and TE were 1.73 ± 0.12 , 2.47 ± 0.19 , and 3.93 ± 0.04 , respectively. The majority of the AILD and BTPF respondents perceived that they are dissatisfied with the current human resources development delivery practices in their companies, whereas the research participants from Trans Ethiopia were satisfied with the current HRD delivery practices in their organization.

Table 4.4: HRD Delivery Practices

S/N	Factor's Description	Mean \pm Stand. Dev.		
		AILD	BTPF	TE
1	The HRD provides a good opportunity to increase employees' competency and company productivity.	1.91 ± 0.85	2.62 ± 0.92	3.94 ± 0.31
2	The company uses training methods that are suitable for employees	1.70 ± 0.47	$2.19 \pm .45$	3.88 ± 0.39
3	The HRDs are usually provided by appropriate experts	1.65 ± 0.49	2.60 ± 0.88	3.92 ± 0.34
4	The HRD given by the company increased my performance	1.65 ± 0.49	2.45 ± 0.75	3.98 ± 0.14
	Grand mean	1.73 ± 0.12	2.47 ± 0.19	3.93 ± 0.04

As presented in Table 4.4 and Figure 4.3, most of the respondents from AILD and BTPF were dissatisfied with the current HRD delivery practices in their organizations. Although the HRD has a great importance to increase employees' competency and organizational productivity, the respondents believed that the companies don't use appropriate training methods suitable for employees, and they don't believe that the trainings were delivered by appropriate experts. Consequently, the respondents perceived that due to the reasons stated above, the HRD delivered in their companies could not increase their competency and performance.

