



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**CHALLENGES AND PROSPECTS OF THE
ETHIOPIAN INSTITUTE OF FINANCIAL STUDIES
(EIFS) WITH SPECIAL EMPHASIS ON INSURANCE
TRAINING**

BY

BELAY TULU TADESSE

FEBRUARY, 2023

ADDIS ABABA, ETHIOPIA

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BY

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ID No: SGS/0104/2013B

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DECLARATION

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

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FEBRUARY, 2023

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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LIST OF ABBREVIATIONS

| | |
|---------------|---|
| ACII | Associate of the Chartered Insurance Institute |
| AEI | Association of Ethiopian Insurers |
| AIO | African Insurance Organization |
| CBB | Construction and Business Bank |
| CBE | Commercial Bank of Ethiopia |
| CIFM | College of Insurance and Financial Management |
| CII | Chartered Insurance Institute |
| CIIN | Chartered Insurance Institute of Nigeria |
| DBE | Development Bank of Ethiopia |
| EIBI | Ethiopian Institute of Banking and Insurance |
| EIBS | Ethiopian Institute for Banking Studies |
| EIC | Ethiopian Insurance Corporation |
| ETIDI | Ethiopian Textile Industry Development Institute |
| GIA | Ghana Insurance College |
| GIBA | Ghana Insurance Brokers Association |
| LOMA | Life Office Management Association |
| NBE | National Bank of Ethiopia |
| NIC | Nigeria Insurance College |
| TNA | Training Need Assessment |
| UNESCO | United Nations Education Science and Culture Organization |

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ABSTRACT

The main purpose of this study is, thus, to identify the key challenges and future prospects of the EIFS, with special emphasis on insurance training. The mixed research approach is selected as the data collected in this research is described both qualitatively and quantitatively. Descriptive design is used owing to its ability to describe existing situation of the EIFS like any other social science studies. Both primary and secondary data sources are used. The primary data was gathered through structured interview, questionnaire and open ended questions. In addition, web based review of the experience of selected overseas insurance institutes is used as a secondary source to comparatively examine EIFS operations. The study has indicated that, the EIFS mission and objectives are not well synchronized with current and future training development needs of the insurance sector, the training program management is effective regardless of the weaknesses in the training management system, trainees are satisfied by the trainings offered, the EIFS operations are inferior and it lags far behind its comparators. Absence of policy and strategy, weak governance and inefficient structure; absence of strong management are also identified as problems of the EIFS. The study has also identified that the EIFS has ample opportunity for future growth and expansion. In order to overcome the key challenges and to capitalize on the opportunities, the researcher recommends the EIFS should: formulate policy and define its mission and objective in line with the industry's current and future needs, install effective and up-to-date training management process, be re-established by a charter or law, strengthen its governance and management and work towards a full-fledged insurance training and education institute.

Key words: *Mission and strategy, Training and development, Training design, Insurance Industry*

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The practice of training and development has evolved since the earliest days of human civilization. It has passed through different stages and followed different styles. –If you tell me, I will listen. If you show me, I will see. But if you let me experience, I will learn, Lao-Tzu cited by Chinese (2010). What this famous proverb in short tells us is that there are different ways to train people but better learning comes out of practice. In the modern world training and development is one of the key functions of human resource management. It plays a vital role in enhancing employees’ performance and increasing productivity thereby resulting in organizational effectiveness

In the context of the Ethiopian finance sector, training and development practice dates back to the era of the State Bank of Ethiopia that was established in 1931. When the Bank began operation in 1943, there was a chronic shortage of trained and well educated Ethiopians (Mittafa, 1992). At the time, various measures were taken to increase the number and capacity of the domestic employees. As a result of the measures taken to cultivate an indigenous talent, the number of native employees has grown and eventually took over the management and operations of the Bank from foreigners.

The first banking training institute was the Ethiopian Institute for Banking Studies (EIBS) that was established in 1965(GC) by the co-sponsorship of the National Bank of Ethiopia(NBE) and the Commercial Bank of Ethiopia(CBE) (Mittafa, 1992). The NBE and the CBE are the off-shots of the State Bank of Ethiopia that was split in to two in 1963. The EIBS had been operating under the supervision of the CBE and providing training mainly to CBE’s staff. As the organizations grew in size and operation and additional banks entered the market, the NBE is mandated to promote and sponsor training of personnel in the subjects of money, banking, finance, and other related subjects by the Monetary and Banking Proclamation No.99/1976. Consequently, the NBE took the supervision and management of the EIBS from the CBE and renamed the EIBS as the –Ethiopian Institute of Banking and Insurance (EIBI)|

in 1976. The EIBI has continued to provide various short-term trainings in banking, insurance, computer and other general topics. Management development program was introduced and became fully operational in 1986. The EIBI was put under the jurisdiction of a Board of Trustees comprising the National Bank of Ethiopia and the four public financial institutions, namely; Commercial Bank of Ethiopia, the Ethiopian Insurance Corporation (EIC), the Development Bank of Ethiopia (DBE), and the former Construction and Business Bank (CBB) even though administratively it is under the NBE.

In 1996, a study was commissioned in order to strengthen the EIFS and enable it to respond to the new realities of the finance sector following the opening of the sector for private investors in 1994. The study recommended the following programs: post graduate program in core banking and micro-finance studies, and diploma program in insurance. Besides, a multipurpose building complex was constructed as a training center in the Akakai Sub-city over an area of 178,500 m². While preparation is underway to start operation at the new premises and implement the proposed long-term programs, the whole plan was unfortunately abandoned. The long-term programs were shelved; the center was temporarily let to the Addis Ababa University. After ten years, the training center was returned back to the Institute. Nevertheless, the EIFS remained to provide short term trainings.

Meanwhile, the Ethiopian finance sector in general and insurance sector in particular has been grown substantially in terms of number of companies and the workforce. What is more, the success of these companies, like other organizations, heavily relies on the competence and quality of the people they employ. The human capital is one of the very important resources that determine the competitiveness and success of the sector. Because of this, the sector hugely invests on its employees and expects to get the desired return. Moreover, to ensure that adequate fund is available for the development of the sector's human capital, the NBE made it mandatory for every insurer to allocate 2% of its recurrent budget for training and development (NBE, 2015). Under such circumstances, where the industry has a huge demand for capacity building and the NBE as a regulator gave high emphasis on training and development, the EIFS on the supply side however was not in a position to adequately respond to the sectors demand. It is, therefore, timely, if not delayed, and necessary to investigate and understand the current operations and state of the Institute. It is also equally

important to identify its challenges and future prospects from the insurance industry's vantage point.

The research focused on identifying the key challenges and the opportunities or future prospects of the Ethiopian Institute of Financial Studies (EIFS) with particular emphasis on the insurance training service it provides.

1.2 Statement of the Problem

The Ethiopian Institute of Banking and Insurance had been providing training and educational service for the finance sector in general and the Ethiopian Insurance Corporation in particular until 1991. After the opening up of the finance sector for domestic investors, the finance sector landscape was immediately changed. Accordingly, the number of insurance companies grew to 18 as at June 30, 2021(NBE).

As result, the newly established private insurance companies took most senior and experienced staffs of the Ethiopian Insurance Corporation. The mass migration particularly from the middle and top managerial positions, at the early years of the market liberalization, had almost a disruptive effect on the Ethiopian Insurance Corporation. However, over time and as the sector expands, almost all insurers have become victims of this problem because of the serious shortage of trained and experienced workforce.

Even to date, snatching the best talented and experienced staff has continued and remained to be a serious industry threat. To bridge this gap the industry continued to hire young university graduates to meet its human capital demands. However, the generalized business, economics, management and other university qualifications may not adequately serve the sector well to find just-in-time solution without robust pre-service and in-service trainings. The sector needs a cadre of aspiring young minds which are specially trained for the sector which can be achieved partly by having a very competent and industry focused professional training institute.

What is more, the under development of the Ethiopian insurance sector, evidenced by the low level of penetration which is, 0.4 %(AIO) and which is behind the African average and some

of the neighboring markets can be partly attributed to the absence of key professions and industry knowhow. Particularly, the very tiny life insurance business requires attracting customers through a sustained marketing effort, attractive value proposition, ethical business practices, and a healthy competition. This in turn calls for an insurance training and education that responds to the need for appropriate competencies.

In general, the growing competition and demand for qualified and experienced insurance professionals and executives on the one side and the absence of some key professions in the industry which created the apparent gap on the supply side on the other hand, clearly shows the gravity of the problem. The situation thus has heightened the demand for a modern, well-resourced, and industry focused insurance training institute more than ever.

This being the situation however, the EIFS, as mentioned earlier, remained to provide only short term technical and management development courses for both the banking and insurance sectors. The EIFS fully relies on freelance trainers who in many cases come up with their own training materials. At the moment, the EIFS seems to be fully engaged in coordinating and managing training programs than on providing a strategic response to the broader sector wide demand. The sector's training and development needs can be adequately and effectively addressed if the training and development programs are designed on the basis of clear training and development strategy that is crafted through an overall environmental assessment. It is also very important to draw on the experience of insurance institutes across Africa and beyond. In addition, learning from insurance professional associations that are working to develop and maintain the professional status of career insurers will be more helpful in designing the strategy.

Thus, this study focused on finding out the circumstances under which the EIFS currently is operating. This may include, the type of insurance training and related services it provides, its overall training program management/ program design process, the level of satisfaction of the trainees and their employers by the trainings it provides. The study tried to find out the compatibility between its mission, objectives, and strategy and the needs of the insurance sector. Challenges and opportunities of the EIFS are also the key focal points of the study.

To the best of the researchers knowledge', there are no prior studies conducted on the EIFS. In addition, some of the researches or studies reviewed for the purpose of this study focused mainly on the effectiveness of the training management. Particularly, they focused on the effectiveness of training need assessment, fairness of trainer's selection process, and training evaluation process. This is because some of them dealt with trainings provided by a training institute that only cater for internal/organizational staff/ employee only. Others who examined training effectiveness focused on the effect of the trainings on productivity and other expected results. However, the studies have not addressed the very foundation of the training institutes themselves. Which means, evaluating whether the mission of the institutes and the demands of the target customers they serve are strongly linked or not or asking why the institutes are needed in the first place. In addition, the studies have not attempted to identify the key challenges of the training institutes as they focus mainly on the trainings. Thus, this study investigated the relationship between operations of the EIFS and the demands of the insurance industry. By doing so, it tried to identify its challenges and opportunities.

1.3 Research Questions

Primarily, the research is expected to provide answers for the following fundamental and key questions:

1. How aligned are the EIFS's mission, vision, objectives and strategies with the training and development needs of the insurance sector?
2. How effective is the EIFS's training management process?
3. How satisfied are trainees by the effectiveness of the training service of the EIFS in bringing skill, knowledge and attitudinal change?
4. Where the EIFS stands in terms of its training and other related operations as compared to other similar institutions?
5. What are the main challenges of the EIFS?
6. What opportunities are available for EIFS and what should be done to capitalize on them?

1.4 Research Objective

1.4.1 General Objective

The overarching objective of the study is to identify the key challenges and future prospects of the Ethiopian Institute of Financial Studies in respect of the training service it provides to the Ethiopian insurance industry.

1.4.2 Specific Objectives

Specific objectives are the following:

- Assessing the extent to which the EIFS's mission and objectives are aligned with the insurance industry's current and future training and development needs;
- Assessing the effectiveness of the training management process of the EIFS;
- Evaluating satisfaction of trainees on the effect of the EIFS trainings;
- Examining the EIFS's training and other key and ancillary operations in light of the operations of similar insurance training institutes/insurance colleges in selected but comparator countries;
- Identifying the main challenges of the EIFS; and
- Finding out prospects or opportunities of the EIFS and actions required to realize them.

1.5 Significance of the Study

The study deals with the training and development operations/ services, the corresponding key challenges and opportunities of the EIFS. It examined the type and scope of trainings offered by the EIFS in light of the training needs of the insurance sector, the trainings offered by similar institutions, the effect of the trainings on the performance of the insurance sector and the current state of the EIFS in terms of institutional capacity and resources to effectively support the local insurance industry. The EIFS training management process is thoroughly investigated.

As a result, the research is expected to provide important input for policymaking as far as insurance sector training is concerned. Accordingly, the National Bank of Ethiopia as owner of the EIFS and as the Central bank responsible for the maintaining a stable and thriving financial sector can use the study as an input for any attempt to strengthen the EIFS. The

Association of Ethiopian Insurers can also use the study for any sector wide capacity building deliberation. What is more, the study may provide important information for investors who may aspire investing in training and education, as well as for academicians for further study. It will also pave the way for commissioning further insurance sector capacity building study.

The study may also serve as an input to prepare the sector for the global competition that will sooner or later pose a serious threat to the fledgling local insurance industry.

As far as this research is concerned, the researcher has not come across any prior study conducted on the EIFS or even on its predecessor, the EIBI apart from those internally commissioned by the National Bank. Thus, this may make this study a launching pad for future studies. Accordingly, the result of the study is expected to provide concerned policy makers and the insurance industry with an important input for the reorientation or overhauling of insurance training in particular and the EIFS mission in general.

1.6 Scope the Study

EIFS provides training to the banking and insurance sector as well as the National Bank of Ethiopia. However, the scope of the study is limited the challenges and prospects of the EIFS focusing on the insurance training and on the insurance sector. This is because banks and insurers have significantly different business models. The main business of banks is mobilizing or collecting deposits and advancing of loan alongside the provision of other fee based services.

On the other hand, the core business of insurers is pooling and transferring of risks. On top of this, banks and insurers play quite different role in the economy. Banks are part of the payments and settlement system and are the main transmission channels of central bank's monetary policy. Insurers rather play a catalyst role by encouraging investment through providing a risk transferring mechanism.

Banks often fall under the jurisdiction of central banks and are regulated by central banks while insurers in the majority of cases are regulated by non-central bank regulators. The experience of banking and insurance training institutes follows the above general pattern.

Usually, an insurance sector training and development service is run by professional institutes such as the Chartered Insurance Institute of UK, Life Office Management Association of the United States of America, Insurance Institute of Kenya, and many others in many countries. Despite the difference in their objective and status, almost all insurance training institutions follow more or less similar curricula other than country or market specific issues. This is because more or less insurance products are similar in their nature and the internationalization of the business itself. If we take the African experience, many of the countries have at least one national insurance institute or college which closely works and sometimes financed by the sector. In our case, it is a historical coincidence that insurance and banking trainings are placed under one roof; the nationalization of financial institutions. In addition, designations accorded and the worldwide acceptance of the professional designation of insurance trainings distinguishes the whole management of the programs and running of such institutions from the banking training. However, the EIFS can carry on both trainings as two main faculties with their own mission, policies, strategies, governance and mission until the situation demands otherwise.

