



The Role of Strategic Human Resource Management Practice on Organizational Effectiveness; in the case of Nile Insurance Company S.C

By: Hayalu Limeneh

A Thesis Submitted to School of Commerce College of Business and Economics in the Department of Human Resource Management in Partial Fulfillment of the Requirement for the Degree of Masters of Arts Human Resource Management

Advisor: Worku M. (PhD)

***June, 2020
Addis Ababa, Ethiopia***

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

The Role of Strategic Human Resource Management Practice on
Organizational Effectiveness; in the case of Nile Insurance
Company S.C

By: Hayalu Limeneh

ID. NO: GSD /0357/07

Approval of Examiners:

Advisor of the Research

Signature and Date

Internal Examiner

Signature and Date

External Examiner

Signature and Date

Chairman of Department,
Graduate Program

Signature and Date

DECLARATION

I declare that the thesis work entitled “*The Role of Strategic Human Resource Management Practice on Organizational Effectiveness; in the case of Nile Insurance Company S.C*” is my original work and all sources of material used for the work have been duly acknowledged.

Hayalu Limeneh

June, 2020

Addis Ababa University

LETTER OF CERTIFICATION

This is to certify that, this research work entitled “*The Role of Strategic Human Resource Management Practice on Organizational Effectiveness; in the case of Nile Insurance Company S.C*’”, in partial fulfillment of the requirements for Master of Arts Degree in Human Resource Management at Addis Ababa University School of Commerce, is an original work and not submitted earlier for any degree either at this university or any other university.

Worku M. (PhD)

ACKNOWLEDGEMENTS

First and foremost, I would like to thank God who has provided me guidance in all my life endeavors.

My sincere gratitude goes to Worku M. (PhD) for his genuine guidance, invaluable feedbacks and encouragement for preparing and finishing this study.

I am endowed to thank the management and employees of Nile Insurance Company S.C, who have permitted me to make the study and showed interest by dedicating their time in filling the questionnaire which is the foremost reason I am able to finalize the study.

My utmost gratitude to my mother W/ro Zebideru Chekol for her prayers that play a great role in my academic accomplishment.

I'm grateful to my sisters Ms. Fistum Limeneh and W/ro Emebet Limeneh with her husband Ato Terefe Tefera who have been always helping me to succeed in my academic and career progress.

I am indebted to thank and Ato Belete Abebaw who supported me throughout the research project in sharing his research project experience and materials relevant to the study.

Finally, I would like to thank all my well-wishers who have been giving me appreciation and moral support throughout the study.

TABLE OF CONTENTS

Declaration.....	i
Letter of Certification.....	ii
Acknowledgment	iii
Table of Content.....	iv
Appendix.....	vii
List of Abbreviation/Acronyms.....	viii
List of Tables.....	ix
List of Figures.....	ix
Abstract	x

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study.....	1
1.1.1 Background of Nile Insurance Company S.C.....	2
1.2 Statement of the Problem.....	3
1.3 Research Questions.....	4
1.4 Objective of the study.....	5
1.4.1 General Objectives.....	5
1.4.2 Specific Objectives.....	5
1.5 Significance of the Study.....	5
1.6 Scope of the Study.....	6

1.7 Limitation of the Study.....	6
1.8 Operational Definitions.....	6
1.9 Organization of the Study.....	8

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature	
2.1.1 Introduction	9
2.1.2 Strategic Human Resource Management.....	9
2.2 Theories of Strategic Human Resource Management.....	10
2.2.1 Contingency and Best-Fit School of Thought in SHRM.....	10
2.2.2 Universalism & the Best –Practice School of Thought in SHRM.....	12
2.2.3 Resource Based View on Firm as SHRM Ground Theory.....	14
2.3 Principles and Feature of Strategic HRM.....	16
2.4 Role of Strategic HRM.....	17
2.5 Relationship of HR-Practice to Strategies.....	17
2.6 Characteristics of Effective Human Resource Management Strategies.....	18
2.7 Elements of Strategic Human Resource Management Planning.....	18
2.8 Strategic Human Resource Management Practice	19
2.8.1 Integration of HRM with Corporate Strategies.....	19
2.8.2 HR Practices to Line Managers.....	20
2.8.3 Placement System.....	20
2.8.4 Training and Development.....	21

2.8.5 Compensation System.....	22
2.8.6 Career and Succession Planning.....	22
2.8.7 Employee Participation.....	23
2.8.8 Performance Management.....	23
2.9 Over View of Balanced Scorecard.....	24
2.10 Organizational Effectiveness	25
2.10.1 Definition of Organizational Effectiveness.....	26
2.10.2 Approaches of Organizational Effectiveness	27
2.10.3 Strategy for Improving Organizational Effectiveness.....	29
2.11 Empirical Studies of SHRM.....	29
2.12 Conceptual Frame work of the Study.....	31

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction.....	32
3.2 Research Design.....	32
3.3 Population and Sampling Techniques.....	32
3.4 Types of Data and Tools of Data Collection.....	33
3.5 Procedures of data Collection.....	34
3.6 Instrument's Validity and Reliability	34
3.6.1 Validity.....	34
3.6.2 Reliability.....	35
3.7 Method of Data Analysis.....	35
3.8 Ethical Consideration.....	36

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Characteristics of Respondents	37
4.2 Level of Strategic HRM practice in Nile Insurance Company S.C.....	39
4.3 Level of Organizational Effectiveness practice in Nile Insurance Company S.C.....	40
4.4 Correlation between SHRM Practice and Organizational Effectiveness.....	40
4.5 Impact of SHRM Practice on Organizational Effectiveness.....	43
4.6 Model Explanation.....	47

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary.....	49
5.2 Conclusion.....	50
5.3 Recommendation.....	50
References.....	52

