

# The Effect of Human Resource Development Practices on Creating Learning Organizations: An Empirical Study on the Banking Sector in Egypt

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**Abstract** This paper aims to investigate the effect of human resource development practices on creating a learning organization. More specifically the effect of each one of the HRD practices (training and development, organization development, and career development) on creating learning organizations (through Peter Senge's five disciplines) will be investigated. The study is conducted in the banking sector, in Cairo-Egypt, as one of the most challenging sectors in driving the economy. A mix of qualitative and quantitative approaches is used in this study. Semi-structured in-depth personal ten interviews are conducted with senior HR managers to get an insight of the relationship between HRD practices and the learning organization which will eventually assist in the interpretation of the employees' self-administered questionnaire analysis. The questionnaire sample consists of 285 participants who were drawn from different private banks working in Cairo-Egypt. A convenience sampling procedure was applied to reach the participants in their workplace. The study indicates that HRD has an impact on the overall learning organization in the banking sector; as it affects System Thinking and Mental Models the most; followed by Shared Vision, Team Learning and Personal Mastery respectively. The study also found that the three dimensions of HRD affect LO; where Training and Development is the most effective HRD practice, as it is the only one that has an impact on all of Senge's five disciplines. Organization Development is the second HRD practice affecting Learning Organization and Career Development is the third; as both practices affect only three of the five disciplines.

**Keywords:** *human resource development practices, learning organization, training and development, organization development, career development, peter senge's five disciplines, banking sector*

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## 1. Introduction

Although "Human Resource Development" is an integral part of human resource management nowadays, HRD has been around long time ago. The history of human resource development has its roots in the origins of education and training. In tracing the history of HRD, it can go back to apprenticeship training in the 18th century focusing on skilled training, then the early vocational education in 1809 providing occupational training to unskilled young people, and the early factory schools with the advent of the industrial revolution during the late 1800s. The attention towards training semiskilled and unskilled workers came later in the 20<sup>th</sup> century as a result of two significant historical events. The first was the introduction of Henry Ford new mass production using assembly lines and the second was the challenge of meeting the huge demand for military equipment in World War I. The negative consequences of the factory system gave rise to the "human relations" movement campaigning for more human working conditions which continued with World War II where there was a need for training

professions across large organizations. In the second half of the 20<sup>th</sup> century, HR professionals recognized that there is a need not only to train employees but rather to involve, coach, counsel and develop employees; leading to the emergence of the term "human resource development [9]. Since then, there has been a rising interest in building organizational calibers, training professionals, sharing distinctive knowledge, motivating lifelong learning, working through collaborative teams and creating learning organizations. "Knowledge and skills of employees are to be constantly developed in order to be in line with changes, information flow, and new technologies. [18]"

With the dynamic drastic changes that are taking place worldwide and in the MENA region in particular; whether on the political, economic, technological or social level, there is a need for organizational renewal, transformation and sustainability, hence, the need for learning organizations has never been as crucial. Organizations are fostered to create a learning climate that is important for both organizations competing in global markets and for individuals operating in a learning culture [27]. Peter Senge, the father of learning organization, believes that real learning gets to the heart of what it is to be human; as people become able to re-create themselves [24]. Beside

this “organizational” or “micro level” benefits, if all organizations within a country apply Human Resource Development practices, the HRD’s benefits will be generalized to develop the country’s employees (nation). And this will result in a knowledge-based society that would attain competitive advantage from its powerful and compatible human resources [19].

According to reference [10], the Egyptian banking system is considered as a product of several transformations that took place during last decades. The authorities have implemented a bank privatization program in an attempt to reduce market concentration and enhance competition. Egypt financial sector was introduced to a reform program (2004-2008), that aims to improve financial-sector soundness aiming to foster the environment for an efficient, increasingly private-led, financial system that serves Egypt’s development and growth objectives. Consequently, these reforms had changed the banking sector to be a competitive and market-driven segment. In this context, it is becoming essential to develop and nurture the banks’ human resources where they need to be proactive and ready for such changes [16]. Therefore, this study aims to test the effect of three HRD practices on Senge’s five dimensions of learning organization in the banking sector in Egypt.