Even if the EIFS has been in the business of training and management development for many years, the study will focus only on trainees of the past financial year and who are residents of Addis Ababa. The levels of analysis are individual employees, insurance companies and organizations such as, the Association of Ethiopian Insurers and the EIFS itself. Although the research mainly embraces the most recent trainees only, the response from the Chief Executive Officers will provide the historical perspective.

1.7 Limitation of the Study

The findings of this research have to be seen within the context of the limitations under which the study is conducted. The first limitation is time. The study has to be conducted under enormous time pressure due to the researchers' nature of regular duty. As a result, it was not possible to include other stakeholders who could have brought additional perspective in to the study. Besides, owing to the mixed nature of the research approach, the interview and open ended questions require more time than quantitative research. What is more, even though the findings and the recommendations are valid and can be considered for implementation as they stand, under the current organizational set up and twin roles of the EIFS, it would be difficult

to take partial action unless an overall study covering the needs of the banking sector including the NBE and other finance sector players is conducted. Thus, this is also another limitation of the study.

1.8 Organization of the Study

This research study is organized under five major sections. The first section covers the introductory part where the background, the context of the study and relevance of the study are discussed. The second section deals with the literature review where scholarly articles, text books and journals relevant to the study are reviewed and where the theoretical foundation is laid. The third section is devoted to and discusses the research method which largely deals with the research design. The fourth section deals with data gathered and analyzed and interpretation of the results. The final section presents the conclusions and recommendations.

CHAPTER TWO: LITREATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Introduction

The topic of the research is the current Challenges and Future Prospects of EIFS, with a particular emphasis on insurance training. The research will cover the training service offered by the EIFS and the effectiveness of the trainings in addressing the training and development needs of the Ethiopian Insurance Industry. Examining the training program design process of the EIFS in light of the training design processes is another focal area of the research. In addition, the research will assess the extent to which the EIFS's mission is aligned with the current and future training and development needs of the insurance industry and the practice of similar overseas insurance training institutes. The literature review is aimed to get a good understanding of the concepts of training and development, training program development process, training objectives and the mission and vision of a training institute. Moreover, the aim is to get familiarized with researches conducted and identify what is known and what is unknown in this particular area.

2.1.2 Training and Development

Training and development is vital element to successful work and growth in any organization. Employees are considered to be the key determinants of success of organizations. Therefore, organizations need to invest huge funds on the human capital because the performance of employees will ultimately increase the performance of the organization (Dora & Sabahg, 2008, as cited by Divya Rana 2016).

According to Rrao.(1990 , p.8), human resource development is a continuous planned process by which employees are helped to: acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles; develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational development purposes; and develop an organizational culture in which supervisor-subordinates relationships, team work and collaboration among sub-units are strong and contribute to the professional wellbeing, motivation and the pride of the employees.

Due to the demand of customers for low cost and high quality services and products, firms are forced to improve their performance regularly. With the availability of new technologies and continually improved working systems and process, organizations attempt to realize an improved performance and cope with the challenges. One important organizational resource that put organizations in a better position than their competitors is their workforce. Successful organizations are those who better understand the correlation between long term success and a well designed and implemented employee training and development (Mahapatro 2010). Factors such as customer service, productivity, safety, employee retention and growth, uncertainty in the economy, emergence and use of new technology affect all companies and influence the kind of trainings to be offered (Raymond 2017).

The overall goal of training and development is learning, which is the acquisition of knowledge, skills, competencies, attitudes, or behaviors by employees. Learning has two purposes. First, learning contributes to company's competitive advantage through improving employee performance, the provision of quality products or services and by enhancing productivity, development of new products or services and retaining key employees. Second, learning positively contributes to the human capital which is one of the intangible and key assets. Human capital refers to knowledge (know what), advanced skills (know how), system understanding and creativity (know why), and motivation to deliver high-quality products and services (care why). Due to the inimitable nature of human capital, human capital has more value for a firm than the physical and financial assets, according to Raymond (2017).

2.1.2.1 Training

Training refers to a planned effort by a company to facilitate learning of job-related competencies, knowledge, skills, and behaviors by employees. The goal of training is for employees to master the knowledge, skills, and behaviors emphasized in training and apply them to their day-to-day activities. Training is a process of equipping employees with the required skill, knowledge and behavior necessary to carry out the job he/she is assigned for. It is a short term intervention aimed to generate immediate results. There seems to be a wide consensus on the purpose of training. According to Stoner (2005) as cited by Ogbu and Osanaiye, (2017), training is teaching technical skills to non-managerial personnel. Furthermore, training is defined as an experience, a discipline or systematic action which

causes people to acquire new skills and knowledge and predetermined behavior. Robert and Coayne (2005) cited by Ogubu and Osanaiye (2017), defined training on the same line of thought as “the provision of skills and knowledge needed for present job”. According to Nwachukwu (2004), “training is the organizational effort which is been aimed at helping an employee to acquire basic skills required for the efficient execution of the functions for which he/she was hired”. For Clifton and Lawrence (2005), training is the systematic process of altering the behavior of employees in a direction that will achieve organization goals. Training is related to present job skills and abilities. It has a current orientation and helps employees’ master specific skills and abilities needed to be successful. Training refers to learning and development to improve individual, team and organizational effectiveness. From the above definitions it can be deduced that employee training is deliberate effort of organizations aimed at improving the knowledge, skill and behavioral modification required to perform a given task by an individual employee.

Training can be formal or informal and can be conducted internally or externally. Internal training includes informal training, on the job training and cross training. External training includes outsourcing, distance learning, simulation & training. Outsourcing is the major category of employee training. Whatever the modality of training, the objectives of training are: increase in organizational effectiveness, improvement in employees’ skills and attitudes, cost reduction, improve labor management relation and enhancing problem solving and creative thinking.

2.1.2.2 Development

Alternatively, development refers to activities leading to the acquisition of new knowledge or skills for the purpose of personal growth. It tends to be more future-focused, and also refers to training as well as formal education, job experiences, relationship, and assessments of personality, skills, and abilities that help employees prepare for future jobs or positions. It is: “ the growth or realization of a person's ability, through conscious or unconscious learning. Development programs usually include elements of planned study and experience, and are frequently supported by a coaching or counseling facility” (Manpower Services

Commission, 1981:15). Development occurs when a gain in experience is effectively combined with the conceptual understanding that can illuminate it, giving increased confidence both to act and to perceive how such action relates to its context (Bolton, 1995:15). Development more tends to focus on senior managers and on employees who demonstrate a leadership potential. Career, which is described as sequence of positions held within an occupation can be built with in the development process.

However, there are other writers who try to combine training and development and came up with a comprehensive and accommodative meaning for training and development. In this regard, Roberts and Wayne (2006 cited by Ogubu James & Osanaiye, 2017) combined the two concepts into one definition and defined training and development as “the act of a continuous effort designed to improve employee’s competency and organizational performance”. Maureen, (2001) “training is the process of teaching, informing or educating people so that they may become as well qualified as possible to their work and so that they become qualified to perform in positions of greater difficulty and responsibility”. Also Flippo (1997) conceptualize training as calculated effort at increasing an employee skill for doing a particular job and developing a person’s knowledge for a national purpose.

In summary, training is often seen as a planned and systematic process of learning in the sense of acquiring, modifying, and/or developing knowledge, skills, and abilities (KSA) in order to achieve and/or improve the employees’ performance in the current job and prepare them for an intended job. It is concerned with current productivity, whereas development can be seen as a –general enhancement and growth of an individual’s skills and abilities through conscious and unconscious learning|. The major differences between training and development are at the level of time and scope. Training is a short-term process, using instruction to solve technical problems and so it is used for specific job-related purposes. Development is a –marathon|: a long-term process, where organizations and their employees proactively seek competencies, skills and knowledge to resolve eventual future problems Buckley and Caple (2000).

2.1.2.3 Education

Education is the process through which knowledge; skills, attitudes and values are imparted for the purpose of integrating the individual in a given society, or changing the values and norms of a society. For individuals, this process is a life-long process that begins right at birth and ends upon death. Education is defined as “comprising organized and sustained communication designed to bring about learning” (UNESCO, 1975). Education further defined by UNESCO (2007), as a process by which a person develop abilities, attitudes and other forms of behavior considered to have value in the society in which he lives; when education is informal it virtually equals growth; when it occurs in a selected and controlled environment it may be either formal or non-formal.

Furthermore, education is defined as: activities which aim at developing the knowledge, skill, moral values and understanding required in all aspects of life rather than a knowledge and skill relating to only a limited field of activity. The purpose of education is to provide the conditions essential to young people and adults to develop an understanding of the traditions and ideas influencing the society in which they live and to enable them to make a contribution to it. It involves the study of their own cultures and of the laws of nature, as well as the acquisition of linguistic and other skills which are basic to learning, personal development, creativity and communication (Manpower Services Commission, 1981).

2.1.3 Benefits of Employee Training and Development

Invariably all organizations, regardless of the industry to which they belong, and the markets in which they operate, invest huge amount of money on employee training and development. This is, because, training and development not only provide employees with extra skills that allow them to increase safety and productivity but leads them to higher job satisfaction, that would result in a better corporate performance. Employees can make rational or knowledgeable decisions that benefit both customers and the company they are working for. Best business systems and best business models can only bring about the desired result if they are coupled with talented, motivated and well directed employees. It is important to note that training is part of an organization’s culture.

According to Mahaptra (2010), the reasons why managers or supervisors provide training for their employees, among others, are: increased job satisfaction and morale, increased employee motivation, increased efficiencies in processes, resulting in financial gain, increased capacity to adopt new technologies and methods, increased innovation in strategies and products, reduced employee turnover, and enhanced company image.

Employees become valuable to firms and to the society and start to share the material gains that resulted from their increased productivity and they will develop a greater sense of accomplishment, dignity and wellbeing. These factors give them a sense of satisfaction through the achievement of personal and company goals.

Organizations also benefit from employee trainings. The benefits according to Mahaptra (2010) includes improving the bottom line, increasing staff retention due to an enhanced sense of belongingness and loyalty, increased quality and flexibility of services, maintenance of competitiveness and a ripple effect on other organizational levels.

2.1.4 Training Development Process

Training can be successful if it is designed effectively. Training design process refers to a systematic approach for developing a training program. According to Raymond (2017), training design process has seven steps. Conducting needs assessment; ensuring that employees have the motivation and basic skills necessary to master the training content, creating a learning environment, ensuring that trainees apply the content to their job, developing an evaluation plan, choosing a training method and evaluating the program are distinct elements of this process. Likewise, Wendy (2007) suggests that a training to be effective should identify the training need, ensure trainees acceptance, create positive learning environment, develop appropriate training methods, ensure that new skills are applied and conduct evaluation.

The broader training development process or a training cycle has five steps: identifying the learning requirement, establishing learning objectives, designing and planning, delivering training and evaluating the training. As for W. Clayton (2006), the gold standard for training

development process remained to be the basic analysis, design, develop, implement, and evaluate (ADDIE) training process model that training experts have used for years.

Regardless of the number of steps involved and the difference in the terminologies used, a training process commonly involves training needs assessment, establishing training objectives, designing and planning the training program, delivering training/implementing/ and evaluating.

2.1.4.1 Needs Assessment

The first step in training design or in developing a training program is training needs assessment. Training needs assessment involve conducting organizational, person and task analysis in order to determine whether a training is required or not and if so what kind of trainings are required.

Training needs assessment should encompass the needs of people working at all levels of organizations starting from top management all the way to operational staff. The skills & knowledge required at each level is different. Accordingly, they can be categorized as one of policy and strategy, management and control, and operations oriented. According to Armstrong (1996), training need analysis should cover problems to be solved as well as future demands based on whether the organization must acquire new skills or knowledge or must improve existing competencies.

In the context of training institutes such as, the EIFS, whose main business is provision of training and development services, a training need assessment process should also include both demand and supply side analysis and identifying the gap therein.

Proper training need identification save organizations from spending resources on programs which are not necessary, sending trainees for programs for which they do not have the basic skills and prescribing the wrong solution for a wrong problem.

2.1.4.1.1 Who should participate in the need assessment?

As the main purpose of need assessment is to determine whether or not training need exists, for whom it exists, and the task that needs the training, it is very important to involve all stakeholders such as managers, trainers and employees in the process. Traditionally, only trainers were concerned with the needs assessment process.

2.1.4.1.2 Methods of Needs Assessment

Training needs assessment can be conducted using several assessment tools. Observing while employees are performing their job, using online technology, reading technical manuals and other documentation, interviewing subject matter experts, conducting focus groups discussion with subject matter experts are used to identify training needs. Asking subject matter experts to complete surveys designed to identify the tasks and knowledge, skills, abilities, and other characteristics required for a job is also another important tool.

After the training need is assessed, planning of the training session or instructional design will be carried out. This includes identification of objectives and selection of appropriate contents, materials, training strategies and evaluation techniques. Based on the training need assessment, training concept and plan will be developed, training objective or goal will be set and training materials will be developed.

2.1.4.2 Training Objectives

Training is designed to attain a particular objective. Training objective is a translation of training needs identified in to observable and measurable behaviors. Specific and unambiguous objectives state the changes expected in terms of organizational and individual performance, which could be used to design training programs (Wills, 1998). Objectives should describe behavior and conditions under which the behavior has to occur which can be measured both inside and outside the training environment and standards (Wills, 1998).

From human resources management or from an individual company's training and development management perspective, training objective should directly mirror image the identified training needs. However, from a training institute's or a training service provider's standpoint, training objective is mainly derived from the mission and vision of such institutes. This is because vision and mission lay the foundation for an organizational strategy and thus to its objectives. As Peter (1974) said " A business is not defined by its name, statutes, or articles of incorporation. It is defined by the business mission". Mission is a statement of purpose or the reason for being that distinguishes one organization from other similar enterprises. It identifies the products and services being offered by the company, types of customers it has, and technological and business capabilities of the company. A clear definition of a mission statement is essential for effectively establishing objectives/goals and drawing a strategy believed to be the best alternative to achieve organizational goals.