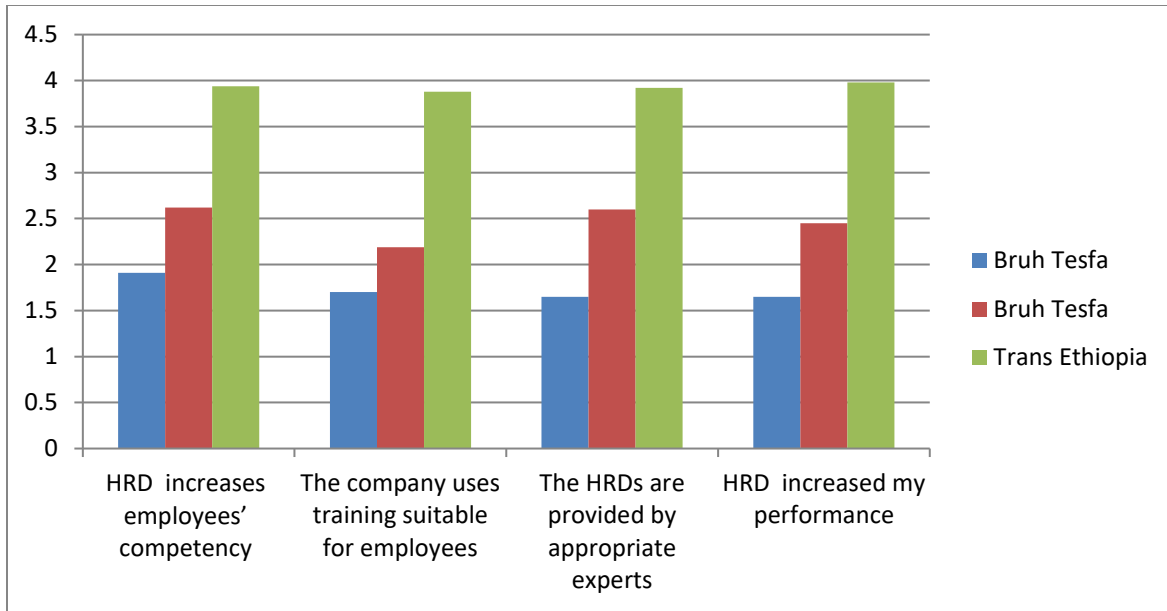


Figure 4.3: HRD Delivery Practices

According to Otniel S. and Yohanis S. (2019), HRD is a resource that can provide a real contribution in achieving strategic goals and achieving competitive advantage for organizations, and this happens when the employees actively participate in developing and practicing the HRD. Employees need to be equipped with the right competencies related to the knowledge, skills, abilities, and technology needed to take desired actions. A good human resources development is knowledge and the ability to carry out certain types of activities, where quality HRD usually involves a combination of technical expertise and application skills. Yukl (2010) indicated that human resources development is a level of performance that shows effective application of knowledge, skills, and management. As a result, companies should use training methods that are suitable for employees. Yukl (2010) also recommends that HRD should be delivered by appropriate experts. Arubayi *et al.* (2020) reported in their research findings that HRD provides a good opportunity to increase employees' competency and performance and company productivity, and they recommended that employees need to be actively involved during the HRD design, implementation, and review. Accordingly, the research findings reported by Otniel S. and Yohanis S. (2019), Yukl (2010), and Arubayi *et al.* (2020).

On the other hand, the majority of the respondents from Trans Ethiopia perceived that the HRD provides them a good opportunity to increase their competency and company productivity. Also, the respondents were satisfied with the current training methods and they believed that the

trainings are delivered by appropriate experts. As a result, the respondents perceived that the HRD has increased their performance and the company's productivity. Thus, the finding of this result is in good agreement with the research findings reported by Otniel S. and Yohanis S. (2019), Yukl (2010), and Arubayi et al. (2020) (table 4.4 and fig.4.3).

4.2.4 Career Development Practice

The statistical analysis results show that the weighted average for AILD, BTPF, and TE were 2.12 ± 0.21 , 2.68 ± 0.46 , and 3.77 ± 0.09 , respectively. The respondents AILD and BTPF, who participated in this study, presented low perceptions of the current career development practices, whereas the participants of Trans Ethiopia indicated high perceptions towards the current career development practices in the company. The respondents from AILD and BTPF showed low focus on their skill, knowledge, and performance development practices, and they are less aware of how to change the available challenges into opportunities. They perceived that they do not have a clear goal and strategy for their future, and they do not believe that the management works to align with their career plan with the organization's plan. They also have low awareness about the availability of employees' career development guidelines (Table 4.5 and Figure 4.4).

According to Amanuel K. (2020), the purpose of HRD differs from organization to organization due to differences in context, culture, structure, purpose, type of organization, etc. However, the primary purpose of HRD in all organizations is to enhance the knowledge, skills, and attitudes of the workforce or to facilitate the acquisition of new skills, knowledge, and attitudes, which could lead to improvement in individuals and organizational performance. This finding disagrees with the research findings of this study, especially in the case of AILD and BTPF.

Table 4.5: Career Development Practice

S/N	Factor's Description	Mean ± Stand. Dev.		
		AILD	BTPF	TE
1	I focus on my skills, knowledge, and performance development practices	2.13 ± 0.34	2.53 ± 0.88	3.84 ± 0.42
2	I am aware of changing the available challenges into my opportunities	1.91 ± 0.28	2.53 ± 0.91	3.82 ± 0.48
3	I have a clear goal and strategy for my future	2.48 ± 1.20	2.53 ± 0.80	3.58 ± 0.70
4	I usually discuss with my colleagues, friends, and family about my career progress	2.26 ± 0.54	3.72 ± 0.77	3.78 ± 0.58
5	The management works to align my career plan with the organization's plan	2.17 ± 1.03	2.59 ± 0.71	3.72 ± 0.64
6	The company provides me with clear guidelines about my career path	2.00 ± 1.04	2.48 ± 0.78	3.84 ± 0.42
7	The company has guidelines for employee developmental opportunities	1.91 ± 0.90	2.40 ± 0.77	3.78 ± 0.55
	Grand mean	2.12 ± 0.21	2.68 ± 0.46	3.77 ± 0.09

HRD is the organizational function that deals with issues related to people, such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training. Human resource management is also a strategic and comprehensive approach to managing people and the workplace, culture, and environment. Effective HRD enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goal and objectives (Okoye and Raymond, 2013). This argument contradicts the research findings of AILD and BTPF.

