



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF HUMAN RESOURCE PLANNING
PRACTICES: THE CASE OF ENAT BANK SC.**

**BY
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ID NO: SGS/0143/2009A**

MAY 2018

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
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DECLARATION

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

Name
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Signature
May, 2018

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor
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Signature
May, 2018

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ACRONYMS

<u>Acronyms</u>	<u>Description</u>
HRP	Human Resource Planning
HRM	Human Resource Management
HRIS	Human Resource Information System
HR	Human Resource

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ABSTRACT

The purpose of this study was to explore current HRP practices in Enat Bank Sc. and to recommend how these practices can further be developed. The study considered all departments at the head office and all 39 branches of the bank. All department and branch managers were part of the study. Purposive sampling was used to select the participants of the study and mixed research approach was the approach used for the study. The data were gathered using questionnaire and face-to-face semi structured interview questions. The questionnaire were distributed to all department managers at the head office and all branch managers of the bank and the interview was conducted with the human resource and support serviced department manager of the bank. The results from the questionnaire were analyzed using descriptive statistics and the results from the interview were narrated and qualitatively analyzed. The findings highlight that, the HRP practice of the bank has constraints that contributes to the rising employee turnover currently experienced by the bank. More specifically the findings indicated that the HRP practices of the bank has limitations in maintaining a good record of the number and quality of staffs; in following a systematic approach towards forecasting future human resource needs, in using qualified personnel with technical skills relevant for HRP and in giving enough emphasis to internal sources when the matching of human resource needs and human resource supply is done. To improve these problems, it was recommended that, the bank needs to maintain a profile for each and every individual personnel by performing HR inventory, apply a standard human resource forecasting technique in identifying its future human resource needs and also in identifying internal and external supply of potential qualified personnel, upgrading the skills of HRP practitioners and make HRP policies and procedures comprehensive and clear to all parties..

Key words: HRP practices, Strategic Plan, HR inventory, Demand Forecasting, Supply Forecasting, Enat Bank Sc.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Global competition, rapid technological advancement, and dramatically shifting demographics are challenges encouraging public and private organizations to consider people as their most valuable resource (Miracle, 2004). Human Resource Planning (HRP) is a core process that ensures an organization prepares for its current and future needs by having the right people in the right place at the right time (Mahapatro, 2010). HRP allows the building of long-term capacity to meet workforce needs and overcome challenges. If an organization is effective in the development and implementation of its Human Resource Planning (HRP), it will be able to better utilize human capital in order to achieve its strategic objectives. (Stredwick, 2005)

HRP is an outcome of a long period of evolution in management practice; it was historically known as manpower planning. The focus in manpower planning was on forecasting the needs for employees into the future, assessments of internal labor supply for meeting these needs, and identifying the gaps between what will be needed and what will be available (Santos, Zhang, Gonzalez, & Jain, 2009). The 1980s saw a period of transition where manpower planning began to be replaced by the notion of HRP (Bramham, 1994). The process now encompasses not only supply-demand balancing or quantitative forecasting, but also analyzing an organization's human resource (HR) needs as an integrated part of organizational strategy. This change is consistent with the overall shift taking place in the field of HRM, where employees have been recast as valuable resources and are considered a vital internal source of organizational competitive advantage (Kelly, 2003).

Taking into account the critical nature that HRP is evolving with time, it is natural to conclude its importance in the service sector is high due to the intangibility nature of

service. This fact looks more evident when seeing the trend currently unfolding in the Private Commercial banking industry. Private Commercial Banks, are currently feeling more pressure to deliver a service experience that fulfills customers' expectations. This has been heated up further; with an ever increasing bargaining power of customers and a growing competitive rivalry among banks, often coming through, in terms of technology, innovative products, service quality and customer service battles. (Hebret Bank, 2016/17).

Currently, the Ethiopian banking sector is passing through a lot of dynamism, experiencing significant changes in its operations as well as with regard to the adoption of new technologies. As a result, the industry is facing intense competition nationally as well as internationally. These challenges led the industry to compete based on a competent work force. Needless to say, the service delivery of banks depends highly on the quality of its work force which is directly related to the effectiveness of its human resources planning (Worku, 2016).

1.2. Statement of the Problem

A number of studies have been conducted on HRP practices across the world, especially in relation to the extent to which organizations plan for Human Resource. Among these studies we can cite a research by Jones Andesson, Hnric Avasalu and David Gavriala (2002) as an example. In this study the researchers mainly tried to investigate the trend of HRP practices among eight case study companies operating in different industries across Sweden. As a result of their finding the researchers indicated that the degree of stability of organizations in terms of employee turnover and economic fluctuation is clearly influenced by the ways which companies approach HRP. In another example we can also see a research by Yaw Opoku-Menshas (2012) from Ghana who tried to examine the effectiveness of HRP and its effect on organizations. Like the first example in this research the researcher indicated how HRP should be conducted and the role HRP plays in an overall organizational effectiveness and stability.

When we came to Ethiopia, we don't find many research works conducted on HRP especially in relation to how companies practice HRP and how HRP contributes to the

overall effectiveness and stability of organizations. This is particularly true in the financial industry more specifically in the banking sector. Very few HRP studies have been undertaken in the context commercial banks, contributing in a very limited way to the general gap in studies of the Ethiopian banking Industry HRP practices. A research by Merkeb Tadele (2016) from St. Mary's University can be one example. Merkeb Tadele under his research study titled "Assessment of Human Resource Planning Practices, the case of Commercial bank of Ethiopia" tried to assess how the Commercial Bank of Ethiopia is practicing its HRP. In his study Merkeb indicated the weak points of the bank's HRP practices, such as the lack of proper knowledge among those employees who are assigned to undertake HRP and recommended how this shortfall can be improved. The weak point of the Merkeb's research is that it does not assess the overall process of HRP in Commercial Bank of Ethiopia and as a result the specific area of problem in the HRP process is not clearly indicated. In this research attempt were made to fully assess the overall process Enat bank's HRP practice.

Further to the research gap, the results of the preliminary survey conducted by the researcher indicated that the Ethiopian commercial banks are facing a lot of challenges and problems. Among these challenges stands, weakness of the banks in using HRP as a tool to build a long term capacity by identifying a short and long term goals as well as the corresponding work activities to project their human resource requirements both from internal as well as external resources.

Such a problem seems to surface at Enat Bank where employee turnover is rising as indicated in the Bank's 2016/17 compiled progress report that incorporates data from the Human Resource and Support Service Department. The reason for the rise in employee turnover as per some exit interview reports which the researcher had the privilege to go through is linked to a number of factors, including the Bank's failure in addressing the demands of its employees in terms of identifying the skills, abilities and knowledge of its workforce. As a result, quite a number of employees complain that despite having the required academic credentials and skills for posts they feel they are more viable to benefit themselves and the Bank, they are not being given the chance to compete for the

positions during enlisting. Instead, the Bank usually opts to go on the painstaking process of recruiting from external sources alone. This, according to their account, has forced them to get frustrated and leave the Bank to work elsewhere on posts they feel they deserve.

This raises a lot of questions, especially in relation to the actual HRP practices of the bank, in the use of internal and external sources; the integration of strategic planning objectives with HRP; techniques used by the bank to forecast HR supply and demand and alternative staffing strategies used to address staffing gaps.

Thus, this study tried to examine the existing HRP practices of Enat Bank Sc. based on empirical data and attempted to analyze the status of the prevailing HRP practices of the bank and also aimed to fill the research gap in the area of HRP.

1.3. Basic Research Questions

Based on the problem discussed in section 1.3 above, the current study aimed to answer the following basic questions:

- 1) How much does Enat Bank integrate its HRP with the strategic plan?
- 2) How does the bank assess its current human resource capacity?
- 3) How does the bank forecast its future demand and supply of workforce?
- 4) How does the bank close the gap between current and future HR needs?
- 5) How effective is the Bank's Human Resource planning practices?
- 6) What challenges does the bank face while implementing its Human Resource Planning?

1.4. Objective of the Study

1.4.1. General objective

The general objective of this study was to explore current HRP practices in Enat Bank Sc. and to recommend how these practices can further be developed.

1.4.2. Specific Objective

Particularly, the study had the following specific objectives:

1. To investigate the integration between the HRP and the bank's strategic plan.
2. To examine the current human resource capacity assessment practices of the bank
3. To assess the HR demand and supply forecasting practices of the bank
4. To assess the procedure followed by the bank in closing the gap between current and future human resource needs. .
5. To examine the effectiveness of the Bank's current Human Resource Planning Practices.
6. To investigate the challenges faced by the bank in relation to its Human Resource Planning practices.

1.5. Significance of the Research

Contribution of this study is believed to appear in three ways: first, it would enable Enat Bank to improve its practices of HRP. Secondly it would contribute to the limited body of knowledge on HRP practices in the Commercial banking sector in general and the private banking sector in particular. Thirdly it is believed to be a valuable reference material for students, organizations and other interested persons who may want to undertake similar study.