Often mission statement is accompanied by vision and values. Vision is the company's future picture while values are what the company stands for. It is the vision statement that dictates the company's strategic objectives/goals. Setting the vision statement requires analyzing the internal and external business environment. It is aimed at shaping the business direction and path in the medium and long run.

Therefore, a training institute's objective like any business objective, identify what the EIFS hopes to achieve in the medium to long term; reflect how the mission will be carried out. The organizational structure, the human resources required, the source of finance, the products and service to be delivered are all defined on the basis of mission, vision and objectives. Therefore, a training institute is required to develop a strategic plan that integrates and directs its goals, policies, and actions.

2.1.4.3 Design and Planning

Ensuring employees readiness for training and creating a learning environment

Training design refers to factors built into the training program to increase the chances that transfer of training will occur. A training design should consider and incorporate different factors that influence employees learning and retention. Three factors namely, training design, trainee characteristics and work environment influence learning, retention and generalization.

“Learning refers to a relatively permanent change in human capabilities that can include knowledge, skills, attitudes, behaviors, and competencies that are not the result of growth processes” according to Raymond (2017, p159). Trainees’ character refers to their basic skills and abilities. If trainees lack the basic skills needed to master training and then to implement it, they will not be motivated to learn and no transfer of training will occur.

Besides, letting employees know why they need training and what they need to learn, helps them to easily learn. This is because employees learn best when they have a good understanding of the objective/purpose of training. Moreover, employees tend to learn and attaché meaning to training when the training is linked to their current job and practice. Giving employees an opportunity for rehearsing or practicing what they learned will also increase the likelihood of learning. Another important factor is providing employees with feedback for any observed behavior. Observation and interaction with other trainees during training and with fellow workers back at their workplace also enhance employees learning. Therefore, training design should take in to account all of the above points.

2.1.4.3.1 Transfer of Training

Application of the knowledge, the skills, the behavior and cognitive strategies acquired from training by employees to their job is what is called transfer of training. “Despite the importance of transfer of training and the emphasis that some companies are placing on it, research suggests that only 62 percent of employees transfer training immediately after completing training programs”, Raymond (2017, p.187). Transfer of training can be done by generalization of trainings and maintenance of the learned material. Generalization refers to a trainee’s ability to apply learned capabilities to job or work problems and situations that are similar but not identical to those problems and situations encountered in the learning environment. Maintenance refers to the process of continuing to use newly acquired capabilities over time.

There are three theoretical approaches for transfer of training (Raymond, 2017). Under the theory of *identical elements* transfer occurs when what trainees learned in the training is

identical to what they actually perform in their organization. The *stimulus generalization theory* suggests that training should be constructed in a way it gives an emphasis to the most important principles. This will enable the trainee to apply what is learned even if the work situation is not similar to the training. The *cognitive theory* of transfer suggests that the chance of transfer increases by providing trainees with material that will help them to link what they learned with the reality they encounter.

2.1.4.3.2 Developing Curriculum and Course Plan

Developing curriculum and course plan is an integral part of design and development. –A curriculum refers to an organized program of study designed to meet a complex learning objective, such as preparing a learner to become a salesperson, certified computer network technician, licensed nurse, or manager (Raymond (2017, p 216). A curriculum is a set of course aimed at developing desired competencies required to perform a job. As competencies are developed over time, curricula and the course incorporated in are implemented over an extended period of time. Courses on the other hand are designed to address specific objective and to enhance more specific skills.

A course or lesson plan is a detailed plan of a course that clearly specifies the steps to be followed in the lesson, the activities to be performed both by the trainer and the trainees and the time allocated to each topic in the lesson. Depending on the length of a training duration, daily lesson plan will be developed. Lesson plan helps run trainings in a consistent manner irrespective of who conducts the training.

2.1.4.3.3 Selecting Trainers

Developing curriculum, course plans and training materials can only be useful if the trainings are delivered by competent and professional trainers. Trainers could be internal managers or employees or external consultants or professionals (Raymond, 2017). Where they are internal or external trainers, they must have the expertise in the topic or the course and experience in training. In order to get effective trainers, the desired profile must be defined and selection has to be done accordingly. In addition, training of the trainers program is important to develop

internal trainers and external experts who know the subject but need to develop presentation and communication skill and preparation of course plans.

2.1.4.4 Delivering Training

Once the training program is designed, training materials are developed, trainers, trainees and training site are selected, the training will be delivered according to the plan. The assigned trainer will deliver the course according to the course plan. The program may be managed by the trainer or by the training coordinators of the training department as the case may be.

2.1.4.5 Training Evaluation

The final stage in the training cycle is evaluation. Training evaluation is a process of determining the effectiveness of a training program. Evaluation of training is important to know whether a training program has been worthwhile or a waste of time. If the training has not been worthwhile, then it can be amended (Carole, 2003). More specifically according to Carole (2003, P. 91) –the training evaluation can answer the following questions, Did the participants appreciate the training? Did the participants acquire new knowledge? Are the participants applying the new techniques or methods to their work situations? and What impact has the training had on the company’s performance?”. The common techniques for the same are post-course assessments and tests, management briefing and debriefing, questionnaires, appraisals, surveys, repertory grids, observation, etc. (Tejinder, 2005).

Training evaluation is an important part of a training cycle, that begins with the identification of the training needs and proceeds through the design and delivery of the training itself. The primary function of training evaluation process is to determine whether the training objectives or goals initially identified have been attained or achieved and deficiencies are rectified. The effect can be measured in terms of cost, revenue or employee turnover. According to Armstrong (2003), training and development programs should be monitored continually to ensure that trainings are going according to budget. Training evaluation concurrently and tacitly starts with the training need assessment where the desired skills, capabilities and behavior are identified and the purpose and expected outcomes are defined. The training objectives must be specific and measureable. There are four parties who share common

interest in the evaluation of the result of training; the trainee, the trainer, the training service provider and the employer or manager. The sponsors of the training seek assurance that the time spent on training was of value and skill and knowledge gap originally diagnosed are now filled. After the outcomes are identified, an evaluation strategy has to be designed. Evaluation involves previewing the program, collecting and analyzing training outcome data.

Depending on the purpose of training, the evaluation tool will also vary. Several approaches are used to evaluate training program in organization, but According to Henry (2011) there is no one best way of evaluation as it involves the comparison of statistical indicators of performance before and after training took place. The value of evaluation depends on the information gathered and used for the evaluation. The information must give an insight to the effectiveness of the training. Post-training evaluation can be understood in terms of immediate, short-term and long-term effects of training. Accordingly, the famous Kirkpatrick's evaluation model that included four levels namely; reaction evaluation, learning evaluation, behavior evaluation, and results evaluation is commonly used. However, some suggest that a fifth level, which measures a return on investment (ROI), is necessary to demonstrate the financial value of trainings.

Reaction (Level 1) evaluation is the most common and simplest to carry out which at best indicates the broad effectiveness of training. It is most common to measure the immediate effects of training. It is useful to gauge how participants feel about factors such as the quality of the training, the standard of the venue much depends on personal impression. It has its own advantages and disadvantages.

Learning (Level 2) evaluation is used to confirm that certain facts, skills, and principles are communicated to the attendees and a certain level of proficiency was achieved. It checks if the learning process has taken place by assessing the amount of learning derived from the training.

Behavioral (Level 3) evaluation focuses on the extent to which trainees' behavior has in fact changed as a result of the training. It seeks to establish if newly acquired knowledge, skills or attitude are being applied in the working environment of the trainee. Often it will be difficult

to predict when and exactly how a change in behavior will occur. As a result the decisions on when and how to evaluate are highly important. Methods to uncover behavioral changes are also various and include self-assessments, surveys and interviews of trainees and their managers and other interlocutors.

Results (Level 4) evaluation attempts to assess the organizational results derived from the training. In other words, at this stage, the assessment is checking if there has been increased productivity, improved quality, decreased costs and reduced frequency of mistakes. From an organizational perspective, this is the overall reason for a training program. Level 4 and level 5 criteria (results and return on investment) can also be used to determine whether the training has resulted in an improvement in business results, such as productivity or customer satisfaction.

The evaluation process will give an important feedback about the effectiveness of the training program in achieving the objectives set for training. It gives an important input that would be used in the review of the whole design and implementation process.

2.1.5 Comparative Analysis of Insurance Training Institutions

2.1.5.1 Indian College of Insurance

The College is the training arm of the Insurance Institute of India that was established in 1966 to provide a round-the-year training programs in the technical domain of insurance, customer service, regulatory compliance, etc. It is recognized by the Government of India as an institution of higher learning in insurance.

Besides the scheduled calendar programs, it also conducts customized programs for insurance companies. In the domain of general insurance, it regularly conduct programs on Marine Hull and Cargo Insurance, Aviation Insurance, Motor Insurance , Effective Claims Management, Engineering Insurance, Miscellaneous Insurance, Risk Management and PML, Liability Insurance, Health Insurance, Re-insurance, Challenges in Project Insurance, etc. In the area of Life Insurance, it offers a program on Underwriting and Actuarial Practices, Sales

and Distribution Channel Management, Business Strategies of Group Insurance, Banc assurance, etc.

2.1.5.2 Insurance Institute of India

The Insurance Institute of India formerly known as Federation of Insurance Institutes was established in the year 1955, for the purpose of promoting insurance education and training in the country. The Institute is a professional body serving the cause of the insurance industry. The Institute conducts examinations at three levels: Licentiate, Associateship and Fellowship. It also administers examinations leading to Certificate in Foundations of Casualty Actuarial Science (General Insurance) and Certificate in Insurance Salesmanship.

2.1.5.3 Ghana Insurance College

Ghana Insurance College is the educational arm of the Ghanaian insurance industry and was founded and owned by the key industry stakeholders, namely, the National Insurance Commission (NIC), the Ghana Insurers Association (GIA), the Ghana Insurance Brokers Association (GIBA), and the Insurance Institute of Ghana (IIG) in 2006. The mission of the College is to educate, train, develop and mentor insurance professionals to excel in the practice of the insurance profession.

Promoting efficiency and good practice among insurance practitioners, carrying out research and disseminate valuable data and information, and assisting practitioners to adhere to best practice, the ethics of the insurance profession, and promoting the activities of the Insurance Institute of Ghana and assist the Institute to attain autonomy in the certification of insurance professionals in Ghana as its mission.

The College provides educational programs and short term trainings that includes; Advanced Diploma and Diploma in Insurance in collaboration with the Malta International Training Centre and the Chartered Insurance Institute, UK towards ACII Chartering Designation. It also runs Associate Program in various insurance related subjects. Certificate in Insurance, Agency Management courses, short term courses and Micro-insurance Certified Expert programs are also carried out by the College.

2.1.5.4 Insurance College of Kenya

The College was established by the Insurance Training and Education Trust (ITET) whose trustees are drawn from the Government, the Kenyan insurance industry and other stakeholders in 1990 under the Perpetual Trustees Act (Cap 64).

The mission of the College is –to advance knowledge, research, and skills and nurture talent in a multicultural learning environment to produce first class professionals who contribute effectively and ethically to the global economyl.

The objectives of the College are to develop capacity of insurance companies in human resource, underwriting systems, risk modeling, loss adjustment and field inspections that will lead to an increased uptake of agricultural insurance within the East African Region.

The College thrives to be the global center of excellence for professional studies in Risk Management, Pensions, Actuarial Science, Loss Adjusting Executive Technical and Management programs.

The College offers the following courses:

- Diploma in Insurance;
- Craft Course in Insurance ;
- Certificate of Proficiency ;
- ACII – Advanced Diploma in Insurance;
- Diploma in Insurance;
- Trustee Development Program; and
- Award in Bank Assurance

The College also offers short term trainings in various insurance subjects. Moreover, the College provides Catering and Restaurant Services, Conference Packages, Pool Lounge and Wedding Services.

The College has a fully equipped kitchen and restaurant that serves a capacity of 500 people at any given time. The restaurant offers a delectable range of international and African dishes accompanied by a wide selection of drinks. The College offers a perfect venue for corporate meetings, seminars, product launches and private dining. Conference & banquet facilities are available for guests with great sitting. The meeting rooms are amongst the most modern in Kenya and can accommodate up to 300 delegates for prestigious events. The Pool lounge provides a cozy atmosphere where family and friends can have a memorable time. The College offers a perfect atmosphere for wedding celebration.

2.1.5.5 Nigeria Insurance College

The College of Insurance and Financial Management (CIFM) was established by the Governing Council of the Chartered Insurance Institute of Nigeria (CIIN) via a resolution passed at its statutory meeting held on the 16th of November 2016. The CIFM started its operations in 2010 under the Training Directorate of the CIIN.

The main objective of the CIFM is to provide long lasting solutions to manpower training and development problems of the insurance industry in Nigeria.

The academic program of the CIFM includes the following:

- Induction Courses: for new recruits in the insurance industry,
- Certificate courses in insurance in six areas of specialization which lasts between six and nine months,
- Certificate in Insurance Marketing,
- Diploma in Insurance,
- Certificate in Risk Management, Pensions and Annuities, Islamic Finance and Takaful etc.,
- One Year Foundation Program in Insurance, and
- Bancassurance Certification Workshop.

2.1.5.6 Lessons Drawn

Lessons drawn from the practice and experiences of the above four insurance colleges are stated herein below.

- All of the Colleges are established with the objective of responding to the training and educational needs of the insurance industry in their respective markets.
- Almost all of them are established by the cooperative effort of governments and the insurance industry and other close stakeholders. The governance embraces all key stakeholders.
- The educational or academic programs commonly offered by the colleges are advanced diploma and diploma programs in insurance leading to ACII designation. Certification programs in different disciplines, Certification of Competency for Insurance Agents, short term courses in general and long term insurances and research and publications are the additional programs run by the colleges.
- More importantly, the Colleges offer catering and restaurant services, conferencing packages, and other ancillary services to augment their finances.
- In all of the markets and the Colleges, there are professional associations which are commonly referred to as Insurance Institutes which administer professional examinations in collaboration with International Insurance Institutions mainly with that of the Chartered Insurance Institute of United Kingdom (CII).

2.2 Empirical Literature Review

The study has reviewed journal articles written mostly on the effectiveness of training on employees' performance and other research conducted on the practice and challenges of training institutions. The review had tried to include journal articles on the effectiveness of insurance training. The empirical review on research outputs focused on the research title, research methodology, and major research findings as presented in the following paragraphs.