. The research participants from TE agreed with the current employee career development practices of the company. The respondents agreed that they focus on their skills, knowledge, and performance development practices, and they are aware of how to change the available challenges into opportunities. Also, the respondents perceived that they have a clear goal and strategy for their future, and they usually discuss with their colleagues, friends, and family about their career progress. In addition to this, they believed that the management works to align their career plan with the organization's plan. Furthermore, the company provides its employees with clear guidelines about their career path, and they agreed that the company has guidelines for employee developmental opportunities.

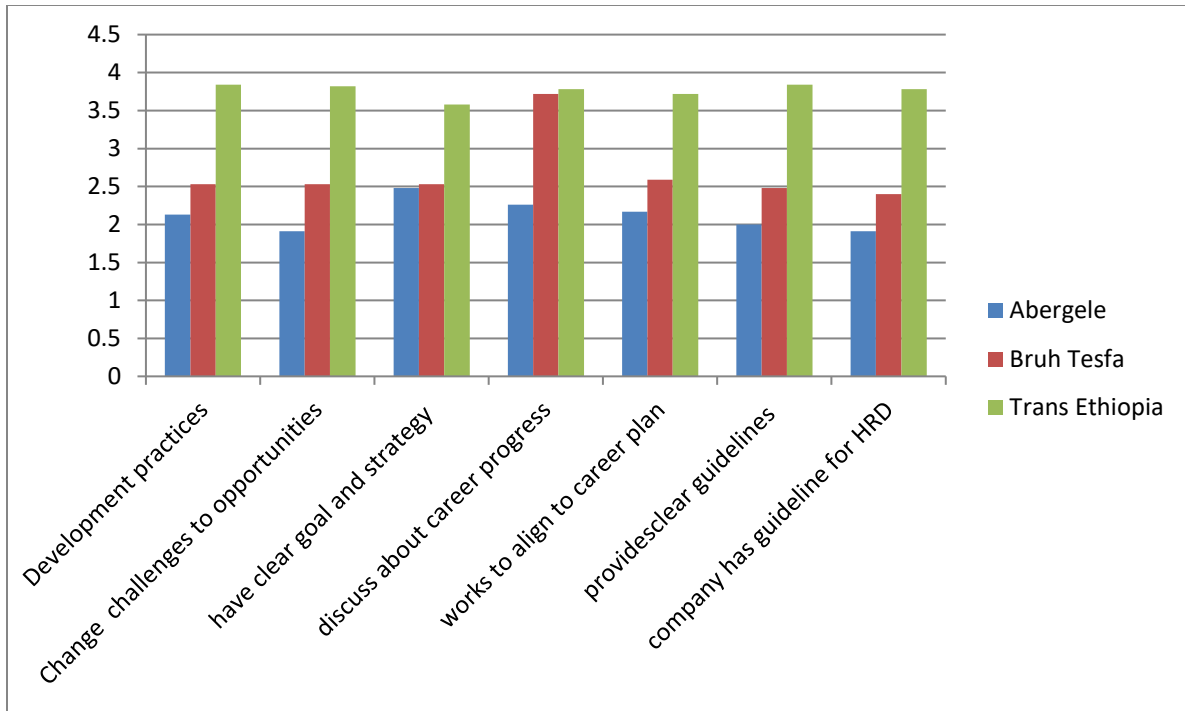


Figure 4.4: Career Development Practice

4.2.5: Financial Support for HRD and Education

Financial support for HRD and education should not be considered as a cost; rather, it is a long-term investment in human capital that drives economic, social, cultural progress, and technological advancements. It ensures individuals acquire relevant knowledge, technical skills, and competencies. Also, the financial support enhances human resources productivity and efficiency, leading to overall economic growth. Hence, it helps individuals to focus on lifelong learning and adaptability.

According to Evans *et al.* (2015), organizations need to increase funding for HRD and Education aimed at reducing poverty, unemployment, and inequality in wealth distribution in the economy, which would impact human resources development that will positively impact economic growth. Financial support for HRD and education leads to enhanced individual skills, increased organizational productivity, improved public services, and ultimately, greater economic growth and social welfare. This investment in human capital creates positive externalities, boosts competitiveness in a globalized economy, and helps reduce poverty and inequality by fostering a more skilled and adaptable workforce (Bakare and Kudus M., 2020).