1.6. Scope and Limitations of the Study

The scope of the study was limited to the HRP which is only part of the overall human resource management process. More specifically it was limited to assessment of the human resource planning process currently being implemented by Enat bank Sc. In addition to this, the study has primarily took on a single bank particularly focusing on it's the head office with all its nine departments that perform their own HRP and all its 39 branches which also are part of the HRP process.

It was taken that a couple of factors may limit the credibility for future use of this work and renders it less appropriate in making general conclusions. The study may not cover all aspects and dimensions of Human Resource Planning and therefore, may not be able

to provide comprehensive empirical facts and evidence. In addition to this the fact that the study entirely depended on the opinion of the participants to assess the HRP practices of the bank and evaluate its effectiveness may significantly affect its credibility. Finally the study primarily focused on only one bank and that it may not provide adequate and representative facts and empirical evidence applicable to all commercial banks in Ethiopia.

1.7. Definition of Basic Terms

The terminology of HRP terminologies have been taken from management discipline and directly transferred to the context of this research. These terminologies are presented in Table 1.1 below.

Table 1.1 Definitions of Basic Terms

Terms	Definition
HRM	HRM can be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner. (Mahapatra, 2010)
HRP	“Human Resource Planning is a Strategic alignment of an organization’s human capital with its business direction. It is a methodical process of analyzing the current workforce, determining future workforce needs, identifying the gap between the present and future, and implementing solutions so the organization can accomplish its mission, goals, and objectives.”(IPMA (2002), as quoted by (Al Wahshi, 2016, P. 41)
HR Demand Forecasting	Demand Forecasting is the process of estimating the future numbers of people required by an organization and the likely skill and competences they will need (Armstrong, 2009, P. 491)
HR Supply Forecasting	Supply Forecasting is the process of measuring the number of people likely to available from within and outside the organization, having allowed for absenteeism, internal movements and promotions, wastage and changes in hours and other conditions of work (Armstrong, 2009, P. 492)

1.8. Organization of the Study

The paper is organized under five chapters. Chapter one tried to introduce the background of the study, the statement of the problem, the research questions, the research objectives, the research scope, the significance of the research, definitions of basic terms and organization of the study. The second chapter laid the framework of the research by reviewing the theoretical and empirical literatures and also by presenting the conceptual framework of the study. Chapter three dealt with presenting the research methodology, briefing how the entire research work has been done from data collection to analysis. The fourth chapter presented, discussed and interpreted the results of the study. Finally, the fifth chapter presented summary, conclusions and recommendations which were made based on the findings.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Background

2.1.1. HRP as HRM Fundamental

One of the most pervasive and essential management processes that help an organization to achieve success is identification of a management strategy (Mittenthal, 2002). Competitive advantage can be obtained by any organization that uses both physical resources, including technology and equipment, and intellectual sources including individual knowledge, skills and abilities (Ismail, Rose, Uli, & Abdullah, 2012). Many organizations seek to create a truly competitive advantage by focusing on their people (Munteanu, 2015). HRM is undertaken as part of the management process that is responsible for ensuring that the organization's human resources gain a competitive advantage (Duke & Udono, 2012). According to Mahapatra (2010), HRM can be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner. The function of human resource management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services (Armstrong, 2009, P. 5). We can see here that HRP is one of the key functions of HRM. The main function of HRP is to ensure an organization that how many people and what sort of people they should have to meet present and future business requirements. (Armstrong, 2009 P. 486). Thus, all actions involving the continuous environmental scanning and the reviewing of an organization's strategies,

objectives and policies will be captured by HRP (Deb, 2006; Härtel, Fujimoto, Strybosch, & Fitzpatrick, 2007; Randhawa, 2007).

2.1.2. Definition of HRP

HRP has been defined by different scholars in several different ways, but the definition most commonly used by scholars is that "It is a process that ensure organizations that they have the right number of human resource with the right capability at the right time and in the right place (Mathis, 2010). This definition as stated by Reilly (1996) HRP considers the future in a structured way with the intention of identifying the right type and number of human resources needed by an organization.

But we can also find a more detailed definition of HRP from the International Personnel Management association (IPMA). IPMA defined HRP as:

"Human Resource Planning (HRP) is a Strategic alignment of an organization's human capital with its business direction. It is a methodical process of analyzing the current workforce, determining future workforce needs, identifying the gap between the present and future, and implementing solutions so the organization can accomplish its mission, goals, and objectives." IPMA, as quoted by Al Wahshi, 2016, P. 41)

This definition provides a more comprehensive framework of HRP at an organizational level. It identifies HRP as alignment of an organization's human capital with its business direction. It also offers more details about the procedures and goals of HRP. It identifies elements for all HRP processes, including analyzing the current workforce, determining future workforce needs, identifying the gap between the present and future, and implementing solutions.

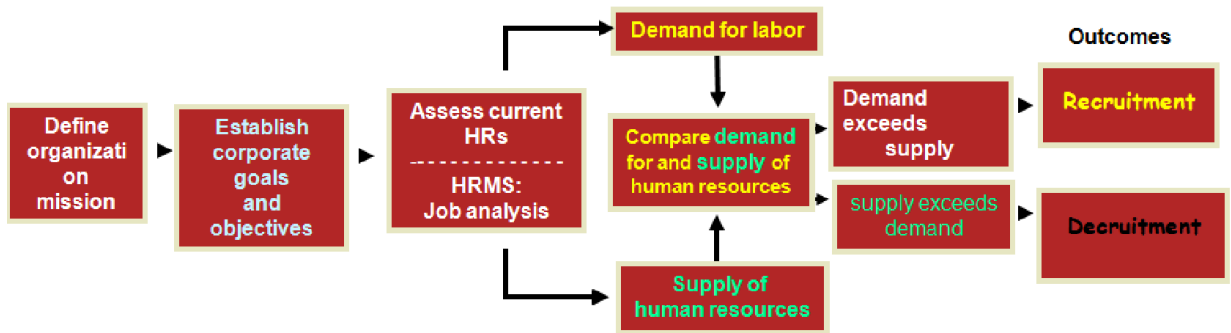
Looking at these two definitions we can easily see that both are concerned with looking ahead and more importantly using systematic technique to assess the extent to which an organization will be able to meet its future requirement for labor. For the purpose of this study the definition by IPMA will be used.

2.1.3. Importance of HRP

HRP plays an enormously important role in realizing the organization's goals as it involves having the right talent with the right skills, at the right time and for the right cost. The importance of HRP lies in its potential to identify organizational needs for skills and competencies for both present and future programs (Randhawa, 2007). HRP can use various methods to address current and expected workforce needs such as demographic analysis and retirement projections (Meisinger, 2007). Organizations need HRP to have the right systems in place to ensure that the organization has the right job in place and obtains the right people for them (Freedman, 2009). HRP also aims to facilitate organizational effectiveness. For instance, HRP can involve the collection of data, which can be used to assess the effectiveness of a program and provide notice when revision is needed, such as in the area of employees' skills, interests and experience (Ulfertsm et al., 2009). HRP is also important to assist HR professionals to plan for change and get ready for sudden events. This can be achieved through HRP by developing a clear vision of their workforce requirements. It is apparent that HRP is more accurate as it depends on the prediction of several elements that are related to the HRM function, such as recruitment, retention, redeployment, leadership and employee development (Sullivan, 2002).

HRP activities provide the opportunity to frame decisions explicitly in terms of long-term strategies that then turn into effective outcome statements for the organization. This is important for acquiring, developing, and retaining staff to achieve programmatic goals (Choudhury, 2007). HRP enables an organization to adjust and quickly respond to current and emerging business requirements. For instance, by engaging in HRP, an organization can formulate strategies for success through providing a set of useful inputs such as the type and number of current employees (Aswathappa, 2005). Achieving a balance between labor demand and supply is the most common cited benefit of HRP (Imison, Buchan, & Xavier, 2009). The demand side is concerned with expected trends in the labor market, while the supply side involves determining the method of job candidate placement and the position that will be occupied by candidates with the required qualifications (Snell & Bohlander, 2012).

2.1.4. Human Resource Planning Process



Source: Decenzo and Robbins (2010, P-119)

Figure 2.1: **HRP Process**

Without clear cut planning and direct linkage to an organization strategic direction, estimation of an organization human resource needs can easily be reduced to mere guess work that may well fall short of the actual organizational needs. This means that employment planning cannot exist in isolation. It must be linked to organization's overall strategy (Decenzo and Robbins, 2010 P. 112). According to Mathis, (2010, P.148) the process of HRP begins with analyzing the overall strategic plan of an organization.

2.1.4.1. Strategic Planning Process

The strategic Planning Process can be defined as the art and science of formulating, implementing and evaluating cross functional decision that enable an organization achieve its objectives (David, 2011 P.6).