Dr. Diva (2016) has authored an article on Assessing the Impact of Training Design and Development on Employees' Performance: Insurance Sector in the Kingdom of Saudi Arabia. The researcher used both quantitative and qualitative research methods. Only primary data is

used in the research. The data gathering tool is questionnaire. A five point Likert scale open and closed ended statements were administered. Population is employees working in insurance companies in the Kingdom of Saudi Arabia. Various statistical methods were used to determine the sample. Statistical Package for Social Science (SPSS) was used for data analysis. The study found out that training design and training developments which are both the independent variables have significant impact on job involvement, delivery styles, organization commitment, quality service and employees' performance.

However, the study has not clearly defined what training design is and how training design can affect the dependent variables stated in the study. In addition, the study has not defined the concepts "training and development" and established a theoretical link with what are listed as dependent variables which are the outcomes of training.

A study entitled "Factors Influencing Training Effectiveness" was conducted by Paresh, Madhusmita, and Subhankar (2019). Eight parameters were selected to measure training effectiveness. Training need analysis, setting training objective, program design, faculty/resource person, audio visual aids, methodology, training environment(academic & non-academic), and learning outcome were the parameters. The research method was qualitative. It is measuring training effectiveness at entry and exit level and at reaction level. The data gathering method is simple questionnaire administered on trainees from the private and the government sectors.

The study has shown that "faculty" ranked the most important factor for a success of a training program by both public and private sector employees. Similarly, program design ranked 2nd by public sector employees while it ranked 6th by private sector employees. Training method used by trainers was ranked 5th in terms of importance to effectiveness by both groups. Learning environment was ranked 3rd by the public sector trainees, while private sector employees took it the least important factor in terms of training effectiveness.

The limitation of this research is that it tried to weigh the effectiveness of training at reaction and learning level only. Other factors that influence learning have not been considered. The

factors considered as influencing training effectiveness lack theoretical grounds as most of them cannot stand in their own.

OGUB (2017) wrote an article on the “Impact of Employee Training on Organizational Performance: A study of Selected Insurance Firms In Abuja –Nigeria”. The research design was descriptive research design that used closed ended questionnaire. Structured questionnaire in a 5 Likert scale was administered. The hypotheses formulated were tested using a t-test statistical tool. The analysis has rejected the null hypothesis that suggests there is no significant relationship between on-the-job training and employee productiveness in the insurance industry and concluded that on the job training has significant relationship with employee productiveness. The second finding is that induction and orientation has significant impact on employees’ job effectiveness in the insurance industry. Similarly the third finding is that off-the-job training has significant relationship with employees’ innovativeness.

The study only focused on assessing the impact of three training methods on organizational performance. Training method is one element of a training program design and a training process, which has a limited effect on overall impact of training since the impact of training depends on many other factors.

Birhanu and Tesfaye (2020) conducted a research entitled “Assessment of the Practice and Challenges of Training and Development at the Ethiopian Textile Industry Development Institute (ETIDI)”. The objectives of the study are to assess the practice and challenges of training and development at ETIDI. Quantitative and qualitative research tools were used. Primary sources of data were trainees, team leaders, middle level managers and higher officials of the Institute. Secondary sources were the documents of the Institute. A formula developed by Yamane, 1967 was used to determine the sample size. Data collected using questionnaire and interview. The data analysis methods used are descriptive and inferential statistical statistics. The study showed that 62.5% of the variation in the dependent variable(effectiveness of training), was explained by independent variables, (policies procedures, training need assessment, training and development goals and objectives, methods of training delivery, and training development). The research identified that the ETIDI has policies, directives rules and regulations which are integrated in to the objectives of the organization.

The research also found out that training and development objective is not set in advance, trainings are organized to get allowances and for the sake of refreshment, training and development is not related to actual job, and training and development program is not followed by a reward.

Aberash (2013) wrote a paper on “the Extent of Effectiveness of the Training in the Civil Service University Center for Training and Consultancy”. Simple random sampling technic was used. Primary data was collected using questionnaire, while secondary data was collected from a review of journals, articles and books obtained from the training center. The data gathering tool was questionnaire. The data analysis method is weighted average and percentage or descriptive method. The analysis has indicated that the training program was efficient and effective as the overall response is above the mean average rate. Training evaluation is found to be effective as majority of trainees strongly agree that they had a chance to express their feelings. The study has proven that the trainings are conducted based on prior training needs assessment. Nevertheless, the trainings are selected by the employers who select and send their staff to the Institute.

Giving trainees a chance to express their feelings does not necessarily make the training evaluation system effective. This is because trainees’ reaction belongs to only first level evaluation that does not indicate whether the training objectives have been achieved or not. Thus, needs assessment as such is not conducted by the University’s Center for Training and Consultancy and the trainings are prescribed by employers. Employers nominate trainees to participate in the trainings offered by the Institute. The two research questions, identifying the challenges of the center and identifying the quality of trainers were not adequately answered by the research.

Suleiman (2021) studied the Measurement of Training and Development Programs in the Case of Research Affairs of Haramaya University. The study examined the relationship between four dimensions of a training program, namely; effective training need assessment, good training design, trainers’ and trainee’s performance and the overall effectiveness of the training and development program. A descriptive method using quantitative methods is followed. From a population of 300, 25% sample was taken using a random sampling method.

How the 25% was decided is not clarified. Primary data is collected using questionnaire. A five scale Likert scale questionnaire is applied. Various statistical measures are used to analyze the data. Causal analysis is used to identify the relationship between different dimensions of training. The study identified that training needs are determined based on employees requirement. The study also confirmed that training design is effectively done by the company. Trainers' performance was also confirmed to be effective by the respondents. Majority of the respondents have confirmed that the training has benefited them in increasing their skills and prepared them to take future assignments. The study concluded that effectiveness of training and development depends on effective training need determination, good training design, efficient trainers' and trainees' performance.

Dr. Diva (2016) has only studied the impact of training design and development on employees' performance. In addition, the study has not defined training design and established how training design can affect the dependent variables stated in the study. Similarly, the study has not defined the concepts -training and development and established a theoretical link with what are listed as dependent variables which are the outcomes of training. Paresh, Madhusmita, and Subhankar (2019) tried to study the factors affecting training based simply on the response of trainees at reaction and learning level only. Other factors that influence learning have not been considered. Since effectiveness of training is a result of a well-defined training objective, effective training design process, training delivery, and training evaluation process, the study is limited in its scope. The study conducted by Birhanu and Tesfaye (2020) tried to link the training programs with organizational objectives. Although the study has emphasized on the importance of defining policies, objectives and procedure for the training institute it has not examined why policies and objectives are important for the Institute.

In general, the empirical review has revealed that effectiveness of training and development depends on factors such as training design, training need assessment, having training policies and procedures, effective training need assessment, giving employees a chance to participate in needs assessment and conducting training evaluation. An attempt was made to identify challenges of some training institutes but the challenges are not clearly identified. The current research study will try to identify the challenges and opportunities of the Ethiopian Institute of

Financial Studies by taking a holistic approach. The study will start right from the foundation of the EIFS which is the mission. The mission will define the objectives and goals. The study will examine the Institute's practice of training need assessment, setting training objectives, program development and plan, delivery of training and conducting evaluation. Reviewing the Institute's practice against the practice of other similar training institutes will give the research an additional dimension or value. In addition identifying the key challenges and opportunities will also be an added value to this research.

2.3 Summary of the Literature Review

Effective functioning of organizations depends among others, on the capability and efficiency of their employees. Employees with the right skill, knowledge and attitude are required for the successful functioning and development of organizations. Employees' potential can better be utilized and improved through proper training and development. The review has shown that training is a planned process to modify attitude, knowledge or skill of employees through learning experience aimed to achieve effective performance in an activity or range of activities now or in the future. On the other hand, development refers to the long-term process of career development that can be acquired through working at different jobs and position often through organizational support that often involves coaching, mentoring networking and career planning. These two concepts although they have a very clear difference, some will take them synonymously or sometimes they give them single and wider meaning. The other component of a learning process is education. Education is also a process of acquiring knowledge, skills, values and norms that is aimed at integrating an individual in to the society or a means to change or transform a society. Training, development and education work in tandem in developing the human resource required by business and other organizations. The review has indicated that the core processes of training in general and that of a training institute in particular includes training need assessment, setting objectives, development of training materials (designing training), delivery of training and evaluation of trainings. In fact, the above four steps incorporate issues such as, trainers' selection and evaluation, and training environment /facility preparation. The steps are highly interrelated and interdependent. More importantly, the objective of training should be clearly defined and it must give answer to the problems identified during the training needs assessment. This equally applies to an organization investing on training and a training institute whose main business is the

provision of training, development, educational and other services aimed at achieving the institute's objectives. Objectives of a training institute, in this case, an insurance training institute should emanate from the mission and vision of same. This, in turn, requires defining the mission, vision and objectives of the training institute as important elements of organizational strategy through a proper strategic management process. In general, most of the reviewed literature mainly focused on organizations internal training and development practices. The assessments thus focused on the effectiveness of the processes in terms of training need assessment, defining objective, program design, training delivery, training evaluation and the effects the trainings on employee's satisfaction. The main gap in these cases is that, scope limitation which has not covered the broader human resource capability, competence, skill, knowledge and attitude required to ensure the competitiveness and growth at macro or industry level. What is more, examining the quality and effectiveness of the trainings provided by a third party provider was not addressed. Moreover, the alignment of the training and other development demands of the industry with what is supplied by the external service provider and the training and long-term educational and professional qualifications provided by similar insurance industry focused institution has not been reviewed. Therefore, the knowledge acquired from the literature and from the benchmarking of selected similar insurance training institutes will be applied in the actual research work.

CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 Research Approach and Design

According to Creswell J. (2014, p), “research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis and interpretation”. It is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data (Creswell, 2011). Informing this decision should be the philosophical assumptions the researcher brings to the study; procedures of inquiry (called research designs); and specific research methods of data collection, analysis, and interpretation. There are three approaches, namely, quantitative, qualitative and mixed approaches (Creswell, 2014). The selection of a research approach is based on the nature of the research problem or issue being addressed, the researchers’ personal experiences, and the audiences for the study (Creswell, 2014). The approach deployed by the study is the mixed approach. Kemper, Springfield, and Teddlie (2003) define mixed methods as a method that includes both qualitative and quantitative data collection and analysis in parallel form. The method uses mixed data and alternative tools.

The research design selected for the study is descriptive research design. The most frequently proposed rationale for the use of a descriptive research is to provide straightforward descriptions of experiences and perceptions (Sandelowski, 2010), particularly in areas where little is known about the topic under investigation. This type of research design helps to portray accurately the characteristics of a particular individual, situation or a group. The descriptive survey research design is appropriate choice, because it is a cross sectional study and assessed the training practice of the EIFS because the intention of the study is to describe the present situation of training and development practice and identifying the challenges therein and the opportunities to capitalize on.

Descriptive studies report summary data such as measures of central tendency including the mean, median, and mode, deviance from the mean, variation, and percentage. Survey research commonly includes that type of measurement, but often goes beyond the descriptive statistics in order to draw inferences. Thick, rich descriptions of phenomena can also emerge from qualitative studies, case studies, observational studies, interviews, and portfolio assessments.

3.2 Population, Sample Size and Sampling Procedure

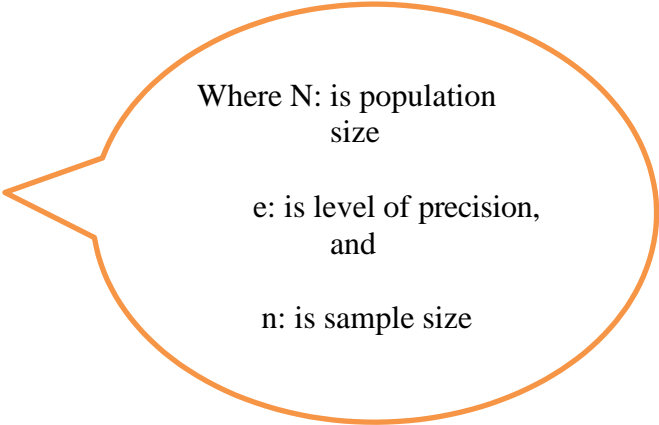
The number of employees who participated in the trainings offered in 2021/22 in the area of insurance was around 1400. However, the trainees from the Addis Ababa offices are included in the sample because of the time limitation. Besides, the commonality of the trainings and the target trainees who are mostly from operational areas made the selection more representative. Accordingly the population of trainees taken was 1100. To determine the sample size particularly from the trainees, a formula developed by Yamane (1973) was used. The level of precision is set at 7% taking in to account the homogeneity in the courses and the trainees who are involved in the study and in the trainings.

Accordingly:

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

$$n = \frac{1100}{1 + 1100(.07^2)}$$

$$n = 172$$



Since the study focuses on the challenges of the EIFS in terms of providing training that adequately cater for the current and future needs of the insurance sector, all of the insurance companies (18) represented by the CEOs or other Senior Officers and the Association of Ethiopian Insurers are included in the sample. Moreover, 7 insurance trainers, using purposive sampling that considers mainly their professional qualification in the area of insurance are

included in the survey. As qualified insurance professionals, they know what it takes to be a professional in the business. More importantly, they are selected because they know most of the products transacted in the market; the courses offered and their experience which is enriched by long years of hands on practical experience at senior management level. Last but not least, the management of the EIFS and insurance training program coordinators (5) are included. All in all, the total sample size is 202.

3.3 Data Sources and Data Collection Method

The study used both primary and secondary sources of data. The main sources of primary data for the research are trainees, senior executives of insurance companies, and the management and staff of the EIFS, trainers and the secretary of the Association of the Ethiopian Insurers. The primary data collection instruments are fill in questionnaire which are modified from earlier similar studies. Similarly, a structured interview with open ended questions are used to gather data from the three sets of organizations, i.e, insurance companies, the Association of Ethiopian Insurers and the Institute. In addition selected trainers are involved in the interview.

Secondary source of literature was web based searching of overseas insurance training institutes and review of documents obtained from the EIFS.

The research questions are categorized in to two major groups. The first group is comprised of insurance company CEO's or other designees, trainers, the Institute's management and CEO of the AEIs. The second group holds only trainees. Accordingly, the above questions are allocated to the groups to address the matter from different dimension as the process involves different players and needs to incorporate different perspectives.