Table 4.6: Financial support for HRD and Education

S/N	Factor's Description	Mean \pm Stand. Dev.		
		Abergele	Bruh Tesfa	Trans Ethiopia
1	The company has a clear policy about financial support for HRD	1.83 \pm 0.49	2.43 \pm 0.83	3.88 \pm 0.52
2	I can attend HRD whenever I demand.	1.78 \pm 0.52	2.30 \pm 0.62	3.82 \pm 0.48
3	The company rearranges duty schedules and encourages me to attend HRD and education in colleges and universities	1.65 \pm 0.57	2.26 \pm 0.68	3.96 \pm 0.19
	Grand mean	1.75 \pm 0.09	2.33 \pm 0.08	3.89 \pm 0.07

According to Elpisah *et al.* (2023), organizations should have a clear policy on financial support of their employees for HRD and education whenever they demand, and the companies should rearrange duty schedules for their employees to encourage them to attend their higher education.

The weighted average values for AILD, BTPF, and TE were 1.75 \pm 0.09, 2.33 \pm 0.08, and 3.89 \pm 0.07, respectively. The research respondents from Abergele International Livestock Development were strongly dissatisfied with the current policy on employees' financial support for HRD and education whenever they demand it. Also, they don't perceive that the company rearranges their duty schedules and encourages them to attend HRD and education in colleges and universities. The research respondents of BTPF, who participated in this study, also disagreed with the current company's financial support and encouragement for them to attend HRD and education. These findings were not in good agreement with the research findings reported by Evans *et al.* (2015), Bakare and Kudus M. (2020), and Elpisah *et al.* (2023). On the other hand, the respondents from TE agreed with the current company's policy about financial support to the employees for HRD and education based on their demand, and the company rearranged duty schedules and encouraged them to attend HRD and education in colleges and universities. This finding is in line with the research findings reported by Bakare and Kudus M. (2020) and Elpisah *et al.* (2023) (table 4.6 and fig 4.5)

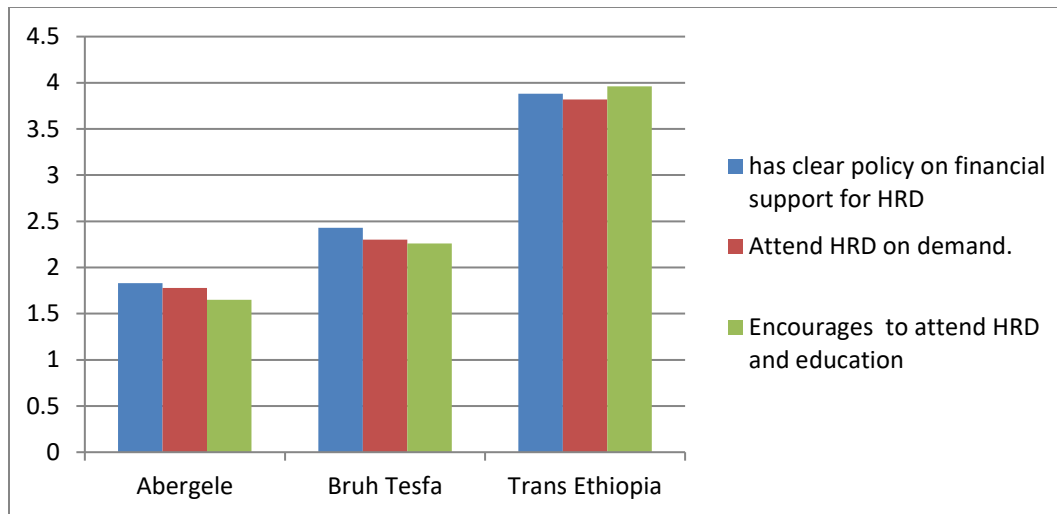


Figure 4.5: Financial Support for HRD and Education

4.2.6: Employees' Performance and Productivity

The statistical data in Table 4.7 and Figure 4.6 show that the research participants from AILD, BTPF, and TE were strongly dissatisfied, dissatisfied, and satisfied, respectively, with the company's current employees' performance and productivity.