APPENDIX

Appendix-I Questionnaire	62
Appendix -II Reliability of Statistics.....	67
Appendix -III Normality of the Data.....	68

LIST OF ABBREVIATIONS / ACRONYMS

BSC: Balanced Scorecard

COVID-19: Corona Virus Disease – in the year of 2019

HR: Human Resource

HRD: Human Resource Development

HRM: Human Resource Management

HRP: Human Resource Planning

JDs: Job Descriptions

KSAs: Knowledge, Skill and Attitude

MHRM: Master of Human Resource Management

NIC S.C: Nile Insurance Company Share Company

OE: Organizational Effectiveness

PMS: Performance Management System

RBV: Resource Based View

SHRM: Strategic Human Resource Management

SPSS: Statistical Package for Social Students

VRIO: Value, Rareness, Immutability and Organization

LIST OF TABLES

DESCRIPTIONS		Page
Table- 1	Population and Sample Distribution.....	33
Table-2	Characteristics of the Respondents.....	38
Table-3	Level of Strategic HRM practice.....	39
Table-4	Level of Organizational Effectiveness practice.....	40
Table-5	Pearson Correlation Coefficient Matrix	41
Table-6	Predictive power of SHRM practice on Organizational Effectiveness.....	44
Table-7	Existence of significance descriptive power of SHRM practice on Organizational Effectiveness (ANOVA).....	44
Table-8	Beta coefficients of unstandardized and standardize coefficients Customer Satisfaction.....	45
Table-9	Questionnaire	64
Table-10	Reliability Statistics.....	67
Table-11	Normality of the data.....	68

LIST OF FIGURES

Figure-1 Competing values Framework of Organizational Effectiveness.....	38
Figure-2 Conceptual Frame Work of the Study.....	29

ABSTRACT

The purpose of this study is to investigate the role of strategic human resource management practice on organizational effectiveness in the case of Nile Insurance Company S.C. Out of 160 target population a sample size of 115 was taken using Guilford and Flruchter (1973) formula and responses of 115 employees were analyzed. The data collected from the survey was analyzed by SPSS and presented in the form of descriptive statistics, Pearson correlation and Regression Analysis. The levels of SHRM practices on OE were medium. The result of Person correlation coefficient analysis shows a positive significance correlation between each SHRM practice with organizational effectiveness in Nile Insurance Company. Furthermore, the regression result shows that the predictive power of SHRM practices on organizational effectiveness were significant. Therefore, the study concluded that Strategic HRM practice has a significant influence on organizational effectiveness, SHRM are moderately practicable in an organization. There is a positive correlation between SHRM and Organizational Effectiveness. The study recommended that organizations should give great emphasis on Strategic HRM practices so as to yield higher organizational effectiveness. The organization should give attention to the placement system hence, OE will increase whenever the requirement and placement process matches with skills and competency of the candidate. To come up with the organization effective on the dimensions of Balanced Score Card (BSC) should work on human capital and assign an employee at right place.

Key words: Strategic Human Resource Management, Organizational Effectiveness and Balanced Score Card

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The human resource management system in any organization, given the constantly changing and dynamic environment, cannot be a stagnant and fixed phenomenon. Strategic human resource management could serve the organizations in acquiring the competitive advantages. Under the strategic human resource framework, organizations are able to optimize their utilization of opportunities. Strategic management of human resources brings the necessary coordination between various activities of an organization.

Strategic Human Resource Management (SHRM) concerns the roles performed by human resource management systems in firm performance, specifically concentrating on the use of human resources as a way of achieving competitive advantage (Paul & Anantharaman, 2013). Schuler, Randall, Jackson and Susan (2007) explain that Strategic human resource management practices are employed by any organization to enhance their productivity and effectiveness.

According to Dessler, (2013), Strategic HRM focused on several activities such as; the fit between HRM practices and organizational strategic goals, the integration of HRM in an organizational strategic management, the involvement of human resource function in senior management teams, the devolvement of HR practices to line managers and taking a strategic approach to employee selection and recruitment, strategic training and development, strategic compensation , and the human resource value addition to the organizational effectiveness.

Ongoing analysis that is in the SHRM generally looked at the way strategic human resource added strategic value and contributed to both employee performance and organizational effectiveness. Strategy highlighted the need for determination of long term goals of an organization, the undertaking of causes of action and the allocation of resources necessary for carrying out these goals (Armstrong, 2009).



Organizational effectiveness is the concept explaining how effective an organization is in achieving the outcomes the organization intends to produce. Instead of measuring organizational effectiveness, the organization determines proxy measures which will be used to represent effectiveness. Malik, Ghafoor and Naseer (2011), include in their study of measuring organizational effectiveness such things as efficiency of management, performance of employees, core competencies, number of people served, and types and sizes of population segments served and so on. Hence, for the purpose of this study the researcher uses Organizational Effectiveness as a measure of organizational performance which will be expressed through the four Balanced Scorecard (BSC) dimensions such as; Financial growth, Customer satisfaction, Integration of Internal Process and, Learning and Development

Studies (for example, Bowen and Ostroff, 2004; Singh, 2004; Katou and Budhwar, 2006; Dimba and K'Óbonyo, 2009) examining the effect & influence of strategic human resource management practices on big private manufacturing and educational institutions have been conducted in developed countries. Mathew, A. 2016 and Miriam Njenga, 2018 also studied contribution of SHRM towards organizational effectiveness nonprofit organizations (NGOs) and Strategic human resource management practices on firm performance respectively. Therefore, with those understanding how the financial business organizations particularly Insurance industry role on strategic human resource management practice is not well investigated in the literature. Thus, this study fill the identified gap through assessing the role strategic HRM practice in the financial business sector particularly insurance Industry focus on Nile Insurance Company S.C.