3.4 Methods of Data Analysis and Presentation

Statistical Package for Social Science (SPSS, 20) program is used for storing, organizing, and analyzing the data. The analysis is carried out using simple statistical tools, such as, percent, mean and standard deviation. The results of the analysis are presented in tables and graphs. In addition, the qualitative data collected through interview and open ended questions are analyzed and the result is presented accordingly.

3.5 Validity and Reliability

Validity refers to how accurately a method measures what it is supposed or intended to measure while reliability refers to how consistently a method measures something. In order to test the validity of the data collection instruments, the questionnaires were piloted by involving 12 prospective respondents and incorporating the feedback obtained. In addition, the researcher held an in person pre-interview discussion with the CEOs, Senior Management of the EIFS and Trainers. The purpose of the discussion is to clarify the purpose of the research, create a sense of ownership and to minimize potential ambiguity. The frequent discussion with and the very critical inquiry and constructive comments by the advisor during the course of the research work has immensely and favorably impacted the validity. A reliability or consistency test was also conducted using Cronbach Alpha as it is relevant in descriptive research.

3.6 Ethical Considerations

Since the information gathered and processed relates to organizations operating in the market, the names of the institutions and respondents will be kept anonymously and confidentially. The data was gathered with the consent of the data owners and will only be used for the stated purpose.

The purpose and objective of the research was communicated in advance particularly, for the Chief Executive Officers of insurance companies, heads of the Ethiopian Institute of Financial

Studies and the Association of Ethiopian Insurers in addition to what would normally be provided in the questionnaires.

Employees who attended trainings of the EIFS voluntarily participated in the research and their right to privacy was well respected. The survey questionnaires are designed to respond anonymously. For those who will participate in the interview, their views and responses will be maintained in a strict confidentiality. The research was conducted in due observance of the basic ethical considerations.

CHAPTER FOUR

4 RESULTS AND DISCUSSION

This chapter deals with the presentation, analysis and discussion of the data collected for the study. The relevant data was gathered through the commonly used data gathering instruments; namely, interview and questionnaire. The respondents involved in the study are Insurance Companies represented by the Chief Executive Officers, Senior Managers and Training Officers of the EIFS, insurance trainers, the Chief Executive Officer of the AEI and trainees of the EIFS.

Interview questions were developed in order to evaluate the extent to which key stakeholders, i.e., the insurance companies, management of the EIFS and some of the trainers believe that the EIFS's mission and objectives are well synchronized with the human resource development need of the industry. The interview is intended to get first-hand information about the real impression of the respondents. More importantly, open ended questions were also distributed to the same category of respondents to identify the main challenges and opportunities of the EIFS.

The questionnaires were of two types. The first two are directed to trainees drawn from the industry and from the NBE. The aim was to examine the effectiveness of the training management process in the eyes of the trainees and measure their level of satisfaction on the effect of the trainings. The second type of questionnaires targeted senior officials of the insurance industry and the EIFS and selected trainers.

In the first category, a total of 172 questionnaires were distributed to trainees working in the insurance industry and in the NBE of which 165 were fully and properly completed and returned back. A total of 31 questionnaires were distributed to the second group and 27 of them were returned. The overall response rate stood at 95%

4.1 Socio-Demographic Characteristics of Respondents

In order to give information on the background of the respondents, the researcher has gathered data on socio demographic characteristics. Personal variables collected include the sex, age, work experience and positions assumed by the respondents.

Gender of Respondents

Figure 1: Gender and Age Distribution of All Respondents

| Gender | Age | | | | | % |
|--------|-------|-------|-------|------|--------|--------|
| | 20-30 | 31-40 | 41-50 | >=51 | Total | |
| F | 16 | 28 | 9 | 1 | 54 | 28.1% |
| M | 30 | 67 | 23 | 18 | 138 | 71.9% |
| Total | 46 | 95 | 32 | 19 | 192 | 100.0% |
| % | 24.0% | 49.5% | 16.7% | 9.9% | 100.0% | |

As shown in figure one above, 54(28.1%) of the respondents are female while 138(71.9%) are male. Out of the 192 respondents, about half of them are between the ages of 31-40. The next high numbers of respondents (46) fall in the age category of 20- 30 followed by 32 respondents who are between the ages of 41-50. The data shows that majority of the respondents, particularly the trainees are beginners.

Figure 2: Work Experience of All Respondents

| Gender | Work Experience in the industry | | | | | Total |
|--------|---------------------------------|-------|-------|-------|------|--------|
| | 0-5 | 6-10 | 11-20 | 21-30 | >=31 | |
| F | 9 | 27 | 12 | 6 | 0 | 54 |
| M | 16 | 53 | 39 | 15 | 15 | 138 |
| Total | 25 | 80 | 51 | 21 | 15 | 192 |
| % | 13.0% | 41.7% | 26.6% | 10.9% | 7.8% | 100.0% |

Figure two illustrates service years of respondents in the industry. As shown above, 41.7% of

the respondents have 6-10 years of experience while 26.6% of the respondents have an experience between 11-20 years. In fact, around 20% of the respondents have served for more than twenty years.

Figure 3: Work Experience of CEO's, EIFS's Mgt. and Trainers

| Gender | Work Experience in the industry | | | Total |
|--------|---------------------------------|-------|-------|--------|
| | 11-20 | 21-30 | >=31 | |
| F | | 2 | | 2 |
| M | 9 | 6 | 10 | 25 |
| Total | 9 | 8 | 10 | 27 |
| % | 33.3% | 29.6% | 37.0% | 100.0% |

As the above table depicts, about 67% of the respondents have more than 20 years of experience. Even the remaining respondents' work experience in the area of insurance is between 11-20 years. What is in fact surprising is that only two of the respondents are female which shows that the leadership of the sector is male dominated. The case of trainers is not different in this regard

Age Distribution of Trainees

Age wise, 57 % the total trainees who responded to the survey fall between the age of 31-40 and the second largest age group is the category between 20-30 years of age which accounts for 26.7% of the respondents. Moreover, 52 or 31.5% of the respondents are females while 113 or 68.5% are males.

Figure 4: Age and Gender Distribution of Trainees

| Gender | Age | | | | | % |
|--------|-------|-------|-------|------|--------|--------|
| | 20-30 | 31-40 | 41-50 | >=51 | Total | |
| F | 16 | 28 | 8 | | 52 | 31.5% |
| M | 28 | 66 | 16 | 3 | 113 | 68.5% |
| Total | 44 | 94 | 24 | 3 | 165 | 100.0% |
| | 26.7% | 57.0% | 14.5% | 1.8% | 100.0% | |

Figure 5: Work Experience of Trainees

| Gender | Work Experience in the industry | | | | | Total |
|--------|---------------------------------|------|-------|-------|------|-------|
| | 0-5 | 6-10 | 11-20 | 21-30 | >=31 | |
| F | 9 | 27 | 12 | 4 | | 52 |
| M | 16 | 53 | 30 | 9 | 5 | 113 |
| Total | 25 | 80 | 42 | 13 | 5 | 165 |

With regard to work experience, about 49% of the respondents fall in the category of 6-10 years. A quarter of them have worked in the sector for a period between 11-20 years.

4.2 Data Presentation and Analysis

Question 1: Are the Institute's Mission and Objectives Aligned with the Training and Development Needs of the Insurance Sector?

In order to investigate whether the EIFS's mission and objectives correspond to the insurance industry's training and development needs, an interview consisting of seven questions was conducted. The result of the interview among the three main categories of respondents is discussed as follows.

The first interview question refers to whether the EIFS has conducted an environmental assessment including training and development needs of the insurance sector in the past ten years. Out of the sixteen interviewed Chief Executive Officers, 13 of them (81.25%) replied that either they are not aware of or they don't know or firmly rejected the idea that the EIFS has conducted an environmental assessment that includes training needs assessment. Some of them mentioned that the EIFS sends to them a list of courses it offers and invite them to pick some of the courses and send the number of trainees for each course as part of its planning at the beginning of every year. As per the respondents, the above practice cannot in any case be regarded as environmental assessment or training need assessment which is part and parcel of strategy development. Similarly, the trainers who are interviewed had unanimously confirmed that they are not aware of such practices. Moreover, interviewees from the EIFS have replied that other than annual course offering which sometimes dubbed as training needs assessment, which in fact is a misnomer, the EIFS has not conducted a broader environmental and training

needs assessment that involved insurers and other key stakeholders.

The second interview question tried to see if there is any law or regulation that defined the Institute's mandate or mission. Among the 27 interviewees, significant majority said that there is no or they are not aware of any law or regulation on the basis of which the EIFS is founded. This reply was further upheld by the management and training officers of the EIFS who indicated that there is no legal basis for the establishment of the Institute. In the absence of such legal basis, it is difficult to talk about the mandate or a mission of an organization. This is proved by experience of the comparator organizations considered under the literature review, where all of them are established by law and their missions are stated in the laws.

The third and follow-up question spins around the process through which the EIFS's mission was defined. Most of the interviewees are not aware of the Institute's mission in the first place. Besides, almost all of the insurers responded that they have no information about the process or the manner in which the mission is defined, if any. However, four of the 27 participants mentioned that the mission was set 12 years back in a study conducted by a foreign consultant concurrently with the Bank-wide BPR study. Even then, the study was conducted within the restricted scope of operation, i.e., short term training.

The fourth question asks respondents if the EIFS has considered or incorporated best practices in the development of its mission and strategy through benchmarking of similar insurance training or educational institutes.

Most company representatives have not provided a direct and conclusive answer to the question as they have no information on the issue. They replied that they do not know or that they are not aware of this. However, most of them indirectly confirmed that the current operations of the EIFS imply that it has not incorporated best practices of similar insurance institutes in its strategy and in its mission. In addition, the stark difference in the scope, quality and variety of services offered by most of the peer institutes indicated that EIFS has not integrated the best practices in to its mission and operations.

The fifth question asks respondents whether or not they think that the insurance sector's current and near future needs can be met by the current practice or services of the EIFS.

Invariably, almost all participants including the members of the EIFS firmly and boldly replied that the industry's current and future needs cannot be met by the current state of the EIFS and by what the EIFS is doing at the moment. Many of them suggested that a specialized and strong insurance academy with robust and up-to-date programs is required to satisfy the needs of the industry.

The other key question tried to find out the rationale behind the decision to limit the EIFS's scope to only short term training programs. The answers to this question varies among those who said they don't know, to those who said it's due to the EIFS's human capacity and to those who ascribe the matter to lack of government attention. However, most respondents have no evidence or knowledge about the true cause. Three of the respondents who have better information on the issue have attributed the cause to a misconception that any long-term education exclusively falls under the mandate/ territory of higher learning institutions. It is important to note at this point that the decision was made at the time government universities are mushrooming and are expected to produce the required trained manpower for every sector. Nonetheless, the literature review conducted on similar overseas institutions has unambiguously affirmed that insurance institutes or colleges play an inimitable role in the supply of talent to the insurance sector. In addition, time has proven that academic institutions were not able to produce "insurance professionals" much needed by the sector. The fact that existence of sector focused specialized training institutions in general, and insurance institutes in particular, nullify the misconception from the outset.

The final question tried to identify if the insurance industry was consulted when the EIFS's mission and objectives are defined. All interviewees, except two, stated that they are not consulted at all or they are not aware of such consultations. The two respondents indicated that the Ethiopian Insurance Corporation might have been consulted owing to its membership in the Board of Trustees of the EIFS.

Question 2: How Effective is the EIFS’s Training Management Process?

Table 1: Effectiveness of the EIFS’s Training Management Process

| How effective is the EIFS’s training management process? | Count of Answers | | | | | Total |
|--|---------------------|------------|-----------|---------|------------------|---------|
| | 1 Strongly Disagree | 2 Disagree | 3 Neutral | 4 Agree | 5 Strongly Agree | |
| How effective is the EIFS’s training management process? | Count of Answers | | | | | Total |
| | 1 Strongly Disagree | 2 Disagree | 3 Neutral | 4 Agree | 5 Strongly Agree | |
| 1. The EIFS has a system and procedure for training needs assessment | 1 | 19 | 31 | 92 | 22 | 165 |
| | 0.6% | 11.5% | 18.8% | 55.8% | 13.3% | 100.0 % |
| 2. Training needs are identified by involving employees, supervisors and job requirements | 2 | 28 | 24 | 93 | 18 | 165 |
| | 1.2% | 17.0% | 14.5% | 56.4% | 10.9% | 100.0 % |
| 3. Every training has a clear and measurable objective and trainees/employers are well aware of the objectives in advance | 2 | 17 | 34 | 86 | 26 | 165 |
| | 1.2% | 10.3% | 20.6% | 52.1% | 15.8% | 100.0 % |
| 4. The knowledge and skill of the trainers, the training materials handed out and the training methods are of high quality | 4 | 17 | 38 | 85 | 21 | 165 |
| | 2.4% | 10.3% | 23.0% | 51.5% | 12.7% | 100.0 % |
| 5. The way instructors deliver the course and the materials provided to you are not up to your expectation | 8 | 46 | 34 | 68 | 9 | 165 |
| | 4.8% | 27.9% | 20.6% | 41.2% | 5.5% | 100.0 % |

| | | | | | | |
|---|------|-------|-------|-------|-------|--------|
| 6. The training program management is efficient(time, refreshment, transport and venue) | 6 | 23 | 19 | 76 | 41 | 165 |
| | 3.6% | 13.9% | 11.5% | 46.1% | 24.8% | 100.0% |
| 7. The EIFS conduct training evaluation during the training, end of the training and after the training | 8 | 30 | 24 | 64 | 39 | 165 |
| | 4.8% | 18.2% | 14.5% | 38.8% | 23.6% | 100.0% |

As shown in the above table, 56% of the trainees agree that the EIFS has a system and procedure for training needs assessment in addition to those who strongly agree (13%) on the presence of the system and procedure. On the other hand, 12% and 19% of the respondents disagree or are neutral about the first statement respectively.

The second statement about involvement of employees, supervisors and job requirements in the identification of training needs. Significant number of respondents (56.4%) agrees that training need is identified by engaging all those mentioned in the statement. 17% of the trainees disagree on the statement while 14.5% of them are not sure about the truthfulness of the matter.

Asked if every course has clear and measurable objectives and if trainees are well aware of the objectives in advance, 52% of the respondents expressed that the statement is true and 16 % strongly agree this is the case. To the contrary, 32% of the trainees either do not agree that the trainings have clearly stated objective and that they are aware of them in advance or are not sure about the correctness of the statement.