According to David, the strategic planning process consists of three stages:

- Strategy Formulation
- Strategy Implementation
- Strategy Evaluation

Dcenzo and Robins, (2010, P 113) discusses the strategic formulation stage as follow: During the strategy formulation stage organization's main emphasis is to determine what business the organization is in. This is what is commonly known as developing the mission statement. After the determination of the mission statement, the process of setting strategic goals will follow. During this process organizations define goals that can serve the next five to twenty years. The corporate assessment is the next stage in strategic planning formulation. During this stage an organization begin to analyze their goals in terms of whether they can be achieved with the current organizational resources. The factors considered in the corporate assessment process are; the company's current strategy, its external environment, its strength and weakness and opportunity and threats. This process is commonly known as SOWT analysis. At this stage the organization began to look at what skills, knowledge, or ability are available internally and what shortage in terms of peoples skill or equipment exist.

2.1.4.2. Assessing Current Human Resource

After going through the organization's strategic planning process which lays the foundation for the HRP the process of assessing current human resource will take the stage. This stage looks at the jobs currently being done and the people doing the job. It is done based on the results of Human Resource Inventory and Job Analysis (Dcenzo and Robins, 2010).

A. Human Resource Inventory

According to Dcenzo and Robins (2010) assessing current human resource begins by developing a profile of current employees. This internal analysis includes information about the workers and the skills they currently possess. HR inventory describes skills currently available in the organization. HR inventory tells management what individual employees can do. From HRP view point, the HR inventory is valuable in determining what skills are currently available in the organization. Human Resource Information System (HRIS) is normally used as a source of data for HR inventory. HRIS is a database device that is used for tracking human resource information inventory information.

Jahanian et.al. (2014) lists the main information included in the HR inventory as:

- Name of the employee/age/gender/marital status
- Qualifications of the employee
- Training undertaken by the employee
- Prior employment experience of the employee
- Current position held by the employee
- Performance ratings of the employee
- Salary level of the employee
- Capabilities of the employee
- Specialized skills of the employee
- Job and location preferences.

B. Job Analysis

The knowledge, skill and ability are determined based on the job required to meet the strategic direction of the organization. Accordingly the HRP process must allow for the recognition of specific job needs as well as the total number of vacancies (Ulferts et.al. 2009). According to Decenzo and Robins (2010) a job analysis is a systematic exploration of the activities within a job. It provides information about job currently being done and the knowledge, skill and ability that individuals need to perform their job adequately.

Stredwick (2005) explains that job analysis begins with a clear understanding of the job and its link to organizational strategy. HR next determines the tasks necessary to successfully complete the job, and then determines the skills necessary to complete the tasks.

Job analysis information about i.e. what people are doing in their job can be gathered in a variety of ways. According to Mathis (2010) the most common methods used to gather information for job analysis included observation, interview and questioners. However, Deconzo and Robins (2010) explains, no matter what methods used to gather data for the

job analysis, the information amassed and written down from the conceptual analytical job analysis process generates three tangible outputs:

- Job description: a written statement of what the job holder does, how it is done, under what condition and why.
- Job specification: a statement that maintains acceptable qualification, the job holder expects to possess.
- Job evaluation: a document that provides valuable information for making job comparison.

2.1.4.3. Determining the Demand for Labor (Demand Forecasting)

Once an assessment of the organization current human resource situation has been made and the future direction of the organization has been considered, it is time to develop a projection of future human resource needs (Decenzo and Robins, 2010).

Demand forecasting is the process of estimating the future numbers of people required and the likely skills and competences they will need (Armstrong 2009, P. 491). According to Armstrong the basis of the forecast is the annual budget and longer-term business plan, translated into activity levels for each function and department or decisions on 'downsizing'.

For Armstrong the following demand forecasting methods can be used for estimating the numbers of people required:

- **Managerial Judgment**

The most typical method of forecasting used. This simply requires managers to sit down, think about their future workloads, and decide how many people they need. It might be done on a 'bottom-up' basis with line managers submitting proposals for agreement by senior management or on a 'top-down' approach in which company and departmental forecasts are prepared by top management, possibly acting on advice from the personnel departments.

- **Ratio-Trend Analysis**

A forecasting method carried out by studying past ratios between, say, the number of direct (production) workers and indirect (support) workers in a manufacturing plant, and forecasting future ratios, having made some allowance for changes in organization or methods. Activity level forecasts are then used to determine, in this example, direct labor requirements, and the forecast ratio of indirect to direct would be used to calculate the number of indirect workers needed. (IBID 492)

- **Work study techniques**

A forecasting method that can be used when it is possible to apply work measurement to calculate how long operations should take and the number of people required. Work study techniques for direct workers can be combined with ratio-trend analysis to calculate the number of indirect workers needed. (IBID 492)

- **Forecasting skill and competence requirements**

This method is largely a matter of managerial judgment. This judgment should however be exercised on the basis of a careful analysis of the impact of projected product-market developments and the introduction of new technology, either information technology or computerized manufacturing. (IBID 492)

2.1.4.4. Predicting Future Labor Supply (Supply Forecasting)

Once human resources needs have been forecasted, then availability of qualified individuals must be identified (Mathis 2010 P. 153). Supply forecasting measures the number of people likely to be available from within and outside the organization, having allowed for absenteeism, internal movements and promotions, wastage and changes in hours and other conditions of work. (Armstrong, 2009 P. 492).

According to Mathis (2010, P. 153) supply forecasting considers both external and internal supplies. For Mathis external Supply includes external supply of potential employees available to the organization needs to be identified. Extensive use of

government estimates of labor force populations, trends in the industry, and many more complex and interrelated factors must be considered. And internal supply considers the employees who move from their current jobs into others through promotions, lateral moves, and terminations. It also considers that the internal supply is influenced by training and development programs, transfer and promotion policies, and retirement policies, among other factors. In forecasting the internal supply, data from the replacement charts and succession planning efforts are used to project potential personnel changes, identify possible backup candidates, and keep track of attrition (resignations, retirements, etc.) for each department in an organization.

In another saying for Armstrong (2009) the supply forecasting covers the following areas:

- Existing number of people employed by occupation, skill and potential.
- Potential losses to existing resources through attrition (employee turnover).
- Potential changes to existing resources through internal promotions.
- Effect of changing conditions of work and absenteeism.
- Sources of supply from within the organization.
- Sources of supply from outside the organization in the national and local labor markets

Factors Affecting Supply Forecasting

Mathis (2010) listed the following factors that should be considered in planning human resource:

i. Economic and Governmental Factors

The general cycles of economic recession and economic boom in different businesses affect HR planning. Factors such as interest rates, inflation, and economic decline or growth affect the availability of workers and should figure into organizational and HR plans and objectives. A broad array of government regulations also affects the labor supply and therefore HR planning. As a result, HR planning must be done by individuals who understand the legal requirements of various government regulations.

ii. Competitive Evaluations

When making HR plans, employers must also consider a number of competitive concerns. Direct competitors are important external force in HR planning.

iii. Changing Workforce Considerations

Significant changes in the workforce that are being exhibited globally must be considered when doing external assessments for HR planning. Shifts in the composition of the workforce, combined with the use of different work patterns, have created workplaces and organizations that are notably different from those of a decade ago. Many organizations face major concerns about having sufficient workers with the necessary capabilities. When scanning the potential and future workforce, it is important to consider a number of variables, including:

- Aging of the workforce
- Growing diversity of workers
- Female workers and work-life balancing concerns
- Availability of contingent workers
- Outsourcing possibilities

2.1.4.5. Matching Labor Demand and Supply

This step according to Decenzo and Martins (2010), matches demand and supply forecasts to determine future shortages or surpluses of human resources in terms of quality and quantity. Additional staff will be needed to meet the shortages. Retrenchment/cut down will be needed for surplus staff. Early retirement, lay-offs, leave of absence, work sharing, reduced work hours, etc. can be used here.

2.2. Review of Empirical Studies

Several studies have been conducted on HRP practices globally, among these researches we can take the research by Jonas Andersson, Henrik Avasalu & David Gabrielson, Yaw Opoku-Menshas and Merkeb Tadele as an example.

Jonas Andersson, Henrik Avasalu & David Gabrielson, under their research title “Human Resource Planning, a case study based analysis of the extent to which organizations plan for human resources in the contemporary business environment”, aimed to investigate the extent to which organizations plan for HR. The researchers adopted a multiple case study approach where they took cases from aviation, engineering, restaurant, banking, telecom, hospital, and manufacturing industries. The research approach they adopted to undertake their research was qualitative, and interview was used to collect data. As the result of their investigation the researchers indicated that the degree of stability in the case study companies in the selected industries, in terms of employee turnover and economic fluctuations, clearly influences the way in which the companies approach HRP.