## 2. Literature Review

Human Resource Development practices are essential as notably highlighted in [28], investing in human capital is as important as investing in one’s financial capital; and that is through the three main components of HRD which are training and development (T&D), organization development (OD) and career development (CD) [26]. HRD is viewed to be critical to companies’ survival, since failure to proactively cope with the volatile market and innovativeness will, eventually, drive the organization out of the market [17]. By reviewing the literature, one can find out that the two concepts of LO and HRD share three main components including: learning, changing, and improving [30]. Thus it is believed that through appropriate implementation of the three HRD practices, firms will be able to maintain a continuous learning environment. Reference [13] claims that HRD “encompasses planned activities and processes designed to enhance **organizational** and **individual learning**, develop human potential, maximize organizational effectiveness and performance, and help bring about effective and beneficial change within and beyond the boundaries of organizations”. There is a great link between HRD and the Learning Organization (LO); since an organization would be perceived only as good as its people, organizations also learn through its people [9]. That is why there has been a recent trend towards studying HRD in particular rather than HRM in general. Reference [14] argues that the term ‘human resource management’ gives the impression that employees are more of passive commodities or assets rather than active personnel, and thus de-humanizes them.

The service sector and specifically the banking sector is an attractive segment to examine the importance of creating a learning organization through the effective role of HRD practices. Yet, the literature introduces counterarguments, by using Cameron and Quinn (1999)

descriptions for organizational cultures, describing the banking sector’s culture to vary between being a hierarchical or a market culture [12]. Accordingly, this might shed light on whether the banks’ hierarchical culture would impede the practices initiated of the HRD to create a LO. Additionally, reference [1] arguably agrees on the perception that banks provide specialized technical training for gaining the basic banking skills and ignore the employees’ needs of soft skills training. He also claims that banks view trainings as a cost rather than investment and therefore the HRD’s mentality in the banking sector is short term focused with limited investment in the human capital.

According to the theory proposed by Senge, there are five main disciplines for the LO [24]. First, team learning is the ability to genuinely “think together” and winning the common opinion by the whole team. Second, shared vision occurs when people agree on and learn together how to co-create a common goal. Third, mental models shape people’s deep understanding of the world yet it sometimes limits their way of thinking in certain way, therefore; they should undergo continuous comparisons between the new ideas and their internal beliefs of how the world works. Fourth, personal mastery refers to the ability of organizations to learn through its individuals’ capacity to learn; where organizational members discover the gap between their vision and their reality to enhance personal development. Fifth, system thinking is the ability to find interconnections between problems’ components instead of breaking down the problem into parts and then study every part separately [29].

The impact of HRD on LO in the banking sector has gained popularity recently especially in the developing countries. Reforms of the Nigerian banking sector “opened the door to intense competition and continued search for talented and highly skilled professionals. For any bank to gain the competitive edge in the current unpredictable business environment, it must focus on ‘building a more responsive, flexible and resilient workforce’ [2]. Another study of the banks in India concluded that “a higher level of involvement and commitment is imperative to convert banks into real learning organizations. This can be done by a more effective implementation of various subsystems of HRD in the banks” [21].

In conclusion, this research assumes to consider these ideal relationships; yet, practically it might be difficult to find each of the HRD components in direct relation with all of the five disciplines of Senge. Therefore, effective methods and techniques are recommended to ensure the valuable function of the HRD practices in enhancing and maximizing the five disciplines and especially in inflexible cultures as the banking sector.

Based on the above literature, it can be assumed that HRD practices have significant impact on creating Learning Organizations. This main hypothesis can be broken down into five sub hypotheses to assess each of the five disciplines of LO as follows:

1. There is a significant impact of HRD practices on System Thinking.
2. There is a significant impact of HRD practices on Team Learning.
3. There is a significant impact of HRD practices on Shared Vision.
4. There is a significant impact of HRD practices on Personal Mastery.

5. There is a significant impact of HRD practices on Mental Models.

The research hypotheses can be summarized in the research framework – Figure 1.