1.1.1 Background of Nile Insurance Company S.C

Nile Insurance Company S.C. is one of the pioneer private insurers established on April, 1995 with a capital of birr 12.5 million. The company has legal entity registered with the licensing and supervisor body on the national bank of Ethiopia in accordance with proclamation No. 86/1994 and license No-006/95. Over the past 23 years, the subscribed capital of the company has grown to birr 500 million, out of which birr 3,661 million is paid up. Nile insurance provide different



products of insurance solutions under the umbrella of Life (endowments, medical term insurances) and Non-life (Motor, Property, Bond, Engineering, Liability, Pecuniary Insurances, etc.) along with engaging in promising investments across the country.

Currently, Nile's branch network in Addis Ababa and regional towns have reached 46, making it one of the leading insurance companies in terms of accessibility. According to the company 2018/19 financial report indicate the total asset of the company grown to birr 1.38 million. Nile insurance therefore, develop different strategies in line with its corporate strategy with harmonic relationship of customers, employee, stakeholders tries to achieve its vision (the first choice private insurer in Ethiopia by 2025) accessible and expanding the market share of in the industry. Today, firms believe that the system of internally coherent HR practices associated with organizational /company strategies, rather than separate HR plans being practiced in isolation, may boost organizational performance and productivity (Lepak, Liao, Chung, & Harden, 2006)

1.2 Statement of the Problem

A number of researchers studying the interaction of organization's systems and human resource management have found that SHRM by creating harmony between organizational strategies and HR practices bring synergy to the activities of an organization (Chadwick, 2005). Many HR researchers believe that, the HR department should have a greater role in strategy formulation and organization of forces. HR systems should strive to be harmonious with the overall strategies of the organization (Tyson, 1987).

Even though many of the literature on strategic HRM produced late 1990s, there is very small firm evidence on the ways in which various types of human resource management strategies and practices are shaped in practice in business organization and how their cumulative effect can impact on organizational effectiveness. The majority of the studies on strategic HRM mostly identified in developed nations; mentioning US as a good example on the impact of strategic HRM practices on organizational performance of the big business organizations (Ayanda and Sani, 2010). Thus, results strategic human resource management alignment with organizational objectives; training, compensation, career planning and human resource line management are the most important strategic HRM practices that impacted more on organizational effectiveness in the private business organizations. This study concerned to cover this gap by examining the Role



of Strategic HRM practices on the effectiveness of among one of the private financial service provider i.e. Insurance industry (Nile Insurance S.C).

Nile Insurance Company S.C to achieve its vision and mission the company organizes different functional department like finance & investment, resource management, marketing and branch operations, claims, legal, internal audit, information technology and engineering departments in line with the strategic plan of the company. Through observation and discussions with functional department managers of Nile Insurance S.C; the significant and level of human resource management strategies are not coinciding with the strategic plan of business and company strategy. Moreover, the application and some procedure practiced are inadequate. Therefore, this study focus on roles of strategic human resource management activities for the company effectiveness through diagnoses of its plan and procedures of resource management department under which human resource strategy with line managers , Compensation system, Placement system , Training & development, Performance management system and Employee participation .Thus, the purpose of the research is designed to address this problem by providing answers the role of Strategic HRM practice on organizational effectiveness; in the case of Nile Insurance S.C to the following research questions.

1.3 Research Questions

This study is expected to answer the following questions:

- ❖ What is the level of strategic human resource management practice and organizational effectiveness by Nile Insurance Company S.C.?
- ❖ Is there any relationship between strategic HRM practices and effectiveness of the organization?
- ❖ Is there a significant effect of SHRM practice on organizational effectiveness in Nile Insurance Company S.C?



1.4 Objectives of the Study

1.4.1 General objective

The main objective of this research is to examine the role of Strategic HRM practices on the Effectiveness of Nile Insurance Company S.C.

1.4.2 Specific objectives

- ✚ To show the level of Strategic HRM practiced in Nile Insurance S.C.
- ✚ To assess the level of Organizational Effectiveness in Nile Insurance S.C.
- ✚ To examine whether there is a significant relationship between strategic HRM and Organizational Effectiveness.
- ✚ To investigate the significance effect of Strategic HRM practiced on Organizational Effectiveness.

1.5 Significance of the Study

The study finding will help to the organization to recognize potential problems areas related with the organization 's human resource practices such as performance management system, training & development policies, compensation & reward policies and selection procedure which will have either direct or indirect impact on the organization 's effectiveness. In addition, it is also use to scholars who might want to carry out their research in the area of SHRM and organizational effectiveness. Furthermore, this study contributes in showing the significance of strategic HRM practice and effectiveness in the company in particular and in organization at large.

Finally, the recommendations and conclusions of the research findings will help the organization either maintain, improve or totally change the existing HR strategic approach. The study may also contribute the researcher gaining more knowledge regarding the topic and then getting the opportunity to work on strategy formulation, analysis and implementation of the company and to conduct a research with similar titles in the financial sector. The study also provides some insights and practical implications to HRM practitioners and line managers about SHRM practices in business organizations.

1.6 Scope of the Study

The work of this research is limited to only the case study of the role of strategic human resource management practice on organizational effectiveness with particular emphasis and reference to Nile Insurance Company S.C. The population of the research paper focused on the management of the organization which includes chief officers, officers and managers who familiarized the concept of mission, vision statements and strategies in the organization.

1.7 Limitation of the Study

An effort has been made to make this paper fruit full and valuable. However, a lot of challenges have been faced to deliver it. Since the discipline is at infant stage there is not adequate research and literature that discusses in depth specially the relationship between both the independent and dependent variables (i.e. Strategic HRM practice and organizational effectiveness respectively). Further, it was a challenge to contextualize it due to the absence of similar studies with similar title in the country. This study was not supported by interview with functional managers of NIC because of COVID-19 pandemic existence in our country.