The second study the researcher took as an example here is the research by Yaw Opoku-Menshas from Ghana. The researcher under his research titled “An Analysis of Human Resource Planning and its Effect on Organizational Effectiveness – A Case Study of Information Services Department, Accra Office”, assessed the HRP practices of a company called “Information Services Department, Accra Office”. The study tried to find out whether there are HRP policies and practices in the case company; to establish whether the Human Resource Planning practices and procedures within company are functioning effectively; and to find out the challenges of the provision of a framework to guide the implementation of HRP in the company. As the results of the study the researcher revealed that most of the staffs in the case study company do not have in-depth knowledge on Human Resource Planning, and that HRP, is not being well practiced by the company. In his recommendation the researcher suggested, among other things, for the company to develop and implement comprehensive career development training programs for its staff so that they can be more proactive and resilient, and effectively propagate its objectives.

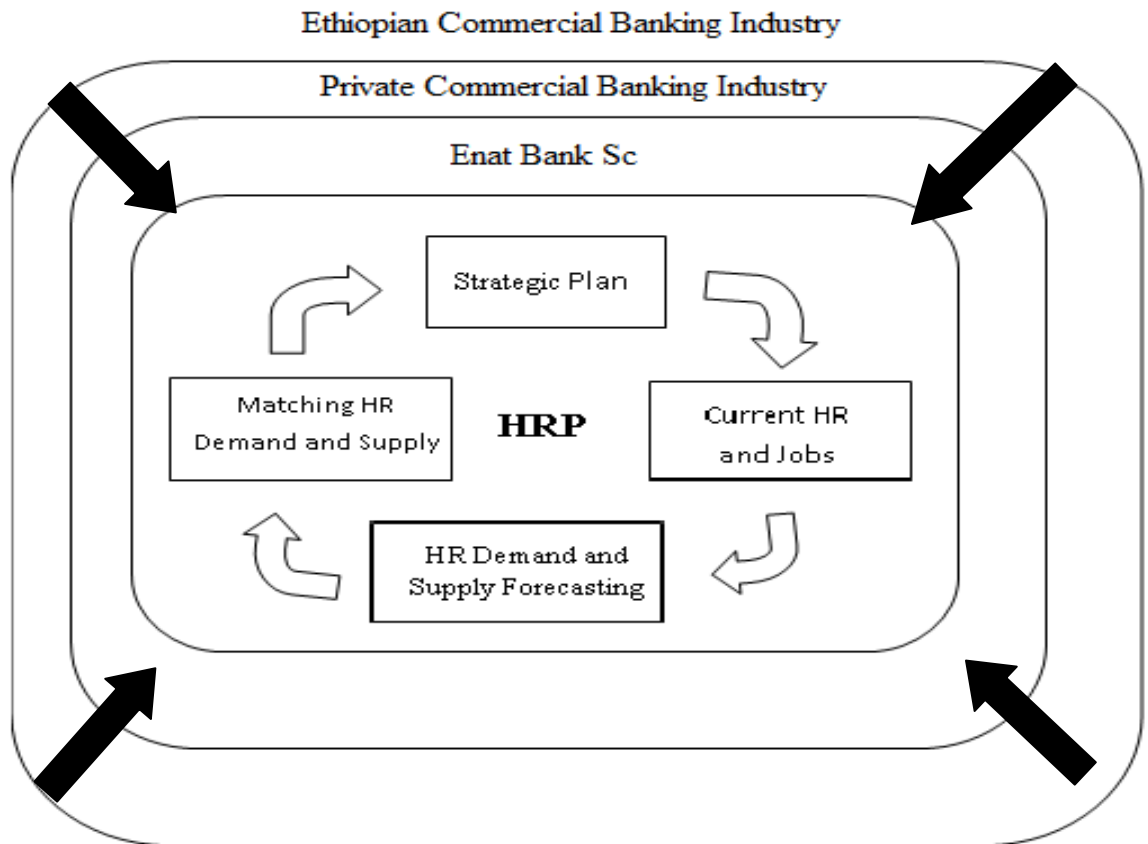
The third example will bring us to Ethiopia. When we came to Ethiopia, we don’t find many research works conducted on HRP especially in relation to how companies practice HRP and how HRP contributes to the overall effectiveness and stability of organizations. This is particularly true in the financial industry more specifically in the banking sector.

Very few HRP studies have been undertaken in the context of the publicly owned commercial banks, contributing in a very limited way to the general gap in studies of the Ethiopian banking Industry HRP practices. A research by Merkeb Tadele (2016) from St. Mary's University can be one example. Merkeb Tadele under his research study titled "Assessment of Human Resource Planning Practices, the case of Commercial bank of Ethiopia" tried to assess how the Commercial Bank of Ethiopia is practicing its HRP. In his study Merkeb indicated the weak points of the bank's HRP practices, such as the lack of proper knowledge among those employees who are assigned to undertake HRP and recommended how this shortfall can be improved.

2.3. Conceptual Framework

After reviewing existing views in the literature concerning the HRP process, in the theoretical context, conceptual framework shown in figure 2.1 below is developed. The research framework initially focuses on HRP as integral part of the strategic planning process of an organization. The study investigates how HRP is used within the framework of Enat Bank Sc. strategic plan. This step also involves determining how HRP is deployed and integrated across the strategic planning process. The second step involves in analyzing the current workforce and positions of Enat Bank. The third step focuses on how the bank forecast human resource demand and supply to satisfy future workforce needs. The forth step focuses on how the bank closes the demand and supply.

Figure 2.2 Conceptual Framework of the Study



Source: Modified from a design by Al Wahshim (2016, P. 112)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Background of Enat Bank Sc.

Enat Bank Sc. is a privately owned commercial bank established in 2011 in accordance with the licensing and supervision of banking business proclamation No. 591/2008 of Ethiopia to undertake commercial banking activities. The bank obtained its license from the national Bank of Ethiopia (NBE) on 14 November 2012 and started its business activities as of 05 March 2013. (Annual Report of Enat Bank Sc. 2016/2017).

Currently the bank has elevated its capital to almost a billion having wide shareholders of which 65% are women. Currently it has 37 branches of which 10 are located in various regions and the remaining in Addis Ababa. (Annual Report of Enat Bank Sc. 2016/2017).

As of today the bank has created a job opportunity for over 402 people out of whom 241 are female and the remaining 160 are male. (Annual Report of Enat Bank Sc. 2016/2017).

3.2. Research Design

As explained in the first chapter of this study the primary area of interest of this research was, to assess the current HRP practices in Enat Bank Sc. and to recommend how these practices can further be developed. The design used for this study is a descriptive survey. A descriptive research was used because it is basically designed to find out the existing situation of a particular phenomenon of concern. According to Kothary (2004), descriptive type of research is a systematic attempt to collect information from members of an identifiable population.

3.3. Research Approach

According to Kothari (2004, P. 5) there are two basic approaches to research, qualitative research approach and quantitative research approach. For Kothari quantitative research approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Qualitative research approach on the other hand is concerned with subjective assessment of attitudes, opinions and behavior where research in such a situation is a function of researcher's insights and impressions. The general objective of this study as described in the first chapter is to explore current HRP practices in Enat Bank Sc. and to recommend how these practices can further be developed. Hence, considering the nature of each approach, the researcher found both quantitative and qualitative approach (mixed research approach) most suitable for this study.

3.4. Population and Sampling techniques

3.4.1. Target Population

Marczyk et.al (2005. P. 18) defined population of a study as "all individuals of interest to a research". Accordingly, the area of interest for this research was all departments' heads at head office and all branch managers of the bank throughout Ethiopia, who according to the HR department manager are directly, involved in the HRP activities of the bank. Currently there are nine (9) departments operating at the head office of Enat bank and thirty nine (39) operational branches. Therefore the target population of the study will be all of the Forty Eight (48) department heads and branch managers.

3.4.2. Participants Selection

The strategy chosen for selecting representatives for the study population was purposive sampling, which is one of the most common sampling strategies used in qualitative research (Lodico, Spaulding, & Voegtle, 2010). To identify a purposive sample that would meet the criteria for this study, the researcher asked the HR and support services department head of Enat Bank to obtain an idea about parties who are directly involved in

conducting the HRP activates. According to the manager, HRP is performed at both the head office and branches of the bank primarily by the department heads and branch managers. Therefore for the purpose of the study all department and branch managers of the bank were considered

3.5. Source and Tools of Data Collection

3.5.1. Source of Data

Both primary and secondary data sources were used as the source of data for the research. The primary data majorly originated from the interviews that the researchers conducted with the HR department head of Enat Bank and the questionnaires that was distributed to all department heads and branch managers of Enat bank. Further to this annual reports and different publications of the selected banks was used as a secondary data source.

3.5.2. Methods of Data Collection

As discussed above the study used interviews that was conducted with the Human resource and support services head and questionnaires that was distributed to all department heads and branch managers of the bank, with assistance from the Banks Branch Operations and Outlet Department head. Interviews were employed for collecting information because Interviews are a relatively common way of collecting data in research and the data they collect and the forms they take are very important to fill the requirements of the research question and the related research design (Marczyk et.al, 2005).