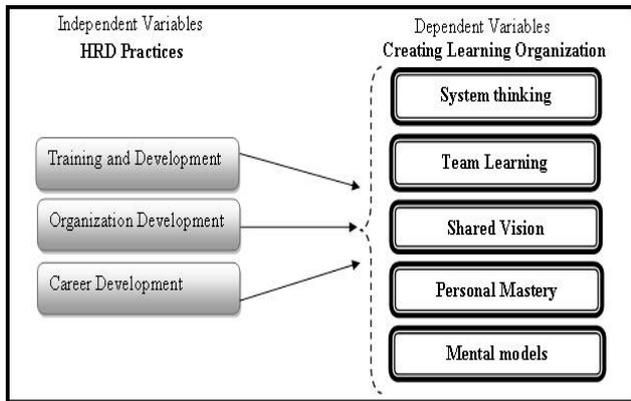


Figure 1. Research Framework

### 3. Methodology

The study will be conducted through a mix of qualitative and quantitative approaches. The seven studied private banks can be classified according to their ownership; where there are two Egyptian, three foreign and two Arabian ownership banks.

#### 3.1. Participants

The qualitative insight will be done through in-depth personal, semi structured interviews with open-ended questions to senior HR managers. That is to get an insight of the relationship between HRD practices and the LO which will eventually assist in the interpretation of the employees’ self-administered questionnaire analysis. Ten interviews were conducted in respondents’ workplace. Each interview lasts for 45 to 60 minutes. The researcher was asking questions while recording answers was done by a research assistant. The number of interviews was greater than the number of banks because some of the banks have separate HR divisions responsible for T&D, OD and CD. The target population for the study was employees working in the private banking sector in Cairo-Egypt. A statistical Power test was used to determine the optimal sample size with  $\alpha = .05$ , power = .95 revealing that 195 participants were required. 350 questionnaires were distributed using a convenience sampling procedure to reach the participants in their workplace. 65 questionnaires were excluded for missing information, and 285 usable questionnaires were obtained with a response rate of 81.5%. Within the sample, 50.9% of the respondents are males and 49.1% are females; 49.2% of the sample aged between 20-30 years, 38.6% of the sample is between 30-40 years, and 12.2% of the sample is in the range of 40-50 years. The participants’ average working experience is 5.4 years in the studied banks; and it is 6.87 years in the banking sector in general.

#### 3.2. Instruments

The interview manual consisted of 15 open-ended questions about the role of HRD practices in fostering and

enhancing the learning organization within the banking sector. The interviews’ questions were based on the available theoretical and empirical literature as well as the researcher’s experience of HR practices in the private sector in Egypt.

The questionnaire is designed to examine the research main hypothesis and the five sub hypotheses by assessing the relationship between the three HRD components which are T&D, OD, and CD, and the five disciplines of Peter Senge’s learning organization theory which are personal mastery, shared vision, mental models, team learning, and system thinking. The HRD practices are measured by 12-item questionnaire adopted from “HRD Climate Survey” [7]. The Learning organization’s five disciplines were measured by 17-item questionnaire adopted from “Dimensions of Learning Organization Questionnaire” (DLOQ) [20]. All questions were answered on a 5-point Likert scale that ranged between (1 strongly agree and 5 strongly disagree). Moreover, demographic data concerning participants’ age, gender, banking work experience in general and work experience in the surveyed bank in particular were obtained. The questionnaires were administered in person in the respondents’ workplaces. The administration time ranges between 25 and 35 minutes.

Since the questionnaire is adopted from these two reliable readymade questionnaires, the results indicate reliability and consistency as shown in Table 1. In order to design an appropriate Questionnaire, some slight modifications were made to better suit the banking culture in Egypt; and thus a pilot survey was conducted on small sample of around seven employees. The data is quantitatively analyzed using the SPSS statistical package. The descriptive statistics and reliability coefficients of these variables are shown in Table 1.

Table 1. Descriptive Statistics and Reliability Coefficients of Study Variables

Variable	Mean	Standard Deviation	Cronbach's Alpha
Total HRD Practices (12 items):	26.94	4.76	.899
Training and development (4 items)	8.02	2.42	.791
Organizational Development (4 items)	7.63	1.75	.745
Career development (4 items)	11.28	1.81	.710
<b>Total Learning Organization (17 items):</b>	<b>41.36</b>	<b>7.33</b>	<b>.870</b>
System Thinking (3 items)	7.01	1.91	.738
Shared vision (3 items)	9.04	2.06	.736
Mental Models (4 items)	8.53	2.22	.819
Personal Mastery (3 items)	7.16	1.63	.751
Team learning (4 items)	9.61	2.18	.721