The fourth statement is about the skill of the trainers, the quality of the training methods and training materials. 47% of the respondents agree that the skill of trainers and the quality of the training method and materials is high. Furthermore 17% of the respondents highly agree on the statement. 23% of respondents refrained to agree or disagree on the statement, while 11% disagree on the statement.

Notwithstanding the above responses, 39.8% of the trainees agree that the way instructors deliver courses and materials provided are not up to their expectation and 19.9% are neutral.

While 30% of the respondents disagree on the statement and believe that the training methods and materials are up to their expectation.

About 70% of the respondents agree or strongly agree that the program management is efficient. Asked whether the EIFS conduct training evaluation, 37.5% of the participants responded favorably. Moreover, additional (24%) respondents strongly believe that the EIFS conducts evaluation at different phase of the training. About 38% respondents not agree that the EIFS conducts evaluation particularly, during and after the trainees returned to office.

Figure 6: Reliability Statistics Question 2

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .748 | 7 |

Cronbach's Alpha value varies between 0 and 1, and it is a measure of internal consistency and reliability that shows how closely the items in the scale are related as a group (Gliem & Gliem, 2003). The Cronbach's Alpha value used to measure the reliability is generally accepted to be satisfactory between 0.70 and 0.80 (Gliem & Gliem, 2003); and when this value approaches 1, the degree of reliability is known to increase (Gliem & Gliem, 2003). George and Mallery (2003) provide the following rules of thumb: $\alpha > .9$ – Excellent, $\alpha > .8$ – Good, $\alpha > .7$ – Acceptable, $\alpha > .6$ – Questionable, $\alpha > .5$ – Poor, and $\alpha < .5$ – Unacceptable (p. 231).

The reliability test conducted on the response of the above question resulted in 0.748. Therefore, reliability of the scale is acceptable.

Question 3: How Satisfied are Trainees by the Effect of Training in Bringing Skill, Knowledge and Attitudinal Change?

Table 2: Satisfaction of Trainees by the EIFS's Trainings

| Question 3: How satisfied are trainees by the effect of training in bringing skill, knowledge and attitudinal change | Count of Answer | | | | | Total |
|--|------------------------|---------------|--------------|------------|---------------------|-------|
| | 1 Strongly Disagree | 2 Disagree | 3 Neutral | 4 Agree | 5 Strongly Agree | |
| | | | | | | |

| | | | | | | |
|--|------|-------|-------|-------|-------|--------|
| 1. The training course/s well responded to your training needs and met your expectation | 4 | 19 | 25 | 93 | 24 | 165 |
| | 2.4% | 11.5% | 15.2% | 56.4% | 14.5% | 100.0% |
| 2. The training courses are effective in updating or refining the knowledge and skills you already had | 1 | 7 | 22 | 104 | 31 | 165 |
| | 0.6% | 4.2% | 13.3% | 63.0% | 18.8% | 100.0% |
| 3. The trainings are not effective in bringing attitudinal changes toward your job and customers | 16 | 80 | 25 | 40 | 4 | 165 |
| | 9.7% | 48.5% | 15.2% | 24.2% | 2.4% | 100.0% |
| 4. The trainings provided by the EIFS have enabled me to do my job differently | 1 | 17 | 42 | 88 | 17 | 165 |
| | 0.6% | 10.3% | 25.5% | 53.3% | 10.3% | 100.0% |
| 5. I felt more knowledgeable and capable after the training than I was before the training | 1 | 16 | 35 | 90 | 23 | 165 |
| | 0.6% | 9.7% | 21.2% | 54.5% | 13.9% | 100.0% |
| 6. The courses are worth spending the days at the training center | 6 | 16 | 34 | 86 | 23 | 165 |
| | 3.6% | 9.7% | 20.6% | 52.1% | 13.9% | 100.0% |

Review of Respondents' Reflection on Question 3

Fifty five percent and fifteen percent of the respondents agree or strongly agree that the courses have well responded to their need and met their expectations, while about 15% expressed that they don't either agree or disagree on the matter.

The second statement about the effectiveness of the courses in updating the knowledge or skill trainees already have was accepted as valid by 63% of the respondents and strongly accepted by further 17.6%.

When asked that the trainings are not effective in bringing attitudinal change towards their job and customers, 26% of the respondents confirmed that the trainings have not brought the desired attitudinal change while 15% are neutral. However, 58% of the respondents agree or strongly agree that the training was effective in changing their attitude towards their job and customers. The responses conform to the general notion that short term trainings are effective in filling the skill gap to properly carry out current job. In fact, assurance about attitudinal

change can only be obtained through level three training evaluation long after the trainings are over and usually by the supervisors or managers of employees.

Asked whether the trainings have enabled them to carry out their jobs differently, 51.7 % of the trainees have responded that they were able to do their jobs differently, while 36% of the respondents do not agree on the resultant change on their job performance.

The fifth statement asked whether the trainees feel more knowledgeable and capable after the trainings. Accordingly, 53.4% of the respondents replied that they really feel more knowledgeable and capable after the trainings and additional 14% agree more strongly about the effect of the trainings.

Finally, about 65% of the respondents believe that the courses offered by the EIFS are worth spending the days at the training center.

Evaluating the level of satisfaction of trainees by the effect of the trainings is the third research objective. More than 60% the respondents have agreed that the trainings met their expectations, updated their skills and knowledge, have brought attitudinal changes, enabled them to do their jobs differently and made them more knowledgeable after the trainings. It is true that the technical courses are important and they impart the knowledge on products and basic insurance operations. The experience of the trainers and their professional qualification has contributed to trainees' satisfaction. However, as responded by the CEO's, trainers and what the best practices (literature review) has revealed, the insurance industry need more advanced and long term education and professional studies.

Figure 7: Reliability Statistics- Question 3.a

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .600 | 6 |

The reliability test result is 0.6. It made the reliability questionable according to George and Mallery (2003). This is because the response of the trainees to the variables that refers to the effectiveness of the EIFS training in bringing behavioral changes is particularly unfavorable

and the standard deviation is high. Since post-course assessments, management briefing and debriefing, appraisals, surveys, serve to measure the changes in the attitude of employees (Tejinder Sharma, 2005), trainees faced difficulty to respond to the question. By excluding the said variable due to the stated limitation, another consistency test was conducted as shown below and the result is acceptable.

Figure 8: Reliability Statistics- Question 3.b

| | |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| .788 | 5 |

Question 4: Where the EIFS Stands as Compared to Other Insurance Training Institutions?

Table 3: Comparison of EIFS with Similar Training Institutions

| Question 4: where the EIFS stands as compared to other insurance training institutions? | Answer | | | | | Total |
|--|------------------------|---------------|--------------|------------|---------------------|--------|
| | 1 Strongly Disagree | 2 Disagree | 3 Neutral | 4 Agree | 5 Strongly Agree | |
| Insurers | | | | | | |
| 1. Like many insurance training institutions, EIFS is established by law or by a charter | | 4 | 6 | 4 | 2 | 16 |
| | 0.0% | 25.0% | 37.5% | 25.0% | 12.5% | 100.0% |
| 2. The EIFS has strong governance, management, competent faculty and the insurance industry is represented in the governance | 3 | 10 | 1 | 1 | 1 | 16 |
| | 18.8% | 62.5% | 6.3% | 6.3% | 6.3% | 100.0% |
| 3. The EIFS has the core competence in the field of insurance | 3 | 8 | 3 | 2 | | 16 |
| | 18.8% | 50.0% | 18.8% | 12.5% | 0.0% | 100.0% |
| 4. The EIFS has a system and the capacity to develop curriculum and syllabus | 2 | 5 | 5 | 4 | | 16 |
| | 12.5% | 31.3% | 31.3% | 25.0% | 0.0% | 100.0% |
| 5. The EIFS has a defined and adequate source of finance | 1 | 9 | 4 | 2 | | 16 |
| | 6.3% | 56.3% | 25.0% | 12.5% | 0.0% | 100.0% |

| | | | | | | |
|---|-------|-------|-------|-------|------|--------|
| 6. The insurance training programs are comparable with other insurance training institutes that provide certification , diploma and advanced diploma programs | 3 | 8 | 4 | 1 | | 16 |
| | 18.8% | 50.0% | 25.0% | 6.3% | 0.0% | 100.0% |
| 7. The EIFS administers professional examinations | 3 | 7 | 4 | 2 | | 16 |
| | 18.8% | 43.8% | 25.0% | 12.5% | 0.0% | 100.0% |
| 8. The EIFS has an accreditation agreement with chartered insurance institutes | 7 | 3 | 6 | | | 16 |
| | 43.8% | 18.8% | 37.5% | 0.0% | 0.0% | 100.0% |
| 9. The EIFS conducts research and publication | 5 | 6 | 5 | | | 16 |
| | 31.3% | 37.5% | 31.3% | 0.0% | 0.0% | 100.0% |
| 10. The EIFS organize workshops , seminars and symposiums | 5 | 6 | 4 | 1 | | 16 |
| | 31.3% | 37.5% | 25.0% | 6.3% | 0.0% | 100.0% |
| 11. Like many institutes, the EIFS provides conference, hospitality and other ancillary services | 2 | 7 | 6 | 1 | | 16 |
| | 12.5% | 43.8% | 37.5% | 6.3% | 0.0% | 100.0% |

Review of Response to Question 4

The first statement states that the EIFS is established or founded by law or charter like many insurance institutes. The survey indicated that 37.5% of the CEO's are not sure about the existence or otherwise of a charter or law while, 25% of the respondents disagree on the availability of such law or charter. Even if about 40% gave favorable response, significant majority of responses show that the EIFS has no establishment law or charter.

18.8% of the respondents strongly disagree and 62.5% disagree on the second statement that expresses the EIFS has a strong governance and management, competent faculty and the insurance industry is represented in the governance. Only 12% of respondents agree that the statement is true.

Asked whether the EIFS has the core competence in the area of insurance, 50% are of the view that the EIFS has no core competence/qualified personnel, while 18.8% strongly disagree on the existence of the said competence. Without an iota of doubt, the response

affirms that the EIFS lacks competent officers in the core areas of its operations.

The fourth statement tries to check if the EIFS has an internal system and the capacity to develop curriculum and syllabus. The corresponding result showed that 31% of respondents refrained from favorably or unfavorably reacting. However, 43.8 % of the participants do not believe the EIFS has the system and the capacity to produce curriculum and syllabus for its own purpose. The responses proved that the EIFS at the moment lacks the system and capacity required to develop and revise curriculum from time to time.

Majority of the respondents (56.3%) believe that the EIFS has no definite and adequate source of finance. Besides, 25% of them are neutral in their reply. All in all, it can be concluded that the EIFS has no definite and adequate sources of finance.

Out of those who replied to the 6th statement, other than the 6.3% outliers, the remaining respondents disagree or strongly disagree or remained neutral about the comparability of the EIFS's insurance training programs with other insurance institutes that provide certification, diploma and advanced diploma programs.

The response against the statement that enquires if the EIFS administers professional examination revealed that only 12% believe the case is true. Significant majority (62%) believe that the EIFS has no such a program in its operations. The rest (25%) abstained from expressing their agreement or disagreement on the issue.

As regards the statement about the EIFS's partnership with chartered insurance institutes, 62.6% expressed that they don't agree or believe that the EIFS has secured this important agreement. No positive response was received in this regard.

According to 68.8% of the respondents, the EIFS neither conducts a research nor produces any publication. What is more, the response of remaining respondents i.e. 31.3%, is neutral. This indicates without any doubt that the EIFS is not undertaking any research and development activity.

Statement 10 which seeks to check if the EIFS organize workshops, symposiums or seminars on insurance sector or on the broader finance sector issues has generated a 68.8% unfavorable reaction that includes a 31.5% strong disagreement and 37.5% disagreement. In addition, 25% of the companies neither agreed nor disagreed on the statement. From the collected

responses it is easier to conclude that the EIFS has not been engaged in organizing such events. It is important however, to acknowledge/remember, the couple of finance sector workshops organized in the last three decades.

56.3% of the respondents expressed that they disagree or strongly disagree on the statement that the EIFS provide conference, hospitality and other ancillary services like many similar institutes. Likewise, 37.5% of the respondents did not accept or reject the authenticity of the statement.

Figure 9: Reliability Statistics- Question 4.a

| | |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| .859 | 11 |

As the Cronbach's Alpha is .859 as shown above, the internal consistency or reliability of the items in the scale is good.

Table 4: EIFS Management and Trainers Response

| Question 4: where the EIFS stands as compared to other insurance training institutions? | Answer | | | | | Total |
|--|------------------------|---------------|--------------|------------|---------------------|--------|
| | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 | |
| 1. Like many insurance training institutions, EIFS is established by law or by a charter | 3 | 3 | 2 | | 3 | 11 |
| | 27.3% | 27.3% | 18.2% | 0.0% | 27.3% | 100.0% |
| 2. The EIFS has strong governance, management, competent faculty and the insurance industry is represented in the governance | 4 | 5 | 1 | 1 | | 11 |
| | 36.4% | 45.5% | 9.1% | 9.1% | 0.0% | 100.0% |

| | | | | | | |
|---|-------|-------|-------|-------|------|--------|
| 3. The EIFS has the core competence in the field of insurance | 3 | 5 | 1 | 2 | | 11 |
| | 27.3% | 45.5% | 9.1% | 18.2% | 0.0% | 100.0% |
| 4. The EIFS has a system and the capacity to develop curriculum and syllabus | 3 | 5 | 2 | 1 | | 11 |
| | 27.3% | 45.5% | 18.2% | 9.1% | 0.0% | 100.0% |
| 5. The EIFS has a definite and adequate source of finance | 1 | 4 | 4 | 2 | | 11 |
| | 9.1% | 36.4% | 36.4% | 18.2% | 0.0% | 100.0% |
| 6. The insurance training programs are comparable to other insurance training institutes that provide certification , diploma and advanced diploma programs | 4 | 5 | 2 | | | 11 |
| | 36.4% | 45.5% | 18.2% | 0.0% | 0.0% | 100.0% |
| 7. The EIFS administers professional examinations | 5 | 4 | 2 | | | 11 |
| | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | 100.0% |
| 8. The EIFS has an accreditation agreement with chartered insurance institutes | 5 | 4 | 2 | | | 11 |
| | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | 100.0% |
| 9. The EIFS conducts research and publication | 5 | 4 | 2 | | | 11 |
| | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | 100.0% |
| 10. The EIFS organize workshops , seminars and symposiums | 4 | 3 | 3 | 1 | | 11 |
| | 36.4% | 27.3% | 27.3% | 9.1% | 0.0% | 100.0% |
| 11. Like many Institutes, the EIFS provides conference, hospitality and other ancillary services | 4 | 3 | 2 | 2 | | 11 |
| | 36.4% | 27.3% | 18.2% | 18.2% | 0.0% | 100.0% |

Review of the EIFS Management and Trainers Responses

The same questions were posed to members of the EIFS and to insurance trainers who are picked on account of their professional standing and rich practical experience in the insurance

business. The researcher also believes that they have firsthand information about the existing circumstances on the ground and more so on what other insurance institutes are doing around the world.