1.8 Operational Definition of Terms

The following key terms are operationally used in this research and briefly explained as follows:

- ✓ **Strategic human resource management (SHRM):** the planned pattern of human resource (that is workforce) and human resource management (that is, functional) deployments and activities intended to enable the organization to meet organizational goals and objectives (McMahan, Virick and Wright, 2009).
- ✓ **HR Planning-** Human Resources Planning focuses on analyzing an organization 's HR needs as the organization 's conditions change, and then supplying strategies to help respond proactively to those changes over time. HRP helps ensure that the right numbers



of the right kinds of people are available at the right times and in the right places to translate organizational plans into reality (Rothwell and Kazanas, 2003).

- ✓ **Strategy-** it is the formulation of organizational missions, goals, and objectives, as well as action plans for achieving that explicitly recognize the competition and the impact of outside environmental forces. It is the plan for how the organization intends to achieve its goals. The means it will use, the courses of action it will take, and how it will generally operate and compete constitute the organization's strategy (Belcourt and McBey, 2009).
- ✓ **Strategic Management-** is the process whereby managers establish an organization's long-term direction, set specific performance objectives, development strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans. (Thompson and Strickland (2007)
- ✓ **Organizational Effectiveness:** is a systematic approach to continuously improving an entire organization (American Public Human Services Association, 2009). It is a construct that can have different definitions depending on the context, size and industry type of an organization
- ✓ **HR practices:** are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and thus achieve organizational goals (Collins and Clark, 2013).
- ✓ **Performance Management:** a process for establishing a shared workforce understanding about what is to be achieved at an organization level. It is about aligning the organizational objectives with the employees' agreed measures, skills, competency requirements, development plans and the delivery of results (Huselid, Jackson and Schuler, 2007)



- ✓ **Placement System:** as a function of Strategic HRM used in this study is operationally defined as a process of recruiting, selecting and assignment of employees in the position which is related with their KSAs

1.9 Organization of the Study

This thesis is organized into five chapters. Chapter one present the introduction part includes background of the study, statement of the problem, research questions, objectives of the study, operational definition of terms, significance of the study, and scope of the study. Chapter two present an extensive literature review which contains the relevant literature compiled as related to the study. The third chapter presents the research design and methodology. In the fourth chapter data presentation, analysis and interpretation are discussed. The fifth and final chapter deals with summary of major findings, conclusions drawn from the findings and some recommendations are presented.



CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature

2.1.1 Introduction

This chapter reviews of related literature of Strategic Human Resource Management which may help to respond theoretical and empirical research questions. It comprises; the Theoretical review, Organizational effectiveness, Empirical studies, and Conceptual framework of the study. The first part theoretical literature includes the definitions of strategic related terms, Strategic HRM, features, approaches of SHRM, the nature of SHRM and the practices of Strategic HRM. The second part Empirical literature reviews various empirical studies on strategic human resource management. The third part, organizational effectiveness states the definition, models, and tools for making an organization to be effective.

2.1.2 Strategic Human Resource Management

According to Huselid (1995) the general aim of SHRM practices is to productively exploit human resources talents and abilities in accordance with the organizational strategic necessities. Considering that SHRM practices are not standardized Katau and Budhwar (2007) group SHRM practices into two: practices that focus on developing and attracting HR which include; recruitment as well as selection and training and development and practices aiming towards rewarding, maintaining and motivating HR include; compensation and rewards systems and performance appraisal measures. SHRM practices including training programs, compensation, recruitment and selection, employee appraisal employee and relations are practices considered important for strategy implementation (Daud, 2006). SHRM practices training and development, recruitment, compensation and employee relations will form the basis of this study.

Strategic HRM is largely about integration and adoption. Its concern is ensuring that: (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their



everyday work. It is the process by which organizations seek to integrate the human, social, and intellectual capital of their members with the strategic needs of the firm (Greer 2001).

It is the planned pattern of human resource deployment and activities intended to enable the organization to meet organizational goals and objectives (Noe et al. 2007). In other words, the definition of SHRM cited by the authors' shows that it is the degree of participation in core decision-making and partnership undertaken by HRM departments, and the specificity and formality that HRM departments require in planning and implementing, all of that, to ensure that firm human capital contributes to achieving firm's business goals.

2.2 Theories of Strategic Human Resources Management

Initially, SHRM resulted from the clash between HRM and strategic management. After almost four decades since its emergence, this research domain still seems very young and open to further discussions. But before generating a new discussion on SHRM, we draw a line and try to understand where SHRM stands now and identify which are the main theoretical sources of its continuous growth. The core theoretical bricks on which SHRM literature stands were identified as being: the best-fit school of thought (contingency), the best-practice school of thought (universalism) and the resource based view on the firm. These three key components are going to be detailed in the following pages, with the scope of paving the ground for a new theoretical boost of SHRM.

2.2.1 Contingency and the Best-Fit school of thought in SHRM

The contingency school of thought gathers under the same umbrella all the studies related to the link between business strategy and HR practices. More precisely, HRM and SHRM researchers adopting this direction are investigating the extent to which there is vertical integration between an organization overall strategy and the HRM adopted policies. (Lengnick-Hall et al., 2009; Boxall et al. 2007; Truss et al., 2012; Beardwell & Thompson, 2014). The vertical integration between business objective and organizational, team and individual practices and performance is basic to numerous models of SHRM. (Beardwell & Thompson, 2014). Wright and Snell add that deep-rooted in this fit perspective is the premise that organizations achieve a better performance in the presence of fit than in its absence. (as cited in Beardwell & Thompson, 2014, p. 41).