Human resource development was measured through its three practices; T&D (Cronbach’s Alpha0.791), OD (Cronbach’s Alpha0.745), and CD (Cronbach’s Alpha0.710). The HRD practices have a Cronbach Alpha of 0.899. Additionally, the learning organization was measured through the application of Peter Senge’s five disciplines of LO with the following Cronbach’s Alpha; System thinking (Cronbach’s Alpha 0.738), team learning (Cronbach’s Alpha 0.721), shared vision (Cronbach’s Alpha 0.736), personal mastery (Cronbach’s Alpha 0.751), and mental models (Cronbach’s Alpha 0.819). The learning organization overall disciplines have a Cronbach Alpha of 0.870.

## 4. Research Results

In order to examine the research hypotheses, several statistical analysis were conducted as follows.

### 4.1. Correlations between HRD Practices and Learning Organization

In order to investigate the relationships between HRD practices and Senge’s five disciplines of learning organization, Pearson correlation coefficients were conducted as indicated in Table 2. The results revealed a significant relationship between HRD Practices and LO. The correlation analysis yielded the following: First, T&D positively correlate with the learning organization’s five disciplines, yet the intense of the relationship is moderate with the overall LO. Second, OD is positively correlated with the LO five disciplines yet the intense of the relationship vary between weak and moderate among the five disciplines (overall LO). Third, CD is positively correlated with the LO five disciplines with a moderate intensity of relationship with the overall LO.

Table 2. Correlation Coefficients between HRD Practices and Disciplines of Learning Organization

HRD practices LO Disciplines	T&D	OD	CD	HRD Practices
System Thinking	.536**	.617**	.468**	.678**
Shared vision	.509**	.362**	.370**	.535**
Mental Models	.643**	.495**	.292**	.621**
Personal Mastery	.419**	.346**	.282**	.448**
Team learning	.401**	.391**	.337**	.476**
Learning Organization	.692**	.609**	.479**	.759**

\*\* Correlation coefficient is significant at p <.01 level

### 4.2. Impact of HRD Practices on Learning Organization

In order to investigate the effect and relative importance of HRD practices in predicting the five disciplines of learning organization, a series of step-wise regression is conducted to examine each of the five LO disciplines. The regression analysis shows the following:

First, the HRD practices can explain 47.7% of the total variance of **system thinking** (F:85.5, P<0.001). The regression weights presented in Table 3 reveal that OD has the highest effect on system thinking followed by CD and T&D correspondingly. Second, the HRD practices can elaborate 30.2% of the total variance of **shared vision** (F:60.89, P<0.001). From the regression weights presented in Table 4 it can be noticed that only two of the HRD practices have impact on shared vision which are T&D with a higher effect compared to CD. Third, the HRD practices describe 43.2% of the total variance of **mental models** (F:107.2, P<0.001). The regression weights presented in Table 5 disclose that only two of the HRD practices have impact on mental models where T&D has a higher effect followed by OD. Fourth, the HRD practices can explain 19.7% of the total variance of **personal mastery** (F:34.57, P<0.001). As indicated in Table 6, only two of the HRD practices have impact on personal mastery where T&D has a higher effect followed by CD. Fifth, the HRD practices describe 22.7% of the

total variance of **team learning** (F:27.56, P<0.001). The regression weights presented in Table 7 indicate that T&D has the highest effect on team learning followed by CD and OD respectively.

Finally, a regression analysis is carried out to determine the effect of the HRD practices on LO. The analysis revealed that the HRD practices can explain 58.1% of the total variance of the **overall learning organization** (F:130.01, P<0.001). The regression weights presented in Table 8 reveal that T&D has the highest effect on LO followed by OD and CD respectively.

Table 3. Step Wise Regression to Use HRD Practices in Predicting System Thinking

Predictors	Multiple R	Multiple R <sup>2</sup>	F	Beta	t
Organizational Development	.691	.477	85.58***	.404	7.32***
Career Development				.252	5.36***
Training and Development				.206	3.75***

\*\*\* Regression coefficient is significant at p <.001 level.