Statement 1: Like many insurance training institutions, EIFS is established by law or by a charter. The proportion of respondents who expressed that they disagree and strongly disagree on the veracity of the statement stood at 54.6%. Moreover, 18.2% of the responses found to be neutral. In fact, the inconsistency between the responses of the management makes the matter more puzzling. This is because no conclusive and authentic evidence can be found even within the organization.

Statement 2: The EIFS has strong governance, management, competent faculty and the insurance industry is represented in the governance. The corresponding result revealed that 45.5% disagree and 36.4% strongly disagree with the idea that the EIFS has strong governance, management and faculty that also embraced the participation of the industry in its management. The fact that 81.9% disapprove the statement implies that the EIFS's governance and management is not strong and has no faculty or people with subject matter expertise.

Statement 3: The EIFS has the core competence in the field of insurance. Only 18.2% of respondents think or assume that the EIFS has the core competence that would help it to design courses and prepare course materials. However, the opinion of 72.8% of the respondents other than those who remained to be neutral rather presupposes that the EIFS has no insurance experts or professionals. This implies that, the EIFS has no capacity to check the relevance of its courses and the performance of its trainers. Actually, every trainer comes with his or her own power points and delivers courses accordingly.

Statement 4: The EIFS has a system and the capacity to develop curriculum and syllabus. In this regard, the gravity of the respondents' disagreement is very high, that stood at 72.8% with a significant percentage of (18%) neutral opinions. All in all, the fact is that the EIFS has no internal capacity to develop curriculum and design courses.

Statement 5: The EIFS has a defined and adequate source of finance. The idea was refuted by 45.5% of the respondents who do not agree that the EIFS is adequately financed. The percentage of those who stood to be neutral (36.4%) rather casts some doubt about the

reliability of the responses. Only 18.2% think or believe that the EIFS is adequately financed. The truth of the matter, as learned from the management, is that the EIFS is fully owned by the NBE as the capital expenditure is sourced by the NBE while the recurrent budget is funded by a contribution of the public financial institutions at an established proportion.

Statement 6: The insurance training programs are comparable to other insurance training institutes that provide certification, diploma and advanced diploma programs. 81.9% disagree with the idea that the EIFS's programs are comparable with similar organizations. On account of the undecided respondents (18.2) and huge unfavorable reply, it is fair and appropriate to conclude that the EIFS programs are not up to the best practices.

Statement 7: The EIFS administers professional examinations. High number of respondents (81.9%) disapproved the statement, while the rest took a neutral position. The overall result clearly shows that the EIFS does not administer professional examinations.

Statement 8: The EIFS has an accreditation agreement with chartered insurance institutes. Other than the 18.2% respondents who do not have information on the issue, 81.9% expressed that they do not agree on the statement implying that the EIFS has no such joint examination agreements.

Statement 9: The EIFS conducts research and publication. 81.9% of the respondents confirmed that the EIFS is not engaged in research and publication activities. As learned from the first question of the research, the EIFS operational scope is limited to only short term trainings. However, the literature review has shown that some of the institutions examined for comparison purpose are tasked with research and publication.

Statement 10: The EIFS organizes workshops, seminars and symposium. The result of the survey clearly shows that the EIFS has not organized workshops, seminars or symposiums as 63.7% disagree and 27.3% are neutral.

Statement 11: Like many institutes, the EIFS provides conference, hospitality and other ancillary services. 63.7% respondents do not agree with the statement while 18.2% of them accept the idea that the EIFS provides hospitality and catering services in its premises. From what the researcher gathered from the management, the EIFS only provides refreshment and lunch services to trainees but not to other parties. In general, expanding the services to other

revenue generating activities had not so far been considered despite the enabling physical facility that is kept idle at the moment.

Figure 10: Reliability Statistics- Question 4.b

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .912 | 11 |

As shown above, the reliability test is .912. According to George and Mallery (2003), it is excellent. This result is obtained because of the information symmetry among the respondents due to their proximity to insurance training and the EIFS. The result resonates well with the purposive sample selection regarding trainers. What is more, the overall reliability test conducted by merging the responses of the two groups had resulted in a Cronbach's Alpha of .887 which shows, the relative high degree of consistency among the responses.

Figure 11: Reliability Statistics- Questions 4a&b

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .887 | 11 |

Question 5: What are the Main Challenges of the EIFS?

This open ended question is distributed to all insurance companies, the CEO of the AET, selected insurance trainers and to the management and training officers of the EIFS. All except one has responded.

Chief Executive Officers

The number one challenge as responded by 11 of the 17 CEO's is the limitation of the scope of the EIFS's operation to only short term trainings. The second highest number of CEO's (10) has identified governance and ownership structure, absence of explicitly stated legal mandate and lack of adequate attention by concerned government organs as the second ranking challenges. Lack of institutional capacity, shortage of competent and professional trainers, weak linkage with overseas similar insurance institutes and weak relationship and communication with the insurance industry are the other commonly identified drawbacks.

Trainers

The response of the trainers for the above question has resulted in similar responses. Accordingly, all the respondents have unanimously identified that structural or governance problem or lack of organizational independence of the EIFS and as a result lack of strategic focus as the number one problem. Similarly, but not equally, absence of a clear legal mandate or mission was identified as the second main problem. Lack of competent and qualified management, absence of cooperation and collaboration with industry and with similar peer international insurance training institutes, absence of a well prepared curriculum and shortage of professional trainers are the challenges which are identified by the majority of the trainers.

EIFS Management

Three out of the five management staff interviewed identified lack of adequate decision making power or autonomy or in other words very restrictive autonomy is the main challenge. According to the respondents, this is a result of the absence of a clear and documented governance framework and structure and the unduly low attention given to the EIFS. The other challenge identified by three of the respondents is absence of policies, guidelines and operational standards. The existence of outdated and obsolete training materials and courses because of the EIFS's inability to embrace changes in the finance sector including insurance is the other key limitation. The reason for this, according to the interviewees, is the considerable capacity limitation of the staff and management of the EIFS. Absence of a strategy that was developed in consultation with the stakeholders is also another setback.

Question 6: What Prospects or Opportunities are Available for EIFS and What Should be Done to Capitalize on Them?

6.1 Opportunities

CEO's

Eleven of the 17 respondents, almost unanimously identified the growing and expanding insurance industry and the corresponding high demand for trained and qualified insurance professionals, the government's endeavor to make financial service more accessible and the

related financial literacy program as the primary opportunities. The second larger number of respondents took the modern physical infrastructure and the EIFS's vast experience in finance sector training and development as good opportunities. The industry's readiness to partner with the EIFS and the possibility of partnering with similar insurance institutes are the other opportunities.

Trainers

The growing number of employees driven by the increasing number of insurance companies and the high demand for insurance professionals was identified as the number one opportunity by all of the trainers. Existence of ideal physical infrastructure or well established training center is the other opportunity identified by 83% of the respondents. Shortage of similar institutes on the supply side, vast and rich experience of the EIFS in financial sector training and development, the national campaign for financial literacy and the possibility of partnering with international insurance institutes are additional opportunities forwarded by 33% of the respondents.

EISF Management

The expressed pledge and strong ambition by the EIFS's Board and management of the NBE to change the governance and structure of the EIFS was taken as one of the opportunities by 40% of the respondents. Being an established institute with rich experience in training and development was regarded as a good opportunity again by 40% of the respondents. Ownership of a modern and world class training center with a potential for further expansion was the other opportunity the EIFS can tap as suggested again by 40% of the respondents.

6.2 Required Actions

Chief Executive Officers

69% of the insurance companies suggested that the EIFS should be reorganized as an independent and autonomous body, which embraces the private sector in the governance and ownership and with a redefined mandate and mission. 44% of the respondents want the EIFS to become a full-fledged insurance institute that will run, certification, diploma and advanced diploma programs. In addition, the respondents proposed the EIFS to undertake virtual,

distance and online courses. Insurers constituting 44% of the respondents, recommended the EIFS to establish partnership with similar international insurance institutes; to align its operations with best practices and secure accreditation for its long-term programs. 19% of the respondents proposed the EIFS to engage itself in organizing sector focused workshops, seminars, conferences and undertake research and publication in the long run.

Trainers

100% of the trainers replied that instituting a strong governance and management system wherein the insurance industry is represented, establishing independent and autonomous institutes to be run by competent and qualified management are the required actions. 83% of the respondents in this category suggested the EIFS to have a new mandate and vision in collaboration with the insurance industry. Formulation of strategy and streamlining with the sectors need was suggested by 50% the trainers. Overhauling the overall operations of the EIFS including the development of new curriculum to deliver diploma and advanced diploma and administer professional examinations was suggested by 50% of the trainers. Liaising with the industry and collaborating with leading international institutions was recommended by 50% of the trainers. In view of the luxurious facilities in the possession of the EIFS, organizing workshops, seminars, catering conferences and undertaking hospitality and catering services is suggested by 33% of the participants.

EIFS Management

The response from the EIFS's management to the above question shows that 60% of the participants believe that the mandate and mission of the EIFS should be defined. The same number of respondents suggested public private partnership in the ownership and governance of the EIFS. Again, 60% of the management recommended that a broader study including benchmarking of similar institutes should be conducted by an independent and competent consultant to identify the training and development needs of the sector and to develop curriculum accordingly. According to 33% of the respondents, the EIFS should be autonomous in order to overcome the lack of attention which affected it for long. Strengthening the management and leadership capacity by appointing persons with the required competence, experience and character was put forward by 33% of the respondents.

CHAPTER FIVE

5 SUMMARY, CONCLUSION, AND RECOMMENDATIONS

The main objective of this study is to identify the key challenges and future prospects of the EIFS with a particular emphasis on insurance training. EIFS had been the pioneer training and education center for the Ethiopian financial sector including insurance until 2007. Since then, the EIFS's main area of operation is limited to short term trainings only. However, as training is teaching technical skills to non-managerial personnel and a short term intervention which generates an immediate result in solving job related gaps, the current operation of the EIFS was thought to be incompatible with the growing needs of the insurance sector.

The finance sector including insurance has on the other hand been tremendously expanding in terms of balance sheet size, product mix, number of workforce, branch network, technology and accessibility. However, the insurance industry is still tiny despite the year on year growth. Ethiopian economy is the seven largest economies in Africa (IMF, 2022) However, compared with the East African countries average insurance penetration of 1.2 % (premium to GDP ratio), the Ethiopian insurance penetration stood at 0.4% (AIO, 2022). Shortage of well trained and qualified human resource, among others, is one of the factors which have contributed to the undergrowth of the sector.

The above facts are the reasons which induced the researcher to find out what the EIFS is actually doing and whether the insurance sectors needs can be satisfied under the circumstances. The findings are summarized, conclusions are drawn and recommended actions are presented subsequently.

5.1 Summary

The study was conducted on the basis of six questions which are directly linked to the research objective. Accordingly, the study has taken examining the relationship between the EIFS's mission and objective and the insurance industry's current and future training and development needs as the starting point. This is because; the literature review has indicated that training can be effective if it is designed effectively. Out of the five phases in the training design process, defining training objective is the second one following training needs assessment. Training objective from a training institute's point of view can take two forms.

One is, setting an objective for specific courses. The more broader and fundamental one is, defining objectives of the institute as a whole. This kind of objective is usually derived from the mission and vision of such institutes. According to Peter (1974) a business is not defined by its name, statute, or article of incorporation. It is defined by its business mission. It is a statement of purpose or the reason for being.

The response from all participants, without much difference has revealed that the EIFS has not conducted training needs assessment as part of a broader environmental scanning in the past ten years. In addition, significant majority of the interviewees have responded that there is no law, regulation or charter upon which the EIFS was established. In the absence of such legal basis it is difficult to talk about the mandate or a mission of an organization. The study has further examined if there is a system followed to set the EIFS mission. Majority of the respondents do not know how the mission is defined. However, four participants have indicated that the mission was formulated by a consultant 12 years back. Even then, the study was conducted within the restricted scope of operation, i.e., short term training. In addition, the interview without much difference has proven that the EIFS has not incorporated best practices of similar insurance institutes in its strategy and in its definition of the mission. More importantly, all those who are interviewed (27) unequivocally confirmed that the industry's current and future training and development needs cannot be met by what the EIFS is doing at the moment.

The study has investigated the rationale for limiting the scope of the EIFS operations to training only. As most respondents have no information, it was not possible to get a conclusive answer. However, three of the respondents who happen to have better information attributed the rationale to a misconception by the concerned authorities that any long term training or education has already been given to the then fast mushrooming government universities. Nonetheless, the literature review conducted on similar overseas institutions has unambiguously affirmed that insurance institutes or colleges play an inimitable role in the supply of talent to the insurance sector. In addition, time has proven that academic institutions were not able to produce –insurance professionals much needed by the sector.

The second objective of the study is to examine how effective is the training design and management system. The questionnaire was distributed to 172 trainees. Around 56% of the respondents agree that the EIFS has a system and procedure to identify training needs and

training needs are identified by involving employees and supervisors and referring to job requirements. However around 30% are neutral or disagree on the statements. 67% agreed that the trainings have clear objectives and are communicated to them in advance. Most of the trainees (64%) are satisfied by the skill of the trainers, the quality of the raining methods and training materials. Contrary to the above response, 46.7% of trainees agree that the way instructors deliver the courses are not up to their expectations. Majority of the respondents believe that the training management and training evaluation systems are efficient.