In spite of its wide recognition and mention in other papers, the contingency school of thought doesn't lack criticism and limitations. Legge (2005) forwards the idea that a procession view on strategy when discussing the best-fit model might result in models with a higher potential for applicability in practice. He adds that "integrating HRM and business strategy is a highly complex and iterative process, much dependent on the interplay and resources of different stakeholders" (Legge, 2005, p. 153). Tyson's (1997) critique on the best-fit models is based on the idea that for better organizational performance, the vertical fit is not enough. He complements the vertical-integration with horizontal integration, seen as the alignment between HR practices and line managers.

As a result, there have been developed the SHRM models based on the competitive advantage principles, first applied in strategic management. The attempt of reframing SHRM under the competitive advantage models took as starting point Porter's key directions of achieving competitive advantage: cost leadership, differentiation through quality and service and focus on niche markets. (as cited in Beardwell & Thompson, 2014, p. 43). Schuler and Jackson built on Porter's theory and focused on the fit between HR policies and the three generic strategies designed to enhance competitive advantage. (as cited in Beardwell & Thompson, p. 43). They argue that one of the above strategies is normally selected and consistently articulated, thus, the HR practice should be also aligned to it. This alignment is translated by a specific set of HR practices, associated with the chosen strategy. Following a logical path, the cost-reduction strategy would bring along "hard" HR policies such as: narrowly designed jobs, short-term result orientation, minimal levels of employee training and development. On the other hand, the other two strategies, quality enhancement and focus on niche market, are probable to bring along "softer" HR practices: extensive and continuous training and development of employees, broad career paths to enhance the development of various skills, flexibility in job descriptions, high level of employee interaction with management, etc. (as cited in Beardwell & Thompson, 2014, p. 44).

One of the oldest theories of strategic management used as basis for further exploration of the "best-fit" in SHRM is the one suggested by Miles and Snow in 1978. (Beardwell & Thompson, 2014; Lengnick-Hall et al., 2009). They identified other four types of organizational strategic behavior: defenders, prospectors, analyzers and reactors, and later on, theirs model was adapted



in SHRM literature by associating specific HR practices to each type of strategic behavior. This model is considered by some SHRM authors as a relevant work in paving the ground for further “best-fit” research within SHRM. (Beardwell & Thompson, 2014; Lengnick-Hall et al. 2009).

As mentioned above, the “best-fit” school of thought of SHRM and its underpinning models and theories have been criticized both for their “over-simplified” theoretical assumptions and also for their limited applicability inside the organizations. Researchers have seen limitations in the fact that the best-fit models of vertical integration neglect the external environment, assume a linear and non-problematic integration, in spite of the multiple groups of stakeholders involved. In response for these critics, it has been developed a tangential direction of SHRM research, gathering configurational SHRM models. (Beardwell & Thompson, 2014; Lengnick-Hall et al., 2009, Delery & Doty, 1996). The configuration approach is a relevant variation of the “bestfit” view of SHRM as it adds complexity by suggesting that vertical fit is not enough for achieving “maximum performance”, but it also required a horizontal fit. As Marchington and Wilkinson add, “the key point about the configuration perspective is that it identifies an internally consistent set of HR practices that maximizes horizontal integration and then links these alternative strategic configurations in order to maximize vertical integration”. (as cited in Beardwell & Thompson, 2014, p. 45).

In spite of the criticism and limitations, the “best-fit” approach of SHRM was identified as the first and most fruitful theme researched in SHRM. (Legnick-Hall et al., 2009). The research domain, though, was also investigated from a different perspective, called the “best-practice” school of thought, or the universalism in SHRM.

2.2.2 Universalism and the Best-Practice school of thought in SHRM

Another productive research direction in SHRM literature is defined by the best-practice school of thought, also called, the universalism. What builds the foundation of the best-practice view of SHRM is the idea that a certain set of best HR practices is required in order for the organization to achieve competitive advantage, thus, financial performance. (Beer, Spector, Lawrence, Quinn Mills & Walton, 1984; Guest, 1987; Pfeffer, 1998; Huselid, 1995; Delery & Doty, 1996; Luthans & Sommer, 2005). Beer et al. (1984) and Guest (1987) have initiated this research trend in SHRM and since then, a lot of effort was put by other SHRM researchers to identify this



important set of HR practices, designed to improve organizational performance (Beardwell & Thompson, 2014).

The models of best-practice are various and do not follow the same pattern. As Beardwell and Thompson (2014) identify, the focus and outcomes might be slightly different. Existent research has approached by now the following sub-themes: the universal set of practices valid for all organizations, high-commitment models, and human capital enhancing practices, high-involvement practices, and high-performance work practices/systems. All these studies assume that high-commitment, high-involvement and high performance work systems are indispensable in a successful organization. However, though extensive research interest was put on identifying and forwarding these best practices, less has been done for unequivocally showing if there is really a link between the adoption and implementation of these practices and firm performance. (Guest, 2011).

One of the most recognized and commonly cited model of best-practice SHRM it has been elaborated by Pfeffer in 1998. He identified, in a European organizational context, a set of seven best-practices: employment security, selective hiring, self-managed teams and team working, high pay contingent on organizational performance, training, reduction of status differentials and sharing information. Since the publication of Pfeffer's model, there have been numerous variations of the list. Even now, there is no agreement on a single extensive set of universal, ideal HR practices. As Beardwell and Thompson (2014) observe, this lack of consensus is one of the challenges of the best-practice school of SHRM. Capeli and Crocker-Hefter go further with the criticism and argue that "a single set of best-practices might be overstated". (as cited in Beardwell & Thompson, 2014, p. 56). The same authors add that the universalism of a single set of practices is rejecting the idea of differentiation and uniqueness, which might have negative effects on reaching a sustainable competitive advantage. The authors of the best-practice models accept the idea that might be useful for organizations to successfully integrate all the practices suggested as indispensable for organizational performance. Some of them admit that their models are a spirational, seen as the ideal case, the role of HR being to "score" as many practices as possible, by convincing both management and employees to implement them.