Table 4. Step Wise Regression to Use HRD Practices in Predicting Shared Vision

Predictors	Multiple R	Multiple R <sup>2</sup>	F	Beta	T
Training and Development	.549	.302	60.89***	.432	8.14***
Career Development				.221	4.16***

\*\*\* Regression coefficient is significant at p <.001 level

Table 5. Step Wise Regression to Use HRD Practices in Predicting Mental Models

Predictors	Multiple R	Multiple R <sup>2</sup>	F	Beta	T
Training and Development	.657	.432	107.22***	.541	9.62***
Organizational Development				.170	3.03**

\*\* Regression coefficient is significant at p <.01 level;

\*\*\* Regression coefficient is significant at p <.001 level.

Table 6. Step Wise Regression to Use HRD Practices in Predicting Personal Mastery

Predictors	Multiple R	Multiple R <sup>2</sup>	F	Beta	T
Training and Development	.444	.197	34.57***	.365	6.42***
Career Development				.155	2.73**

\*\* Regression coefficient is significant at p <.01 level;

\*\*\* Regression coefficient is significant at p <.001 level.

Table 7. Step Wise Regression to Use HRD Practices in Predicting Team Learning

Predictors	Multiple R	Multiple R <sup>2</sup>	F	Beta	T
Training and development	.477	.227	27.56***	.220	3.30**
Career development				.194	3.39**
Organizational Development				.189	2.82**

\*\* Regression coefficient is significant at p <.01 level

**Table 8. Step Wise Regression to Use HRD Practices in Predicting Learning Organization**

Predictors	Multiple R	Multiple R <sup>2</sup>	F	Beta	t
Training and Development	.762	.581	130.01***	.463	9.42***
Career Development				.230	5.47***
Organizational Development				.249	5.04***

\*\*\* Regression coefficient is significant at  $p < .001$  level.

## 5. Discussion

It can be noticed from the previous results analysis that research hypotheses, in general, are supported. The first hypothesis suggests that HRD practices significantly affect the first LO discipline namely **System Thinking**. The regression analysis indicates that the HRD practices have its highest influence on system thinking (47.7%) compared to the rest of Senges' disciplines. This can be due to the bank's market culture that urges employees to be prepared to solve the daily market problems and challenges actively; therefore, analytical thinking and problem solving are the most needed skills [12]. The results show that OD, in specific, has the highest impact on system thinking. This conforms to the fact that such skills have to be embedded in the organizational culture in order to be able to change and cope with the environment [29].

The results also reveal that CD has a second impact on system thinking. Some of the studied banks implement CD programs through allowing selected senior managers to have job rotation in order to have a macro view of the banking interrelated systems; which eventually strengthens their system thinking. However, T&D has the least impact on system thinking. The interviewed managers believe that T&D is mainly embedded in employees' projects, tasks and work assignments rather than in training workshops. This is why most of the studied banks do not use T&D as a method to develop system thinking.

As for **Team Learning**, the second hypothesis suggests that HRD practices significantly affect the second LO discipline. The regression analysis indicates that HRD Practices can explain 22.7% of the total variance of team learning. This can be explained through the qualitative input of most of the interviewed managers, who think that team work is not essential to most of the banking departments especially to the retail customer service where targets and objectives are determined on individual (not team) basis. However team building is applied in other departments that need such a skill and that is mostly gained through T&D programs. T&D is the HRD practice that has the highest impact on team learning. Since team work is not highly used in the banking sector due to the nature of their jobs, there are little OD interventions endorsed to change or transform individual work and targets to group work and common goals.

The statistical analysis reveals that CD has no impact on team learning. This is explained by the literature where CD can enhance team learning *only* when employees are working in groups not individually. That is through team

tasks and group activities; individuals widen their knowledge, gain more skills and become more competent within the team. In that case career decision making that pertains social learning tend to view CD as an interdependent learning experience [4]. Therefore; CD in the banking sector does not impact the creation of team learning.

The third hypothesis argues that HRD practices significantly affect the third LO discipline which is **Shared Vision**. The regression analysis indicates that HRD practices contribute with 30.2% in explaining shared vision. The analysis reveals that T&D has a higher impact on creating shared vision. Reference to the interviewed staff, since most of the banks' activities are based on individual performance; shared vision is delivered only through team building training sessions that are provided to some departments - where employees need to work together under one agreed goal. This could be partially explained by the banks' hierarchical culture where the organizational vision or departmental goals are usually created by top management and are then cascaded down the hierarchy [12].