3.6. Methods of Data Analysis

The descriptive statistics (frequencies distribution, mean and standard deviation) was applied to analyze and present these data. The interview results were analyzed qualitatively.

3.7. Validity and Reliability Assurance

3.7.1. Validity

According to Marczyk et.al (2005), the concept of validity refers to, what the test or measurement strategy measures and how well it does so. Conceptually, validity seeks to answer the following question: “Does the instrument or measurement approach measure what it is supposed to measure?”

The following steps were taken to ensure the validity of the study. Questionnaires were prepared from the literature review as a reference to validate the result. Pilot test was conducted with a sample of the participants to enhance the questionnaire’s validity in terms of the respondents understanding and comprehension. Comments from professionals and respondents were solicited to ensure validity.

3.7.2. Reliability

Saunders et.al. (2003) defined reliability in this way, “reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings”.

Cronbach’s alpha is a measure of reliability. Reliability refers to the consistency or dependability of a measuring instrument. It is defined as the proportion of the variability in the responses to the survey which is the result of differences in the respondents. That is, answers to a reliable survey will not differ because respondents have different opinions, but because the survey is confusing nor has multiple interpretations.

The Cronbach’s alpha for the total scale and the sub scales are above 80% which means that the scales that will be used in this study are considered reliable.

Table 3.1 Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.887	34

3.8. Ethical Considerations

The researcher assures that the research is independent and impartial. The respondents were given a privilege of not writing their name and other identities. This was done mainly to hide participants from possible unwanted approach that might come from groups or individuals with interest. Further to this the participants was assured on the confidentiality of their responses. No respondent was forced to fill the questionnaire unwillingly and before the actual purpose of the research was made clear to him/her.

CHAPTER FOUR:

RESULTS AND DICUSSION

4.1. Introduction:

In this section, the results and discussions of the study are presented. The first section under each topic presents the results of the administered questionnaire. The participants were asked to indicate the extent to which they agreed and disagreed to the stated items on a five-point Likert scale (1=Strongly Disagree to 5= strongly agree). The results are presented using a frequency table which summarized the result in terms of frequency and percentage and a descriptive statistics table which uses mean score and standard deviation. For the latter the following were taken as a base. A mean of above 3 is regarded to measure satisfaction on the items. The Standard deviation as it is used to indicate the variation or “dispersion” from the “average” (mean), a low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. This is well elaborated in the table and narratives below which show the responses and the statistics.

The second section presents the data collected through semi-structured face-to-face interviews conducted with the human resource and support service department managers of the Enat Bank Sc. The objective of the interview was to solicit further information and detailed explanation on the HRP practices of Enat Bank.

4.2. Research Findings and Discussion

4.2.1. HRP and Strategic Plan

This part elaborates on the participant’s response over the link between the HRP and the strategic plan of Enat Bank Sc. The general reflection of the participants from the administered questionnaire and the results of the interview conducted with the HR manager are presented as follows.

Table 4.2 Participants response on the integration between the HRP and Strategic Planning

Items		Opinion					Mean	SD
		SDA	DA	N	A	SA		
I am aware of the bank's strategic plan.	Fre.	0	2	3	29	14	4.1458	0.7143
	%	0%	4%	6%	60%	29%		
I know the bank has a separate human resource strategy	Fre.	3	2	6	22	15	3.9167	1.0883
	%	6%	4%	13%	46%	31%		
I know that the bank's human resource strategy is coined in line with the bank's overall strategic plan.	Fre.	3	2	6	22	15	3.9167	1.0883
	%	6%	4%	13%	46%	31%		
The bank's human resource planning process is oriented to the strategic direction of the bank	Fre.	0	1	4	23	20	4.2917	0.71335
	%	0%	2%	8%	48%	42%		
Grand Mean							16.271	

Index: SDA: Strongly Disagree; DA: Disagree; N: Neutral; A: Agree; SA: Standard Agree; SD: Standard Deviation

Source: Questionnaire

As discussed in the theoretical background above without clear cut planning and direct linkage to an organization strategic direction, estimation of an organization human resource needs can easily be reduced to mere guess work that may fall well short of the actual organizational needs. This means that employment planning cannot exist in isolation. The data were collected to seek the participant's perception over the integration between the HRP and Strategic plan of the bank.

In order for the participants to tell whether there is integration between the strategic plan and the HRP of the bank, it was taken that they have to be familiar with the strategic plan of the bank. For this reason the participants were asked if they are familiar with the strategic plan. The result indicates that almost all of the participants are familiar with the strategic plan. This is clearly seen from table 4.2 above which indicates that 89.3% the participants confirm that they are familiar with the strategic plan. The corresponding mean and SD further strengthen this result with a score of 4.14 and 0.71 respectively. Again from table 4.2 we can see that Enat bank has a separate HRM strategy that is

coined in line with the overall strategic plan of the bank. This finding is evident from the responses which indicate a 77.10% confirmation by the participants and also from the mean score of 3.91 on both items. More importantly, though, the result indicates that the bank's HRP is oriented towards the strategic direction of the bank. This finding is also well supported by the result indicated on table 4.2 which shows an almost 90% agreement and off course also by the 4.29 mean score and 0.71 SD.

The result obtained from the interview supports the above finding. The first question forwarded to the HR manager in relation to the HRP process of the bank was to explain if there integration between the human resources plan and the Strategic plan of the bank. The manager stated that every decision made related to the human resource management of the bank is done in careful consideration of the strategic plan of the bank. Thus he added the HRP process as one key activity of the department takes careful consideration of the strategic plan of the bank.

4.2.2. Current Human Resource Capacity Assessment

This section presents the research finding and discussions on the existing human resource assessment process of Enat bank.

Table 4.3 Participants Response on the Current Human Resource Assessment practices

Items		Opinion					Mean	SD
		SDA	DA	N	A	SA		
The bank's HRP is undertaken by analyzing existing jobs	Frequency	0	9	8	27	4	3.5417	0.8982
	%	0%	19%	17%	56%	8%		
The bank considers Manpower Inventory in setting its HRP	Frequency	0	20	16	9	3	2.8958	0.928
	%	0%	42%	33%	19%	6%		
Grand Mean							6.4375	

Index: SDA: Strongly Disagree; DA: Disagree; N: Neutral; A: Agree; SA: Strongly Agree

Source: Questionnaire

Referring back the theoretical background, we have seen that after going through the organization's strategic planning process which lays the foundation for the HRP the

process of assessing current human resource will take the stage. This stage looks at the jobs currently being done and the people doing the job. It is done based on the results of Human Resource Inventory and Job Analysis. Having this in mind this section looked into how the bank is currently assessing its current human resource. From the questionnaire result presented on table 4.3, we can clearly see that the bank undertakes job analysis in planning its human resource. This is evident from the 64.3% agreement by the participants and also by the 3.54 mean score and 0.89 SD which shows how the responses are close to the mean. However, on the contrary the result shows us that the bank has some limitations in keeping a profile of its current employees in terms of their demographic features and skills they possess. We can see this from the 41.7% disagreement on the item. This result is slightly supported by the mean score which shows a result a little short of 3. The mean score as shown on table 4.3 is 2.89.

On this point the questions raised to the HR and support service manager were made with the objective of seeing if the bank assesses job currently being done and the employees who are currently there to perform the jobs as part of the HRP process. The first issue raised to the HR manger in relation to the current workforce assessment was its job analysis practices. Job analysis as we have seen in the theoretical background should be done as part of the HRP practices because the knowledge, skill and ability that employees are expected to possess is determined based on the job and its specification, required to meet the strategic direction of the organization. From the response given by manager the researches has managed to observe that the bank performs job analysis for every post its has and as a result it manages to identify the requirements of each job in terms of the knowledge skills and ability needed to meet its objectives.

On the second issue which we were considering, i.e. the HR inventory practices, the manager was asked if the bank maintains timely HR inventory in relation to the skills currently available in the bank that can be used in the HRP process. The response given as answer indicates that except for a record that shows the total number of employees with a certain level of education, experience or qualification at a given time the bank does not keep a separate record showing an up-to-date information on the current knowledge, skill and ability of the its individual staff. This response implies that the bank relies on a

general qualitative assessment made on its employees that focuses only on the total number of employees with a certain qualification to undertake HRP.