Another key-idea emerged within the universalist research of SHRM, proposed by Storey and later by Guest, is that an individual practice, if implemented in isolation, might prove less effective than if it would be applied within a “bundle” of practices. (as cited in Beardwell & Thompson, 2014, p. 56). The best-practice “bundles” approach, as Beardwell & Thompson call it, moves towards a more realistic view, as accepts that organizational performance might still be enhanced if a core of integrated best-practices is implemented, the other practices on the list remaining optional.

2.2.3 The Resource–Based View on Firm as SHRM Grounded Theory

The RBV is an important integral part in the development of SHRM literature, on both theoretical and empirical directions. The RBV played a significant role in expanding SHRM research, in understanding its role and legitimacy as field of research. (Wright, Dunford & Snell, 2001; Boxall Purcell & Wright, 2007; Beardwell & Thompson, 2014). Developed as a strategic management theory, the RBV suggested a shift from the external towards an internal organizational focus. More specific, the RBV shows how internal resources of the company (both physical and intellectual) can be explored in order to achieve competitive advantage. (Boxal, Purcell & Wright, 2007). Though incipient ideas of the RBV were introduced back in the 1950s by Penrose and later on by Wernerfelt in the 1980s, in 1991, Barney clearly established his contribution by providing a tool of analysis within the RBV. (Beardwell & Thompson, 2014). He introduced the VRIO framework, claiming that, in order to secure a strategic competitive advantage, the internal resources of the organizations should have the following characteristics: value, rarity, inimitability and organization. (as cited in Beardwell & Thompson, the growing acceptance of the strategic management idea that internal resources of an organization are the key to competitive advantage turned the attention towards the human capital and added legitimacy to HRM idea that people inside the organization have strategic potential. Thus, the introduction of the RBV in strategic management research not only generated a mass of SHRM research, but this SHRM research also enhanced investigation of the RBV, now integrated in strategic management literature. (Wright et al., 2001).

Wright & McMahan identified, in 1992, the RBV as one of the theoretical perspectives applied to SHRM and suggested that this perspective explained the rationale behind SHRM focus on



human capital as source for competitive advantage. (Wright et al., 2001). In the same year, also building on the link between the RBV and SHRM, Capelli and Singh further explored the “best fit” view and observed that most of existing literature argued that the fit should happen in one direction, i.e. the HRM practices should be aligned to the overall strategy and not vice-versa. They suggested that the RBV provided a strong theoretical support for proposing the reverse of the fit relation, where the HR practices “have a word” in strategy formulation, and not only in strategy implementation. (Wright et al., 2001, p. 703). A few years later, Wright et al. (2001) rejected the idea that HR practices can be seen as source for competitive advantage, as they were resources on which the VRIO framework couldn’t be applied. The authors argued that the inimitability characteristic is not valid in the case of HR practices as any individual practice can be replicated by competitors. The authors reached this conclusion after splitting HRM into human capital and HR practices. In their opinion, only the human capital has strategic potential for competitive advantage, and not the HR practices. (as cited in Wright et al., 2001, p. 703)

It is clear that “the theoretical application of the RBV has been successful in stimulating a substantial amount of activity in the SHRM arena”. (Wright et al., 2001, p. 706). However, the RBV has its own limitations and consequently received its criticism. Priem and Butler foreground some of the critiques. One relates to the conceptualization of the RBV and states that its definition is tautological. Other questions the legitimacy of the RBV as theory, as it doesn’t have a required characteristic, “falsifiability”, i.e. the possibility to test it. (as cited in Boxall, Purcell & Wright, 2007, p. 90). Regarding the RBV limitations, Porter, Miller & Shamsie argue that the shift towards an internal view on building competitive advantage might prove relevant only when the external environment is less predictable. (as cited in Beardweel & Thompson, 2014, p. 54.). In spite of the criticism and limitations, the RBV has been broadly cited and used in strategic management research, and has obviously made its contribution visible in SHRM research. (Wright et al., 2001)

From the above discussion this study paper assumes the resource-based view as its tool of analysis and through its determinants of competitive advantage, supports the configuration perspective ‘s and rejection of the universalistic perspective of SHRM by proposing and demonstrating that a universal typology of HR best-practices offers no competitive advantage to a firm. Instead, it is proposed that firms should take a configurationally approach to SHRM and



develop an HR system that achieves both horizontal and vertical fit within the firm and fosters sustainable competitive advantage of the firm's human resource capital pool.

2.3 Principles and Features of Strategic HRM

According to Armstrong (2008); Strategic HRM has attribute among which strategic human resource management is closely associated with goal-setting, policy formulation and allocation of resources, it performs at top management levels, aim at fulfilling the long-term HR requirements of the organization and, thus, focuses on the expansion of process capabilities (process refers to HR policies and procedures that produce efficiency) and it is interrelated with business strategies. For instance, it provides critical inputs to the formulation of business strategy, and specific HR strategies (like recruitment, training and performance appraisal) are in turn shaped by overall business strategies.

In addition, like other discipline Strategic HRM has its own also a principle such as Strategic HRM supplies a perspective on the way in which critical issues or success factors related to people can be addressed and strategic decisions are made that have a major and long-term impact on the behavior and success of the organization. It is not just concerned with mirroring current conditions or past practices '(Smith, 1982). As a means of developing integrated HR strategies, strategic HRM is facilitated to the extent to which the following seven principles set out by Ondrack and Nininger (1984) in Armstrong, (2008) are followed:

There is an overall purpose and the human resource dimensions of that purpose are evidence. A process of developing strategy within the organization exists and is understood, and there is explicit consideration of human resource dimensions, Effective linkages exist on a continuing basis to ensure the integration of human resource considerations with the organizational decision-making process, the office of the chief executive provides the challenge for integrating human resource considerations to meet the needs of the business, the organization of all levels establishes responsibility and accountability for human resource management, Initiatives in the management of human resources are relevant to the needs of the business, It includes the responsibility to identify and interact with the social, political, technological and economic environments in which the organization is and will be doing business.