CD also impacts shared vision through performance management process where managers collaboratively co-create organizational visions with their subordinates [25]. As indicated by the qualitative input, since not all the banks apply performance management to indicate their subordinates' future developments, CD has less impact on creating shared vision. The regression analysis indicates that OD has no impact on creating shared vision. This is due to the top-down approach that describes the hierarchical culture of the banking sector. This is elaborated through the qualitative insights of the interviews which indicate that top managers initiate change, set its goal, and then cascade it down the hierarchy. This contradicts with Cummings and Worley view that developing organizations require planned interventions in specific areas, where some interventions would develop employees *shared vision* through goal setting interventions [5]. Thus, the creation of shared vision can be hindered by the banking hierarchical culture.

The fourth hypothesis implies that HRD practices significantly affect the fourth discipline of LO which is **Personal Mastery**. The regression analysis indicates that HRD Practices can explain 19.7% of the total variance of Personal Mastery. These results reveal that HRD Practices have the least influence on personal mastery compared to the other four disciplines. This is due to the fact that one of the disadvantages of the bank's market culture is that employees are pressured and challenged with attaining high targets in a limited time [8]. And according to the studied banks, this deprives them from devoting some of their work time to attend staff development sessions that could have enhanced their personal mastery.

Nevertheless, T&D has the highest impact on personal mastery. That is because some of the T&D programs are dedicated to Personal Mastery. However, as noted by some of the interviewees, the daily pressure of achieving competitive targets deprive them from attending these programs and thus could not reflect on their self-development. This is in conformity with [21] study's finding in the banking sector where "respondents expressed that those with genuine need and interest to attend training are not getting opportunities because of their work responsibilities."

The analysis shows that CD has a lower impact on personal mastery. Most of the banks apply CD programs such as the “Succession Planning Program” and the “Emerging Leader Program” which entails rotating the talented employees (who are potential leaders) among different departments. Because of the banks’ dominant hierarchical culture, most of these career programs are provided to management level at the expense of junior level. Hence, these banks are creating in-groups and out-groups. In-groups include those people whom the organization favors the most and invest in; and are usually discriminated from the out-groups whom the organization views as resources and hardly invests in [23]. Reference [15] criticized such type of organizations and argued that all employees should be viewed as potentials rather than resources being exploited.

It is revealed from the analysis that OD does not impact personal mastery. Due to the banks’ hierarchical culture, most of the OD activities for improvements, coping with changes, and taking initiatives are proposed by top management. Whereas, the literature highlights that improvement initiatives and changes act as a way for encouraging experimentation and empowering employees to participate in them and therefore develop personal mastery [22]. The finding is further supported by the results of Pillai’s study of the banks in India, “the employees are deprived of opportunities to handle higher responsibilities. The employees have fewer opportunities to understand one’s own strengths and weaknesses with the help of their colleagues and superiors” [21]. Thus, the banking sector hierarchical culture acts as a barrier for OD to create personal mastery.

The fifth hypothesis suggests that HRD practices significantly affect **Mental Models** - the fifth LO discipline. The regression analysis indicates that (43.2%) of the variance of mental models can be explained by the HRD Practices. The results reveal that T&D has a higher effect on mental models. Some of the studied banks had gone through major changes and developments such as mergers and acquisitions. Most banks use T&D as a means to teach their employees not to resist change and to be open to new ideas and techniques. And therefore change the employees’ old traditional perception about the way work used to be done; resulting in altering their previous mental model [11]. Some of the studied banks use a training program called “lateral move” which is dedicated to alter employees’ mental models. In this program, whenever there are two parties who are in conflict (whether from the same department or different departments), they are asked to exchange their roles. That is in order to help them breaking their inner deep-rooted thoughts. Other training and development means such as job rotation assignments are encouraged in time of change to help employees decrease their internal resistance; hence, understanding their inner mental models [6].

OD has less impact on mental models. This finding contradicts with Grady’s thought about how the nature of organizational change brings instability to the employees’ existing mental models and alters their thoughts of how the work is done with shifts in their perceptions [11]. The results have shown that CD has no impact on mental models. Since performance management is part of CD then a poor performance management (or its absence) would result in an ineffective career development.