4.2.3. Forecasting HR Demand and Supply

Table 4.4 Participants response on HR demand and supply forecasting practices

Items		Opinion					Mean	SD
		SDA	DA	N	A	SA		
The bank forecasts its future human resource needs in setting its HRP	Frequency	0	5	8	32	3	3.6875	0.74822
	%	0%	10%	17%	67%	6%		
The bank use Executive Judgment method to estimate its future human resource needs	Frequency	0	15	25	7	1	2.875	0.73296
	%	0%	31%	52%	15%	2%		
The bank use Trend Analysis method to estimate its future human resource needs	Frequency	3	12	24	9	0	2.8125	0.81623
	%	6%	25%	50%	19%	0%		
The bank use Work study method to estimate its future human resource needs	Frequency	1	13	34	0	0	2.6875	0.51183
	%	2%	27%	71%	0%	0%		
The bank's HRP process considers external forces in forecasting its future workforce supply	Frequency	0	24	16	8	0	2.6667	0.75324
	%	0%	50%	33%	17%	0%		
The bank's HRP responds to any external changes	Frequency	2	26	12	8	0	2.5417	0.82406
	%	4%	54%	25%	17%	0%		
Grand Mean							17.271	

Index: SDA: Strongly Disagree; DA: Disagree; N: Neutral A: Agree and SA: Strongly Agree

Source: Questionnaire

This section seeks to investigate the bank's HR demand and supply forecasting, as demand forecasting is the next step in HRP process once an assessment of the organization current human resource situation has been made and the future direction of the organization has been considered. The results from the administered questionnaire are presented in table 4.4 above.

Looking the results related to the bank's HR demand and supply forecasting practices, we see that the bank actually estimate the future numbers of people required and the likely skills and competences they will need. However, the fact that the mean values for all the remaining items under the bank's demand forecasting practices, fall on the left side of the midpoint 3 (see table 4.4) shows the bank's limitation in applying a systematic approach towards identifying its future human resource needs. Not only this but the result also

shows lack of technical knowledge related to the most common workforce demand forecasting techniques among the participants who as well are key players in the HRP process of the bank. In relation to the HR supply forecasting the result demonstrates that the bank neither consider the effects of external forces nor does it responds to any external changes in forecasting its future human resource supply.

With the objective of further learning about the HR demand forecasting practices of the bank questions were also raised to the HR and Support Services department manager. The first question raised to the manager was about the existence of the HR demand forecasting as part of the HRP process in the bank. From the response the researcher could grasp that the bank do forecast its future demand for labor. According to the manager the demand forecasting is directly linked with the strategic plan of the bank which determines the extent of the future growth of the bank. He said the forecast is done mainly by considering the number of branches that the bank is planning to open and also based on individual department and branch separate forecasts which mostly are done in consideration of expected turnovers, transfers, promotion or expansion rate of the departments and branches.

The second question raised to the manger in relation to the HR demand forecasting was if there are any standard procedures or techniques followed by all the concerned parties in forecasting the future workforce needs of the bank. In his response the manger indicated that HR forecasting for future branches planned to be opened is done quantitatively based on trend analysis. Apart from that he said, each department follows its own way of identifying and assessing its future HR needs.

The above finding suggests that Enat bank do forecast its future human resource needs based on the strategic plan of the bank and also based on individual forecasts made by the departments and branches. However it also suggests that the bank does not have a standard forecasting procedure applicable to all parties of the bank. We can see that HR forecasts made for newly opened branches are more systematic than the individual

forecasts undertaken by departments and branches. This finding further strengthens the results of the questionnaire.

In order to understand the practice of HR supply forecasting, the HR and Support services department manager was asked as to how the bank estimates the available supply of employees and about the data it uses for analyzing the internal HR supply and the external supply. The manager in his response stated that the bank so far has not done anything in relation to analyzing future supply of employees both from internal sources and from external sources. From this response it is evident that there is a significant lack of capability to forecast HR supply for posts in the bank. The bank does not take into account assessments of the internal and external sources of supply for its jobs. Current practice does not include any internal analysis of factors such as retirements, turnover rates, the potential training needs of current employees, or future staffing requirements. The case of HR forecasting practice relating to external analysis is similar.

4.2.4. Implementing Gap-Closing Strategies

The Participants who were involved in the administer questionnaire were asked for their opinion on how the bank implement workforce solution needed to close the gap between current and future HR needs. They were asked to provide their opinion relating to the alternative strategies used by the bank to redress employee shortage. The result of their response is summarized in Table 4.5 below.

Table 4.5 Participant’s response on HR demand and supply gap-closing strategies

Items		Opinion					Mean	SD
		SDA	DA	N	A	SA		
The bank HRP uses external sources as a future source of supply of potential employees	Frequency	0	5	14	27	2	3.542	0.7426
	%	0%	10%	29%	56%	4%		
The bank HRP uses internal sources as a future source of supply of potential employees	Frequency	0	23	12	12	1	2.813	0.891
	%	0%	48%	25%	25%	2%		
Grand Mean							6.354	

Index: SDA: Strongly Disagree; DA: Disagree; N: Neutral A: Agree and SA: Strongly Agree

Source: Questionnaire

Looking at the results related to the gap-closing strategies the bank most commonly implement to mitigate potential occupational and skill shortages, we see that the bank actually do give more emphasis to external sources as compared to the internal sources. We can see this more clearly from table 4.5 above. From the response it is evident that majority of the participant almost 60% of them indicated that bank considers external sources to mitigate potential occupational and skill shortages. The 3.54 mean score showed on the table for this item further supports the result.

In order to learn more about the practice of the bank with regard to this topic the HR and support services department manager was asked to explain on the methods or techniques related with determining and closing the gap between the present and future need. The human resource manager indicated that preference is given to internal candidates to fill vacancies by promotion from within the bank in order to increase employee's job satisfaction. However form his responses it was evident that there were no clear standards applied to select the best candidates for the position. It is clear that there is a gap in applying systematic promotion procedures within the bank. This result in fact goes against the findings discussed above where majority of the participants indicates that the bank gives more attention to external source then the internal sources.

4.2.5. Effectiveness of Enat Bank's HRP Process

The following discussion focuses on the effectiveness of the HRP process of the bank. The general reflection of the participants concerning the effectiveness of the HRP practice is summarized in Table 4.6 and the discussions below.

Table 4.6 Participant’s response on HRP Effectiveness of Enat Bank Sc.

Items		Opinion					Mean	SD
		SDA	DA	N	A	SA		
The HRP process helped the bank to efficiently utilize its human resource	Frequency	0	32	8	8	0	2.5	0.77184
	%	0%	67%	17%	17%	0%		
The bank has clear job description and job specification for every position	Frequency	0	0	8	24	16	4.1667	0.69446
	%	0%	0%	17%	50%	33%		
The bank has managed to effectively determine its future human resource needs	Frequency	0	32	0	16	0	2.6667	0.95279
	%	0%	67%	0%	33%	0%		
The banks HRP process is clear and understandable	Frequency	0	32	4	12	0	2.5833	0.87113
	%	0%	67%	8%	25%	0%		
The bank’s HRP specifies detailed activities considering all required issues	Frequency	0	34	12	2	0	2.3333	0.55862
	%	0%	71%	25%	4%	0%		
The bank’s HRP fulfills the manpower requirements of departments and branches	Frequency	0	28	12	8	0	2.5833	0.76724
	%	0%	58%	25%	17%	0%		
I believe the bank’s HRP is achievable	Frequency	0	32	4	12	0	2.5833	0.87113
	%	0%	67%	8%	25%	0%		
People involved in the HRP preparation are willing and cooperative	Frequency	0	0	16	32	0	3.6667	0.47639
	%	0%	0%	33%	67%	0%		
There is free flow of information among the participants of the HRP process	Frequency	0	34	0	14	0	2.5833	0.91868
	%	0%	71%	0%	29%	0%		
The bank’s HRP considers compensation issues	Frequency	0	8	24	16	0	3.1667	0.69446
	%	0%	17%	50%	33%	0%		
The bank’s HRP is comprehensive	Frequency	0	8	16	24	0	3.3333	0.75324
	%	0%	17%	33%	50%	0%		
The human resource planning practice of the bank has played a role in meeting the bank’s business objective	Frequency	8	32	2	6	0	2.125	0.8411
	%	17%	67%	4%	13%	0%		
Grand Mean							34.2916	

Index: SDA: Strongly Disagree; DA: Disagree; N: Neutral A: Agree and SA: Strongly Agree

Source: Questionnaire

As a way of grasping the participants opinion over the effectiveness of the bank’s HRP practices a number of items were raised to them. One of these was related with the presence of a clear job description and job specification for every position in the bank. The result indicated in table 4.6 tells us that the bank has a good practice in terms of keeping a clear job description and specification for every job undertaken in the bank. The 4.17 mean score indicated and 80.30% agreement seen in table 4.5 confirms this finding. The result on majority of the rest of the items under the effectiveness of the HRP

practice indicates a lesser satisfaction among the participants. To be more clear we can see that the mean score of all these items indicated in table 4.6 above, are less than the average 3 indicating a high level of dissatisfaction among the participants with respect to the effectiveness of the HRP practice. From this we can gather that the banks HRP practice effectiveness is limited.