2.4 Role of Strategic HRM

The organization of all levels establishes responsibility and accountability for human resource management. Strategic management of human resources represents a transformation that is relatively new in the field of human resource management. An important role of strategic human resource management is about focusing the management in employees as a tool to gain competitive advantage. Now, organizations are made aware that successful human resources policies and practices of appropriate can increase performance in various areas such as productivity, quality and financial performance. Strategic human resource management may bring a number of benefits among which to goal accomplishment and the survival of the company, implementing business strategies of the company, maintaining a competitive advantage for the company, improving cooperation between the HRM department and line managers the organization (Brewster et al., 2000).

2.5 Relationship of Human Resource Practice to Strategy

The central idea of the relationship between an organization's performance and its synergistic HR practices is the strategic linkage in between. Strategic HRM must facilitate the formulation and implementation of corporate and business-level strategies. Senior managers must focus on issues such as: what are the HR implications of adopting a strategy? What are the internal and external constraints and opportunities? Exactly what policies, practices and philosophies contribute to the successful implantation of the strategy?

HR plans are developed as an afterthought and separate from organizational strategy. They are not relevant to the business and are seen as important only by the HR people. No other unites or level is committed to these plans. While it has long been recognized that HR policies and practices must be linked to the firm's overall strategy, there has been little research that offers prescriptions on exactly how to do this. According to Belcourt and McBey (2009), aligning HR strategy with business strategy can be done either through Corporate Strategy that leads the HR Strategy, HR Competencies lead to Business Strategy or HR Strategy and Corporate Strategy.



2.6 Characteristics of an Effective HRM Strategy

The purpose of HR strategy is to capitalize on the distinctive competencies of the organization and add value through the effective use of human resource. According to Belcourt and McBey (2009), effective HRM strategies include the following External and Internal fit, and a focus on results characteristics. Belcourt and McBey (2009) identified, the Fit is an important consideration when designing HR programs. There are two types of important fit. Fitting HR strategy to organizational strategy (external fit), and linking the various HR programs into other functional areas and to each other (internal fit)

External Fit: HR Programs must align with or fit the overall strategy of the organization. If the business strategy is to differentiate an organization from its competitors based on superior service, then the selection and training programs should be developed to hire and train people in the skills and attitudes necessary to deliver superior service. Fit with other functional strategies is as important as fit with corporate strategies. HR senior management must be included in strategy discussions to be sure this happens.

Internal Fit: There are two kinds of internal fit; a fit with other functional areas, such as marketing, and a fit among all HR programs. Fit with other functional areas is important. If the marketing department is developing an advertising plan that promises 24 hours' access to customer service representatives but the HR plan does not include compensation differentials for shift work, the overall marketing strategy might fail. Therefore, HR activities must fit with other functional areas; they have to be also consistent with each other. That is, selection, training, and appraisal must work together to support a strategy.

2.7 Elements of Strategic HR Planning

The model of Strategic HR Planning emphasizes monitoring, identifying, and analyzing, external environment factors; developing a tentative corporate strategy; assessing the strengths and weaknesses of the organization's human resources; developing strategic plans for each division consistent with the overall view; identifying the HR policies and practices that help to achieve the plans; and measuring the results and making modifications as necessary (Belcourt and McBey, 2009).



2.8 Strategic Human Resource Management Practices

2.8.1 Integration of HRM with Corporate Strategies

Integration of HRM refers to the involvement of HRM in the formulation and implementation of organizational strategies and the alignment of HRM with the strategic needs of an organization (Schuler and Jackson, 1999). Buyens and De Vos (1999) argue that in order for HR to be a strategic partner, HR managers should be involved in strategic decision making along with other senior managers, providing greater opportunity to align HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategy. This involvement would include the membership of HR managers in the most senior management teams in the organization. This would provide an opportunity for HRM to represent its concerns and influence business strategy from the outset of decision making. The chances of integration and value creation may be further increased if the senior HR manager and the CEO have an opportunity to establish a relationship. In this role, HR managers need to have knowledge of core markets, competitors, costs, pro fit indicators and stakeholders to be considered equal business partners (Chaddie, 2001) in (Oladipo and Abdulkadir2011)

The involvement of a senior HR manager in a firm's senior management team provides an important channel for interactive information flow and communication. To achieve strategic integration and alignment of HRM with business strategies, a documented HRM strategy would also be useful (Budhwar, 2000; Teo, 2002) as it can make more concrete the role and authority of HR managers in corporate decision making and increase capacity to cope with externalities such as a tight labour market (Cunningham and Deborah, 1995). A documented HRM strategy helps the organization to develop an HRM vision and objectives and to monitor performance. Some empirical evidence from previous research indicates that the full impact of HR practices on organizational performance occurs when HR practices are strategically congruent and consistent with each other (Khatri, 1999)



2.8.2 HR Practices to Line Managers

To make HR managers more available for participation in the strategic decision making process Budhwar and Khatri (2001) argued that the responsibility of routine execution and administration of HR practices should be delegated to line managers as they have direct and frequent contact with employees.

However, for the benefit of development to be realized, line managers will need to possess the appropriate skills to execute HR practices competently and effectively to a benchmarked standard advocated by HR managers. This means that the senior HR manager needs to be a strategic partner with line managers, providing training, resources, incentive and a communication channel to ensure these HR practices are carried out in accordance with HRM policy (Teo, 2002).