Table 4.7: Employee's Performance and Productivity

S/N	Factor's Description	Mean \pm Stand. Dev.		
		AILD	BTPF	TE
1	The HRD that I got in the company increased my productivity.	1.83 \pm 0.65	2.34 \pm 0.64	3.92 \pm 0.39
2	The career that I got in the company increased my performance.	1.91 \pm 0.59	2.41 \pm 0.77	3.94 \pm 0.24
3	The HRD and/or educational opportunity that I got in the company increased my performance and productivity	1.83 \pm 0.58	2.32 \pm 0.63	3.74 \pm 0.83
		1.86 \pm 0.05	2.36 \pm 0.05	3.87 \pm 0.11

The respondents from AILD had a very low perception of the current HRD practices in their company, and they don't believe that the HRD in their company can increase their performance and the company's productivity, which contradicts the research findings reported by Timothy W. (2020), Tamirat T. (2024), and Shamusu N *et al.* (2022).

According to Tamirat T. (2024), Human Resource Development (HRD) significantly boosts employees' performance and productivity by enhancing their skills and competencies through targeted training, development, and career planning, leading to increased efficiency, innovation, and job satisfaction. Effective HRD practices align employee capabilities with strategic goals, resulting in better overall organizational performance, greater employee engagement, reduced turnover, and long-term survival for the company. Shamusu N *et al.* (2022) also indicated that HRD increased employees' performance and productivity. Hence, they should get HRD and higher education opportunities, as a result, they develop their career and improve the organization's performance.

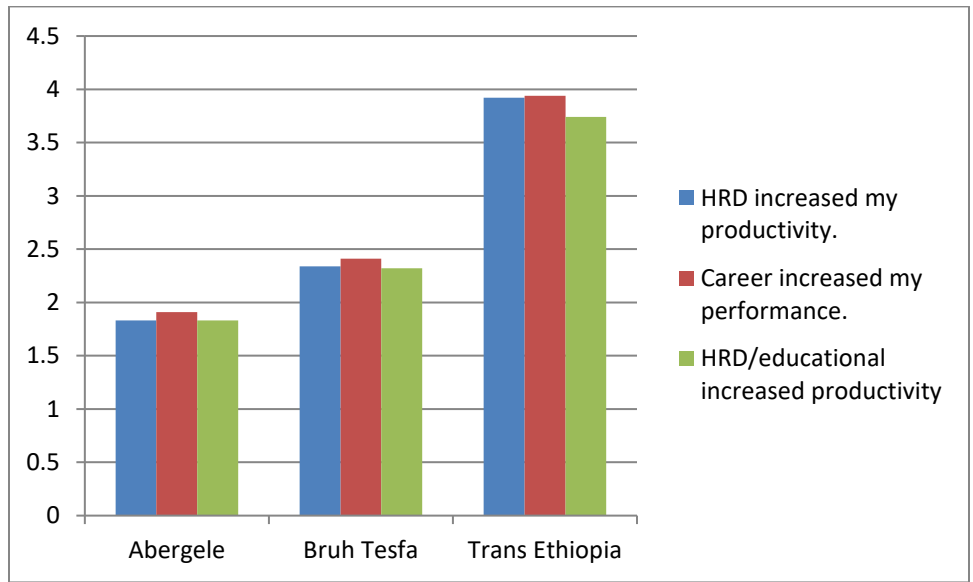


Figure 4.6: Employee's Performance and Productivity

The majority of the research participants from TE were satisfied with the current employees' performance and productivity practices in their company. The respondents perceived that the HRD, Education, and career development they got in the company increased their productivity and company performance. This finding is in good agreement with the research findings of Timothy W. (2020), Tamirat T. (2024), and Shamusu N *et al.* (2022).