With respect to effectiveness of the HRP practices, the results of the interview indicate that the Enat bank makes no attempt to assess the effectiveness of its HRP programs and activities. The HR and Support services manager stated that the bank do not use any systematic evaluation techniques to separately evaluate the effectiveness of the HRP practices. This indicates that, the bank does not evaluate its HRP through examining or studying the cost-benefits of HRP activates, nor does it conduct annual reviews of the results of the HRP practice. Therefore we can say that the bank undertake evaluation only at the 'reaction' level, mainly to deal with crises and urgent problems.

4.2.6. Challenges of the Bank in Relation to Its HRP Practice

The discussion in this section focuses on the challenges of the bank in implementing its HRP. The general reflection of the participants concerning the challenges of the bank in relation to its HRP is summarized in Table 4.7 below.

Table 4.7 Participant’s response on Challenges of HRP Practices of Enat Bank Sc.

Items		Agreement					Mean	SD
		SDA	DA	N	A	SA		
Human resource information is compatible with the information used in strategic formulation	Frequency	0	5	2	24	17	4.1042	0.90482
	%	0%	10%	4%	50%	35%		
There is a conflict between quantitative and qualitative approaches to human resource planning	Frequency	0	0	8	32	8	4.0000	0.5835
	%	0%	0%	17%	67%	17%		
The main challenge is conflicts between short-term and long term human resource need	Frequency	0	0	7	41	0	3.8542	0.3567
	%	0%	0%	15%	85%	0%		
There is clear difference of perception towards HRP among the employees who are working on the process	Frequency	0	0	38	10	0	3.2083	0.4104
	%	0%	0%	79%	21%	0%		
Grand Mean							15.1667	

Index: SDA: Strongly Disagree; DA: Disagree; N: Neutral A: Agree and SA: Strongly Agree

Source: Questionnaire

From the result we can see that among the challenges the bank is facing in the implementation of the human resource plan, the compatibility of the human resource information with information used in the strategic formulation is one. The result which indicates that 85.4% of the participants agree with the presence of this challenge (see table 4.7) and the corresponding mean score of 4.104 which is well above the average 3 confirms the presence of this challenge. The next challenge which the participants agreed on its presence in the implementation of the bank's human resource plan is the conflict between qualitative and quantitative approach to the human resource planning. This can be clearly seen from table 4.7. The result displayed on the table shows us that 83.4% of the participants agree with the presence of the challenge. Of course the 4.0 mean score indicated for this item further strengthen this outcome. The other challenge which the participants confirm its existence in the implementation the human resource plan is conflict between short and long term human resource needs. 85.4% of the participants confirm its existence in the implementation of the plan. The mean score of 3.8542 again verify this outcome.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

Introduction

The purpose of this research was to assess current HRP practices of Enat Bank Sc. and to recommend how these practices can further be developed. This chapter draws on, the major findings, which were based on the study's research questions and objective, the conclusions made from the findings and the recommendations suggested to further improve the HRP practices of the bank.

5.1. Summary

5.1.1. Integration of HRP with Strategic Planning

Under this section the link between the bank's human resource planning process and the strategic plan of the bank was assessed. In general, the findings from both tools suggested that Enat bank plans its human resource based on the overall strategic plan of the bank. This indicates the presence of direct link between the HRP and the strategic plan. The result from the questionnaire also indicates that the bank's HRP practitioners are familiar with the strategic plan of the bank and also that the bank has a separate HR strategy that is coined in line with the overall strategic plan of the bank.

5.1.2. Assessing the Existing Human Resource

This part looked into how the bank is currently assessing its current human resource. The result obtained by both tools demonstrated that the bank performs job analysis for every post it has and as a result it manages to identify the requirements of each job in terms of determining the tasks necessary to successfully complete the job, and the skills necessary to complete the tasks. But on the contrary the result also indicated that the bank does not perform HR inventory that describe skills possessed by its existing individual staff. The interview result in particular indicated that the bank relies on a general qualitative assessment made of its employees which focuses only on the total number of employees

with a certain qualification to perform its HRP. This indicates that the HRP is not being done based on up-to-date information about the knowledge, skill and ability of the existing individual staff.

5.1.3. Forecasting HR Demand and Supply

In relation to HR demand forecasting the findings from both tools indicated the presence of future human resource need forecasting practice in Enat bank. However the result especially from the interview indicated that the bank does not have a standard forecasting procedure applicable to all the concerned parties of the bank. According to the HR manger, except for forecasting done for new branches planned to be opened which is done quantitatively based on trend analysis, each department follows its own way of identifying and assessing its future HR needs. In addition to this the result gathered through the questionnaire indicated lack of technical skill among the participants as far as systematic human resource need forecasting is concerned. The result related to the HR supply practice indicated that the HRP processes in place at the Enat bank failed to undertake identification of the future HR supply for its jobs.

5.1.4. Closing the Gap between the HR Demand and Supply

In relation to matching the HR demand and supply, the result from the administered questionnaire indicated that the bank gives priority to external sources to fill vacancies even though the result from the interview stated that internal sources are given more priority by the bank. This conflicting information indicates a gap in the banks HRP practices towards following a systematic approach in matching human resource needs and human resource supply.

5.1.5. Effectiveness of the HRP Practice

This part looked into the effectiveness of the Bank's Human Resource planning practices. The result from the administered questionnaire demonstrates that the HRP process under implementation is not effective. This finding was supported by the results which indicated that HRP is not helping the bank to efficiently utilize its human resource needs;

it is not clear and understandable; it does not specify detailed activities that consider all required issues and last but not list it is not fulfilling the manpower requirement of the bank. In addition to this the result from the interview indicated the absence of any evaluation that can review the results of the HRP practice.

5.1.6. Challenges Faced by the Bank in Implementing its HRP

In relation to the challenges faced by the bank in implementing its HRP the result from the both tools demonstrated the following as the main challenges faced by the bank:

- conflict between quantitative and qualitative approaches to human resource planning
- conflicts between short-term and long term human resource need
- clear difference of perception towards HRP among the employees who are working on the process

5.2. Conclusion

It is very easy for anyone to notice that Ethiopian banking industry is in a very rapid change. It was only within the last 20 years that sixteen private commercial banks have been opened and become operational. Not only is this, but it is also very easy for anyone to notice that the banks are expanding at a rapid rate. This in other words implies that the banks are operating in a very dynamic environment and that they are expected to compete strongly for their survival. In this regard, their competent weapon is their human resource and how they manage it. HRP as part of HRM, plays a very important role in building a long term organizational capacity, through identifying short and long term goals as well as identifying corresponding work activities that could help in projecting human resource requirements both from internal and external sources.

However despite this role that HRP could play, evidences had indicated that Ethiopian private banks have problems related to properly applying HRP. This problem was seemingly experienced by Enat Bank, where currently employee turnover is at the rise mainly due to the bank's failure to effectively identify the knowledge, skills and abilities

of its current workforce and the resulting absence of practices that consider these internal competences for higher and better vacancies.

Based on the findings of this study it can be concluded that the HRP practice of the bank has constraints which contributes to the rising employee turnover currently experienced by the bank. More specifically based on the results obtained, the study concludes that:

- The HRP practices of the bank has limitations in maintaining a good record of the number and quality of staffs;
- The HRP practices of the bank has limitations in following a systematic approach towards forecasting future human resource needs,
- The HRP practices of the bank has limitations in using qualified personnel with technical skills relevant for HRP and in giving enough emphasis to internal sources when matching human resource needs and human resource supply is done.
- The effectiveness of the banks HRP practice is limited in terms of efficient utilization of the bank's human resource, its clarity and also in fulfilling the manpower requirements of the bank.
- The banks HRP implementation is faced with a number of challenges including the conflicts between short-term and long term human resource need.

5.3. Recommendations

Based on the finding and the conclusions drawn from the findings, the following recommendations were made to further improve the HRP practices of Enat Bank Sc.

To improve its HRP practices, the bank:

- Need to develop a profile on its current employees that should be done based on internal analysis comprising information about the currently available individual skill, qualification and competences.
- Need to estimate the future numbers of people required and the likely skills and competences they will need based on the activity levels for each function and

department or decisions and using standard forecasting techniques such as Managerial Judgment, Ratio-Trend Analysis or Work study techniques

- Need to establish a standard procedure which can be used in the identification of the future HR supply (both from internal sources and external sources) for its jobs
- Need to give enough emphasis to internal sources when it implements gap-closing strategies used to mitigate potential occupational and skill shortages. This includes paying proper attention to the development programs, transfer and promotion policies, and retirement policies etc...
- Should develop and implement a comprehensive career development training program related to HRP for the staff especially to those who are directly participating in the HRP process.
- Need to make its HRP policies and procedures comprehensive and clear so that all stakeholders can have a common ground to effectively implement them.

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Appendix 1: Questionnaire

ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES

Questionnaire to be filled by employees of Enat Bank Sc.

NB: The Researcher is a Masters of Business Administration Student at St. Mary's University, School of Graduate Studies. In partial fulfillment of the requirements for the Degree of Master of Business Administration in General Management, the Researcher is conducting a Study entitled, "Assessment of Human Resource Planning Practices, the Case of Enat Bank Sc.