Reference to the interviews insights, employees are usually assessed through evaluative appraisals rather than developmental appraisal. Accordingly, the evaluative appraisals are concerned with comparing employees’ performance to standards or to previous performance and therefore employees are deprived from the developmental appraisals that would help them knowing their strengths, altering the way they used to think of their careers and develop career awareness [3].

To conclude with the main hypothesis which implies that HRD practices significantly affect the overall learning organization, the regression analysis indicates that HRD Practices can explain 58.1% of the total variance of the LO. It has been shown from the results that T&D has the highest impact on creating LO; where banks make more use of T&D compared to the other two HRD practices. This has been clear from the results; where OD and CD affect only three of the LO five disciplines, T&D is the only HRD practice that affect all of the five disciplines.

Since the banking sector has a strong organizational culture and has its own unique work practices, it is noticed that T&D is mainly dedicated to teach employees how to be effective bankers. This is attained through mandatory bank related courses such as codes of ethics and conduct and other technical banking type of trainings. It has been noticed that such types of training (which would have positively affected OD) are prioritized over soft skills trainings (which would have positively affected career development). Given the banks’ market oriented culture, it is essential to anticipate problems before they occur and to be ready for adaptive changes to respond to the market’s challenges; therefore employees need to be proactive [16].

That is why the results show that OD follow T&D in creating learning organization; whereas, CD has the least impact on Learning Organization.

## 6. Conclusion

The study indicates that HRD has an impact on the overall learning organization in the banking sector; as it affects System Thinking and Mental Models the most; followed by Shared Vision, Team Learning and Personal Mastery respectively. The study also found that the three dimensions of HRD affect LO; where Training and Development is the most effective HRD practice, as it is the only one that has an impact on all of Senge’s five disciplines. Organization Development is the second HRD practice affecting Learning Organization and Career Development is the third; as both of them affect only three of the five disciplines. The overall findings of this study conform to a great extent with the findings of a research done in India titled “Influence of HRD Climate on the Learning Orientation of Bank Employees”; where the hypothesis that supportive HRD climate stimulates learning orientation is found to be true [21].

Although it is evident that the private banks in Egypt apply HRD practices and have a learning climate; one cannot conclude that banks apply Learning Organization fully. This partial implementation of LO can be referred to the nature of the banking culture. The banking sector in Egypt has a strong culture; mainly a combination of hierarchical (with its rigidity and controlled nature) and market cultures (with its high sense of competition). These

two types of cultures impede the organization from achieving all five disciplines of LO; as the creation of shared vision and enhancing personal mastery can be hindered by the banking hierarchical culture; and team learning can be hindered by the banking market culture.

## 7. Policy Implication/Recommendations:

### 7.1. Recommendation on the Micro Level – Egypt

First, banks should move towards an “adhocracy” type of culture where they can be more proactive to adapt to changing conditions. Second, HR department should have a more strategic intervention to apply the three HRD practices more effectively and to promote for a full implementation of LO. Third, banks should view their staff as potentials rather than merely resources; and thus provide career development and invest in employees’ personal mastery through all hierarchical levels; in order to build empowered second line managers. Fourth, there is a need to widen the scope of T&D to include staff development programs and to enhance employees’ self awareness. Fifth, banks should move from “performance appraisals” towards “performance management” to enhance employees’ personal mastery and career development.

### 7.2. Recommendation on the Macro Level – MENA Region

Establishing a ministry/authority for “administrative development” under which HRD practices and Learning organizations are strategically planned and implemented on both governmental and private sectors; on goods and service industries; and on under-graduate and post-graduate educational levels. The aim should be to promote for the culture of life-long learning; and hence the development of a competent labor force in the developing countries of the MENA region to meet the requirements of a fast growing economy.

### 7.3. Limitation of the Study:

The conducted interviews have revealed a contrasting relationship that exists between HRD and learning organization; that is out of the scope of this study, which is worth studying. The interviews showed that the banks which have learning organization embedded in their cultures in the first place tend to have more effective implementations of the HRD’s practices.

### 7.4. Suggestions for Future Research

There is a fair amount of research conducted on the effect of HRD on LO; however, there are seldom studies investigating the reverse relationship. It is recommended to investigate the impact of LO on the implementation of effective HRD practices.

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