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

The purpose of this study was to assess the HRD practice of three selected EFFORT companies, and the study concentrated on HRD need assessment, design, delivery, career development, and financial support for HRD and education practices of their employees in the selected EFFORT companies. In this chapter, conclusions and recommendations are drawn based on the study

5.1 Conclusion

In the current business landscape, companies must continually enhance their operations to propel their economies and are increasingly acknowledging their human resources as the most significant asset. The study was to assess the effect of Human Resource Development on the Performance of three EFFORT companies, Abergele International Livestock Development (AILD), Bruhtesfa Plastic Factory (BTPF), and Trans Ethiopia (TE) in Mekelle, Tigray, Ethiopia. The significance of HRD has been recognized by the staff of the three companies that participated in this research. The study has assessed the current HRD practices, identified the main bottlenecks, and explored the relationship between HRD and employees' competency and company performance. While international research demonstrates a positive correlation between HRD practices and organizational performance, there is little empirical evidence addressing this relationship within Ethiopian conglomerates. Without systematic assessment, EFFORT risks underutilizing its human capital, which may reduce its long-term sustainability and impact on the national economy.

The majority of the respondents from Abergele International Livestock Development were strongly dissatisfied, and the respondents from BTPF were dissatisfied with the current HRD design and delivery, career development opportunities, and financial support for training and education, which implies that, despite its significance for their companies, they feel HRD practices are not sufficiently aligned with staff's needs. On the other hand, the majority of the research participants from Trans Ethiopia perceived that they are satisfied with the current HRD design and delivery, career development opportunities, and financial support for training and education in their company.

Thus, conducting HRD needs assessment, providing HRD based on identified gaps, bolstering career development initiatives, and increasing employees' financial support for HRD and educational growth are crucial to enhance employees' competency and the company's productivity, which in turn boosts the company's competitiveness in the market.

5.2 Recommendation

To address the potential challenges that hinder the quality HRD in the selected EFFORT companies from being more effective and efficient, the researcher has forwarded the following recommendations:

1. It would be appropriate for an HRD needs assessment to be conducted to identify the potential gaps and prioritize the key issues that should be addressed first.
2. It is better if HRD is designed and delivered based on the identified gaps during the HRD needs assessment. Also, to make it more effective, efficient, and productive, it is highly recommended that appropriate experts deliver HRD.
3. The HRD policies, strategies, and guidelines should be appropriately designed, implemented, reviewed, and improved continuously.
4. The employees should be involved during the needs assessment, design, implementation, and review phases of the HRD to make them feel owners of the issue.
5. The HRD needs to be delivered as per the recommendations, needs, and schedule of the employees. In addition to this, to make them competent and productive, companies should design a participatory employee career development mechanism by providing continuous financial support for both short- and long-term training and education.
6. Scholars, academicians, practitioners, and policy makers are recommended to carry out further studies on the effect/impact of HRD practices on the EFFORT organization's performance and productivity.

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APPENDICES

A) ABOUT THE COMPANIES

ENDOWMENT FUND FOR REHABILITATION OF TIGRAY (EFFORT)

The Endowment Fund for the Rehabilitation of Tigray (EFFORT) was established in August 1995, with the legal registration certificate in 1997 in accordance with the 1960 Civil Code of Ethiopia. The initial capital used to establish EFFORT was gained from the wealth accrued during the civil war that took place for 17 years and ended up overthrowing the military regime (Derg) in Ethiopia. Throughout the war, TPLF was able to accumulate a huge amount of money through donations from friends and supporters of the people of Tigray and TPLF, foreign trade, regular payments to its members, and income-generating agricultural activities that were taking place in the liberated areas of Tigray. EFFORT was, therefore, founded with the money endowed to it after the end of the war.

The ultimate goal of EFFORT is to actively participate in the endeavors geared towards bringing about fundamental socio-economic transformation in Tigray Regional State, in particular, and Ethiopia in general. EFFORT's Headquarters is based in Mekelle and has a Liaison Office in Addis Ababa, the capital city of Ethiopia.

Since it is legally possible for an endowment organization to engage in lawful business and investment activities so as to sustainably raise funds for the attainment of its objectives, EFFORT has been investing in diverse sectors. As a result, EFFORT has become the major shareholder in some companies, and these companies are engaged in diversified businesses and are incorporated as Private Limited Companies (PLC) under the Commercial Code of Ethiopia. It is, thus, through the income it generates from these companies that EFFORT is engaging in philanthropic activities and striving to ease socio-economic problems.



B) QUESTIONNAIRE

Mekelle University, College of Business and Economics, Department of Management

To be filled by EFFORT companies (Abergele International Livestock Development, Bruhtesfa Plastic Factory, and Trans Ethiopia) staff/workers.