This questionnaire is solely for academic purposes and so any information provided would be completely treated with strict confidentiality and anonymity. You are respectfully requested to assist the Researcher by completing the questionnaire.

If you have any questions please feel free to contact me.

My contact address is: Cell Phone: +251-929-115703; email: melakumarkos929@gmail.com

Thank you very much.

General Instructions

- A. It is not necessary to write your name.
- B. Please answer the questions by putting ✓ mark inside the boxes provided at the end of each question.
- C. Please write any information or idea your may want to add on the space provided at the end of the questionnaire.

Acronyms:

- HRP: Human Resource Planning
- HRIS: Human resource Information System

QUESTIONNAIRE

I. PERSONAL INFORMATION

- a. Sex: a. Male b. Female
- b. Age Group:
- a. 18 – 30 Years
- b. 31 – 40 Years
- c. 41-50 Years
- d. 51-60 Years
- c. Marital Status: a. Single b. Married
- d. Educational Level:
- a. Diploma b. Degree c. Master c. PHD
- e. Number of Years of service in Enat bank
- a. 1 -2 Years
- b. 2 to 4 years
- c. 5 year and above

II. HUMAN RESOURCE PLANNING PRACTICES AND PROCEDURES

A. The HRP process of Enat Bank Sc.

No.	Agreement Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I am aware of the bank's strategic plan					
2	I know the bank has a separate human resource strategy					
3	I know that the bank's human resource strategy is coined in line with the bank's overall strategic plan.					
4	I am aware of all the human resource policies and procedures of the bank.					
5	The bank's human resource planning process is oriented to the strategic direction of the bank.					
6	The bank's HRP is developed by analyzing existing jobs.					
7	The bank considers Manpower Inventory in setting its HRP.					
8	The bank uses HRIS to support the HRP process.					
9	The bank forecasts its future human resource needs in setting its HRP.					
10	The bank's HRP process considers external forces in forecasting its future workforce needs.					
11	The bank's HRP responds to any external changes.					
12	The bank's HRP is flexible to accommodate future changes.					
13	The bank use Executive Judgment method to estimate its future human resource needs:					
14	The bank use Trend Analysis method to estimate its future human resource needs					
15	The bank use Work study method to estimate its future human resource needs					

The HRP process of Enat Bank Sc. Cont'd

No.	Agreement Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
16	The bank HRP uses external sources as a future source of supply of potential employees.					
17	The bank HRP uses internal sources as a future source of supply of potential employees.					

B. The effectiveness of the bank's HRP process

No.	Agreement Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The HRP process helped the bank to efficiently utilize its human resource.					
2	The bank has clear job description and job specification for every position.					
3	The bank has managed to effectively determine its future human resource needs.					
4	The bank has adequate pool of qualified employees.					
5	The banks HRP is clear and understandable.					
6	The bank's HRP specifies detailed activities considering all required issues.					
7	The bank's HRP fulfills the manpower requirements of departments and branches.					
8	I believe the bank's HRP is achievable.					
9	People involved in the HRP preparation are willing and cooperative.					

Effectiveness of HRP process Cont'd

No.	Agreement Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10	There is free fellow of information among the participants of the HRP process.					
11	The bank's HRP considers compensation issues.					
12	The bank's HRP is comprehensive.					
13	The human resource planning practice of the bank has played a role in meeting the bank's business objective.					

C. Challenges faced by the bank in practicing its Human Resource Planning

No.	Agreement Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Human resource information is compatible with the information used in strategic formulation.					
2	There is a conflict between quantitative and qualitative approaches to human resource planning.					
3	The main challenge is conflicts between short-term and long term human resource need.					
4	There is clear difference of perception towards HRP among the employees who are working on the process.					

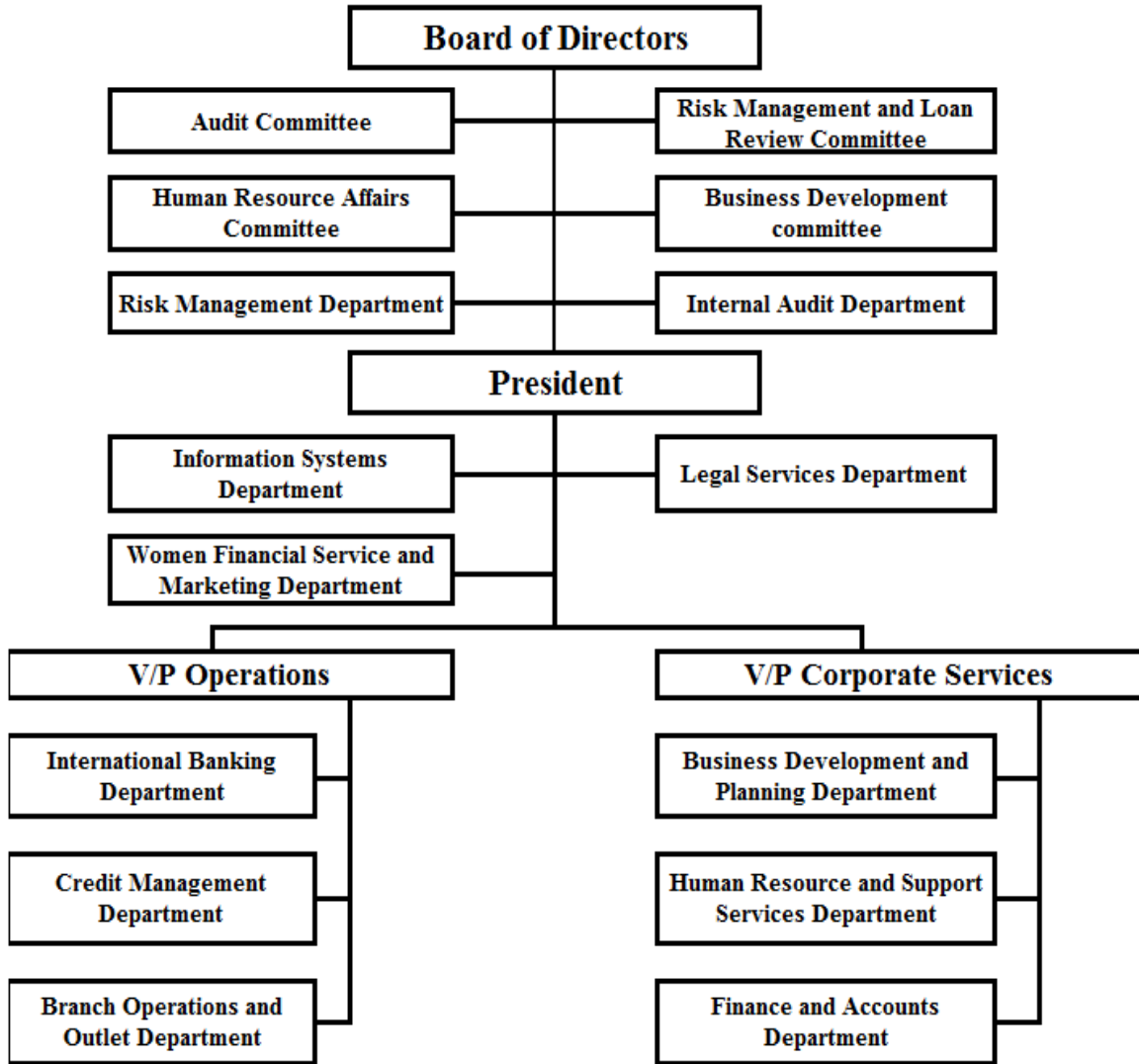
Please state if you have faced any other challenges while developing the human resource plans:

-

Appendix 2: Interview Guide

1. What is your position?
2. What has been the extent of your involvement with HRP in Enat Bank?
3. To what extent does the organizational strategy guide HRP?
4. Is there a linkage between the HRP strategy and the Strategic planning (SP)? a. How closely do HRP people work with SP people?
5. Describe the process and key activities that are used to conduct HRP in Enat Bank?
6. How do you and how often do you assess your current workforce.
7. Do you have HRIS that support the assessment process.
8. Do you estimate the banks future human resource needs and if so how frequently do you do that?
9. What techniques do you apply to estimate the future human resource needs.
10. What source of future workforce supply do you give more emphasis to? And why?
11. What factors do you take into consideration in forecasting your future workforce supply?
12. Does the bank measure the outcomes of HRP? If so how?
13. How do you react to these changes?
14. How frequently, if at all, do you review and make changes to HRP?
15. What are some of the changes you have made to your strategic plan and why?
16. Do you think it is possible to measure the outcomes of HRP? If yes how? Give a list of global HRP best practices to the interviewee and ask:
17. What challenges do you face in implementing your HRP.
18. How do you communicate with the rest of the staff who are participating in the Bank's HRP system?

Appendix 3: Organizational Structure of Enat Bank Sc.



Source: Enat Bank (2017)