One of the limitations of the above responses is that the respondents are not aware of the details of training need assessments process with in the context of the study. According to Wendy (2007) and Raymond (2017), training to be effective, should be designed effectively. Training design includes five consecutive steps. The first step, training needs assessment in the context of EIFS, should identify the needs of the sector across all organizational levels and should lead to the definition of the mission, and objectives in addition to setting specific course objectives. As a result, respondents confounded the annual practice of trainee selection for the EIFS's courses to be synonymous with the broader and complex training needs assessments process. The responses about the training evaluation system have also some limitation. This is because; the EIFS only carries out level one or reaction evaluation at the end of courses. The remaining three levels of evaluations are not practiced. Similarly, respondents took the annual customer satisfaction survey conducted as part of the NBE's performance evaluation process as training evaluation.

Evaluating the level of satisfaction of trainees by the effect of the trainings is the third research objective. More than 60% of the respondents have agreed that the trainings met their expectations, updated their skills and knowledge, have brought attitudinal changes, enabled them to do their jobs differently and made them more knowledgeable after the trainings. It is true that the technical courses are important and they impart the knowledge on products and basic insurance operations. The experience of the trainers and their professional qualification has contributed to trainees' satisfaction. However, as responded by the CEO's, trainers and what the best practices (literature review) indicate, the insurance industry need more advanced and long term education and professional studies beyond the short term courses.

The fourth focal point of the study is finding out the position the EIFS holds among selected peer institutions. In this regard, the literature review has revealed that all of the institutes are established by a charter or act, carry the objective of responding to the training and educational needs of their respective insurance industries. It also indicated that they are established by the cooperative effort of governments and the insurance industry to offer advanced diploma and diploma programs in insurance leading to ACII designation and offer catering and restaurant services, and conferencing packages. There are also insurance institutes which administer professional examinations in collaboration with international insurance institutions mainly with that of the Chartered Insurance Institute of United Kingdom (CII).

Significant majority of the respondents have established that the EIFS has no clearly articulated law or charter. More than 70% of respondents have upheld the idea that the governance and management was not strong and the insurance industry is not represented in the governance. Moreover, the study has proven that the EIFS lacks the core competence in the area of insurance. As regards, the EIFS capacity and internal system to develop curriculum, the majority view is that the EIFS lacks this important capacity. As regards, the EIFS insurance training programs and administration of professional examinations, the survey disclosed that the programs are not comparable with that of peer institutions and the EIFS does not administer examinations. Similarly, the study has revealed that the EIFS has no accreditation agreement with any international institutions. It is also known that the EIFS does not conduct research and publication and do not organize seminars, workshops and symposiums as others do.

The final survey questions aimed at finding out the key problems and future prospects and remedial actions of the EIFS. The survey has identified scope limitation, weak governance framework and management, lack of legal mandate and explicitly stated mission, lack of attention by policy makers, weak institutional capacity, weak linkage and liaison with similar institutions and the insurance industry and existence of outdated and obsolete training materials and courses as the key setbacks.

As regards, future prospects, majority of the respondents indicated the growing insurance industry and the demand for qualified insurance professionals; the government's initiative to make financial service more accessible, the financial literacy strategy, the ideal training

facility and physical infrastructure, the EIFS's vast and rich experience, absence of rival institutions in the area, and the recent pledge by the EIFS's board to transform it as the opportunities.

Significant majority of the participants suggested, reorganizing the EIFS as an autonomous entity with a new mandate or mission, overhauling the governance in partnership with the private sector, transforming the EIFS in to a full-fledged insurance institute, deploying modern technologies, strengthening the management with competent management and staff, establishing partnership with local and foreign insurance institutes as remedial actions.

5.2 Conclusion

Considering that the EIFS has not conducted needs assessment in the past ten years, the absence of a clear and documented law or charter establishing the EIFS, the apparent difference between the operations of the EIFS and some overseas peer institutions, the wide disparity between the industry need and what the EIFS offers, and the contestability of the rationale behind the decision to focus on short term training, it is fair to conclude that the EIFS mission and objectives are not well synchronized with current and future training and development needs of the insurance sector.

Having regard to the positive responses of the majority of the respondents about the management of the trainings in which they participated, it can be concluded that the training management is effective. However, the broader training need assessment and the training strategy development are not up to the best practices as suggested by the scholars cited in the literature review and the practice of institutions reviewed and the industry's expectation.

In view of the higher percentage of the respondents who expressed their satisfaction about the effects of the trainings, it can be concluded that the trainings are effective in meeting trainees' expectation, and bringing skill and knowledge change. Nevertheless, it is important to note that the current and immediate future need of the industry cannot be satisfied by the short term trainings as unanimously voiced by the CEO's, the trainers and the EIFS management.

The absence legal frame work, the weak governance structure and management, absence of core competence and lack of capacity to develop curriculum, absence of stakeholder's participation in the governance, absence of best training practices and services, absence

accreditation and partnership with leading international institutions, and very limited operational scope and mandate in general shows that the EIFS is far behind its comparators.

The responses received from the three groups who are believed to be the key stakeholders of the EIFS invariably pointed out the problems, prospects and the remedial actions. In general, the problems can be categorized as policy and strategy, governance; finance, management competence, internal system and procedures and partnering with important entities. There are a number of opportunities which give the EIFS a competitive advantage to better position itself if acted up on immediately including but not limited to, the growing insurance industry and its increasing demand for well-educated and qualified insurance professionals, financial inclusion and financial literacy strategies, modern and magnificent premises, vast experience, and the governing body's desire to transform it.

In conclusion, the hosts of actions needed to transform the EIFS are instituting the legal frame work, reorganizing the governance structure and strengthening the management, transforming the EIFS in to a full-fledged insurance institute, strengthening the internal systems and procedures and establish strong partnership with relevant global partners.

5.3 Recommendations

Based on the findings of the study, the following recommendations are forwarded:

1. The governing body of the EIFS should formulate training and development policy and define the EIFS mission, strategy and objectives based on the current and future training and educational needs of the insurance sector.
2. The EIFS should install an effective and up-to-date training management system which at least incorporates:
 - training need assessment;
 - defining training objectives;
 - defining course contents and developing instructional material;
 - managing training programs, and
 - training evaluation.
3. The EIFS should have its own charter, regulation or proclamation.
4. The EIFS should develop and maintain core competence in the key areas of its operations.

5. The governance framework should be strengthened by conferring the right level of autonomy and ensure the participation of key stakeholders including but not limited to the private insurance companies.
6. The EIFS should work towards becoming a full-fledged insurance training and education institute and establish partnership with similar international insurance institutes that would lead it to an accreditation agreement.
7. The EIFS should conduct a study on how it can better utilize its ideal physical facility for providing conference, seminar, hospitality, catering and other ancillary services to generate additional finance.

5.4 Recommendation for Future Research

The quest for identifying the main challenges of the EIFS with respect to the training it offers to the insurance industry and its future prospects has somehow achieved its stated objectives. The data gathered and the analysis conducted has shown the true state of the EIFS as far as insurance training is concerned. The study has identified the challenges, future prospects and what needs to be done to overcome the challenges and get the most out of on the opportunities. Nonetheless, the study has not dealt with the banking and other financial services training due to the limitations and the scope of the study. Even though the facts identified in relation to governance, autonomy, structure, focus and internal capacity may be extrapolated, it is difficult and inappropriate to prescribe a universal solution to the EIFS under the circumstances. More exhaustive research is required in order to chart the future direction of the EIFS as a whole if the authorities prefer to maintain the EIFS as sole and unified finance sector training center. Therefore, the broader financial sector training and development need and the role of the EIFS in this regard can only be determined if a sector wide diagnosis is conducted. In addition, the emergence of new players in the finance sector landscape, such as capital market, digital financial services providers, leasing companies, microfinance institutions and the wide range of new financial products, the pressure for strong and competent financial sector regulatory agencies open more opportunities for the EIFS. Therefore, future research is recommended to address these and other issue relevant to the future of the EIFS.

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SURVEY QUESTIONNAIRES



St. Mary's University School of Graduate Studies

My name is Belay Tulu and I am currently studying for a Master of Business Administration at St. Mary's University College. I am kindly inviting you to participate in this survey either by completing the questionnaire or by responding to the interview. The main objective of the research is to identify the key challenges and opportunities of the Ethiopian Institute of Financial Studies (EIFS) with particular emphasis on insurance training as part of my MBA research Thesis. The questionnaire or the interview may require you to approximately spend 10-15 minutes. Your participation in the survey is entirely voluntary and under no circumstance you are obliged to respond to any of the questions. Nevertheless, your responses, as a member of the insurance sector and the primary stakeholder of the EIFS, are of paramount importance in the successful completion of the research and understanding the circumstances of the Institute. The data gathered and the information provided by you would be kept in a strict confidentiality. The researcher will also assure you that the information will be used only for academic purpose.

If you have any question or need further information about this study, you may contact me at 0945 49 18 22 or drop an e-mail at: belaytulu@gmail.com

I thank you very much for taking your valuable time to be part of the survey

Please provide the following demographic information

Company/Organization Name: _____

Position/Occupation: CEO D/CEO Director D/ Director Consultant
 Training Coordinator/Expert Other

Work Experience in the industry: 0-10 11-20 21-30 Over 31 years

Gender: M F

Age: 20-30 31- 40 41-50 over 50

Question 1: Are the Institute's Mission and Objectives Aligned with the Training and Development Needs of the Insurance Sector?

Interview questions:

1. Has the EIFS conducted an environmental assessment including training and development needs of the insurance sector in the past ten years?
2. Is there any law or regulation that defined the Institute's mandate or mission?
3. How was the Institute's mission defined?
4. Has the EIFS considered or incorporated best practices in the development of its mission and strategy through benchmarking of other insurance training or educational institutes?
5. Do you think that the insurance sector's current and near future needs can be met by the current practice of the Institute?
6. What was the rational for limiting the Institute's scope to only short term trainings?
7. Has the insurance industry been consulted when the institute's mission and objectives are defined?

Question 4: Where Does the EIFS Stands as Compared with Other Insurance Training Institutions (CEO's, Trainers and EFIS Staff)?

Please indicate to what degree you agree with each statement using this rating scale:

1 = Strongly Disagree 2 = Disagree 3=Neutral 4=Agree and 5 = Strongly Agree

| No. | Question | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | Like many insurance training Institutions, EIFS is established by law | | | | | |
| 2 | The EIFS has strong governance, management, competent faculty, and the insurance industry is represented in the governance | | | | | |
| 3 | The EIFS has the core competence in the field of insurance | | | | | |
| 4 | The EIFS has a system and the capacity to develop curriculum and syllabus | | | | | |
| 5 | The EIFS has a defined and adequate source of finance | | | | | |
| 6 | The insurance training programs are comparable to other insurance training institutes that provide certification , diploma and advanced diploma programs | | | | | |
| 7 | The EIFS administers professional examinations | | | | | |
| 8 | The EIFS has an accreditation agreement with Chartered Insurance Institutes | | | | | |
| 9 | The EIFS conducts research and publication | | | | | |
| 10 | The EIFS organize workshops , seminars and | | | | | |

| | | | | | | |
|----|--|--|--|--|--|--|
| | symposiums | | | | | |
| 11 | Like many Institutes, the EIFS provides conference, hospitality and other ancillary services | | | | | |

Question 5: What are the Main Challenges of the EIFS? (You can also respond in Amharic)

Question 6: What Prospects or Opportunities are Available for EIFS and What Should be Done to Capitalize on Them?



St. Mary's University School of Graduate Studies

My name is Belay Tulu and I am currently studying for a Master of Business Administration at St. Mary's University College. I am kindly inviting you to participate in this survey by completing the questionnaire. The main objective of the research is to identify the key challenges and opportunities of the Ethiopian Institute of Financial Studies (EIFS) with particular emphasis on insurance training as part of my MBA research Thesis. The questionnaire may require you to approximately spend 10-15 minutes. Your participation in the survey is entirely voluntary and under no circumstance you are obliged to respond to any of the questions. Nevertheless, your responses, as a member of the insurance sector and the primary stakeholder of the EIFS, are of paramount importance in the successful completion of the research and understanding the circumstances of the Institute. The data gathered and the information provided by you would be kept in a strict confidentiality. The researcher will also assure you that the information will be used only for academic purpose.

If you have any question or need further information about this study, you may contact me at 0945 49 18 22 or drop an e-mail at: belaytulu@gmail.com

I thank you very much for taking your valuable time to be part of the survey

Please Provide the Following Demographic Information

Gender: M F

Age: 20-30 31- 40 41-50 over 50

Work Experience (in years): 0-5 6-10 11-20 21-30 Over 31

Position: Junior Expert Supervisor Senior Expert Team Leader
or/Principal D/ Director

Instruction: Thinking about the course you attended at the EIFS, please indicate to what degree you agree with each statement using this rating scale:

1 = Strongly Disagree 2 = Disagree 3=Neutral 4=Agree and 5 = Strongly Agree

Question 2: How Effective is the EIFS Training Management Process?

| No. | Question | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | The EIFS has a system and procedure for training needs assessment | | | | | |
| 2 | Training needs are identified by involving employees, supervisors and job requirements | | | | | |
| 3 | Every training has a clear and measurable objective and trainees/employers are well aware of the objectives in advance | | | | | |
| 4 | The knowledge and skill of the trainers, the training materials handed out and the training methods are of high quality | | | | | |
| 5 | The way instructors deliver the course and the materials provided to you are | | | | | |

| | | | | | | |
|---|--|--|--|--|--|--|
| | not up to your expectation | | | | | |
| 6 | The training program management is efficient(time, refreshment, transport and venue) | | | | | |
| 7 | The EIFS conduct training evaluation during the training, end of the training and after the training | | | | | |

Question 3: How Satisfied are Trainees by the Effect of Training in Bringing Skill, Knowledge, and Attitudinal Change?

| No. | Question | Strongly Agree | Agree | Neutral | Disagree | Strongly disagree |
|-----|---|----------------|-------|---------|----------|-------------------|
| 1 | The training course/s well responded to your training needs and met your expectation | | | | | |
| 2 | The training courses are effective in updating or refining the knowledge and skills you already had | | | | | |
| 3 | The trainings are not effective in bringing attitudinal changes toward your job and customers | | | | | |
| 4 | The trainings provided by the EIFS have enabled me to do my job differently | | | | | |
| 5 | I felt more knowledgeable and capable after the training than I was before the training | | | | | |
| 6 | The courses are worth spending the days at the training center | | | | | |