Dear Respondents,

This questionnaire is prepared by Asefa Gebretsadik, who is studying the Master of Arts in Business Administration (MBA) at Mekelle University, College of Business and Economics, Department of Management. The purpose of this questionnaire is to gather data to study **the effect of Human Resource Development on the Organization's Performance at Selected EFFORT Companies** (Abergele International Livestock Development, Bruhtesfa Plastic Factory, and Trans Ethiopia staff). I want to assure you that the researcher will not use the data gathered by this questionnaire for any other purpose, and your response will be kept confidential. Therefore, I am kindly requesting your cooperation to respond to all questions.

Thank you in advance for your cooperation!

General information

- ✚ Do not write your name.
- ✚ You are kindly requested to fill in your answer by putting a tick mark.
- ✚ If you need further explanation, you can contact me through the following address.

Yours faithfully,

Asefa Gebretsadik

Mobile: _____

E-mail: _____

Part I: Personal Information: Please tick the appropriate answer in the provided space.

1. Gender: Male ___ Female ___
2. Age (Years): 18 – 23 ___ 24 – 29 ___ 30 – 35 ___ 36 – 41 ___ 42 – 47 ___ above 47 ___
3. Marital Status: Single ___ Married ___ Divorced ___ Others ___
4. Educational background: Certificate ___ Diploma ___ Degree ___ Maters ___ PhD ___ others ___
5. Work experience (Years): 0-5 ___ 6-10 ___ 11-15 ___ 16-21 ___ 22-27 ___ above 27 ___
6. In which organization are you working?

✚ Abergele International Livestock Development _____

🚩 Bruhtesfa Plastic Factory _____

🚩 Trans Ethiopia _____

7. Your position in the organization:

General Manager__ Deputy Manager__ Production Manager__ Production Head/Supervisor__

Quality Manager__ Human Resources Management__ Finance/Accountant/ __ Marketing/Sales __

others (specify) _____

Part II: Please select the number that most closely reflects your degree of agreement or disagreement with the following statements.

🚩 Strongly Agree (SA) = 5

🚩 Agree (A) = 4

🚩 Neutral (N) = 3

🚩 Disagree (D) = 2

🚩 Strongly disagree (SD) = 1

S/N	A. Human Resource Development Need Assessment	SA	A	N	D	SD
		5	4	3	2	1
1	Human resources development is significant for EFFORT companies.					
2	The performance of EFFORT companies depends on the effectiveness and efficiency of Human Resource Development.					
3	EFFORT provides HRD practices based on employees' needs assessment					
4	The companies use the skills, experiences, and lessons gained from HRD in their daily tasks.					
	B. Human Resource Development Design					
1	EFFORT companies provide HRD, which have well-defined objectives					
2	The company uses relevant materials during HRD for employees.					
3	The company's HRD schedule is comfortable for its employees.					
4	The company's HRD is based on the gaps identified during the needs assessment.					
5	The HRD given by the company maximizes its employees' and organizational performance and productivity.					
	HRD Delivery					
1	The HRD provides a good opportunity to increase employees' competency and company productivity.					
2	The company uses training methods that are suitable for employees.					
3	The HRDs are usually provided by appropriate experts.					
4	The HRD given by the company increased my performance.					
	Career Development Practice					
1	I focus on my skills, knowledge, and performance development practices.					

2	I am aware of changing the available challenges into my opportunities.					
3	I have a clear goal and strategy for my future.					
4	I usually discuss with my colleagues, friends, and family about my career progress.					
5	The management works to align my career plan with the organization's plan.					
6	The company provides me with clear guidelines about my career path.					
7	The company has guidelines for employee developmental opportunities.					
Financial support for HRD and Education						
1	The company has a clear policy about financial support for HRD.					
2	I can attend HRD whenever I demand.					
3	The company rearranges duty schedules and encourages me to attend HRD and education in colleges and universities.					
Employees' Performance and Productivity						
1	The HRD that I got in the company increased my productivity.					
2	The career that I got in the company increased my performance.					
3	The HRD and/or educational opportunity that I got in the company increased my performance and productivity.					

Others, please specify

Thank you for your valuable suggestions.