2.8.3 Placement System

Once recruiting efforts in an organization produces a pool of promising job candidates, the organization will select among them to fill available positions. When the organization selects the right individuals for the right jobs, the new hires carry out their work more smoothly and experience fewer performance problems. The results will be greater enjoyment of and engagement in the job (Vance2006) in his finding he suggested that, to enhance engagement and the performance of an organization through selection of employees, identify those candidates who are best suited to the job and ask them what they know about the role/the job in question and having them provide work samples. Successful candidates feel good about having passed the test, and see your company as careful and capable for having selected them. A positive initial impression of an employer encourages growth of long term commitment (Ibid, 2006).

The disparity between the employee and the job can slow down performance levels, whereas a sophisticated selection system can ensure a better fit between the person's abilities and the organization's requirement. Also, the selection has been found to be positively related to firm performance (Oladipo and Abdulkadir, 2011).



2.8.4 Training and Development

Training and development has three main activities such as training individuals, educating internal customers and lastly their development. Training can either on the training and development pertaining to regular work task which given by superior or the vocational training which given off the job. Training and development is a planned process which let employee expose to new knowledge and acquire new skills and technologies in order to maintain or improve the performance in the workplace. Therefore, training is one of the crucial HRM practices especially successful organizations (Robbins S. P., 2003). Kuballa (2007) suggested that the investment on workforce is actually for the organization's own benefit as the trained workforces have higher productivity and contribute to higher organizational effectiveness and such organization is capable to attract workforce with higher quality.

Strategic HRD policies are closely associated with that aspect of strategic HRM that is concerned with investing in people and developing the organization's human capital. According to Harrison (2000), strategic HRD is development that arises from a clear vision about people's abilities and potential and operates within the overall strategic framework of the businesses. Strategic HRD takes a broad and long-term view about how HRD policies and practices can support the achievement of business strategies. It is business-led and the learning and development strategies that are established as part of the overall strategic HRD approach flow from business strategies and have a positive role in helping to ensure that the business attains its goals in (Armstrong 2008). Strategic HRD aims to produce a coherent and comprehensive framework for developing people through the creation of a learning culture and the formulation of organizational and individual learning strategies. Its objective is to enhance resource capability in accordance with the belief that a firm's human resources are a major source of competitive advantage. It is therefore about developing the intellectual capital required by the organization as well as ensuring that the right quality of people is available to meet present and future needs (Armstrong, 2006).

2.8.5 Compensation System

One of the critical means by which organizations implement their strategies is to reward employees for performances that are consistent with strategic goals. Reward systems provide the ability to reinforce desired behaviors and serve the traditional functions of attracting and maintaining a qualified workforce (Greer, 2001). Firms can affect the motivation of employees in several ways. They can use performance-based compensation to provide rewards to employees for achieving the specific goals and objectives of the firm. A substantial body of work has provided evidence that incentive-based compensation has an impact on firm performance (Milkovich and Boudreau, 1998).

2.8.6 Career & Succession Planning

Career planning is a process of setting career goals and identifying the ways to attain them. Career planning is a process of planning individual's life work. Career planning is a tool used to motivate employees to work for the development of the organization (Wright and Snell, 1998). A process of developing human resources to increase organizational performance is referred to as career planning (Leibowitz et al., 1986). Career development process is useful in identifying employee's skills and experience and assigning them tasks accordingly. Individuals prefer to join those organizations where they get enough opportunities to pursue their career goals and exploit their potential fully (Gardener et al., 2011). Career planning serves as a tool to motivate employees to work effectively and efficiently in order to achieve the goals of the organization. Career planning is a deliberate process of providing opportunities for successful development (Snell, 1992). Management succession planning takes place to ensure that, as far as possible, the organization has the managers it requires to meet future business needs (Armstrong, 2008). A well-functioning career planning system may also encourage employees to take more responsibility for their own development, including the development of the skills viewed as critical in the company. A well-planned career development system along with internal advancement opportunities based on merit, results in high motivation among employees, which has an impact on firm performance (Milkovich and Boudreau, 1998).



2.8.7 Employee Participation

Employee participation is creating an environment in which employees are empowered to make their decisions and take actions relevant to their jobs. Employee participation helps the organization in retaining its employees as it increases ownership and commitment and fosters an environment to make the employees motivated and contributing a lot the HR practice. Employee contribution influence employee's performance positively (Locke et al., 1997). Employee involvement increase job satisfaction, motivation and employees' commitment as employees feel themselves more involved in the success of the organizational goals (Mullins and Peacock, 1991). Empowering the employees by involving them in decision making contribute to the success of organization as it increases the productivity, saves time for decision making, lowers the gap between supervisor and subordinates, encourages a strong sense of teamwork among workers. Smith (1997) focused on empowering employees in order to release their potential. Nykodym et al. (1994) indicate that empowering the employees can reduce conflict among employees. Studies have shown that employee participation is positively related to performance, satisfaction, and productivity of an employee and then to the organization (Verma, 1995).

2.8.8 Performance Management

Strategies for managing performance exist to develop a high-performance culture and achieve increased organizational effectiveness, better results for individuals and teams, and higher levels of skill, competence, commitment and motivation. Managing performance is a continuing responsibility for managers and team leaders. It is not achieved by a once-a-year performance appraisal meeting. Individual employees are responsible for managing their own performance but may need guidance and support in doing so (Armstrong, 2006). Managing human resources includes keeping track of how well employees are performing relative to objectives such as job descriptions and goals for a particular position. The process of ensuring that employees' activities and outputs match the organization's goals called performance management. The activities of performance management include specifying the tasks and outcomes of a job that contribute to the organization's success. Then various measures are used to compare the employees' performance over some time period with the desired performance (Steen, Neo, Hollenbeck and et al., 2009).



2.9 Overview of Balanced Scorecard

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results (Murby & Gould, 2005).

According to Kaplan & Norton (1992), the balanced scorecard allows managers to look at the business from four important perspectives. While giving senior managers information from four different perspectives, the balanced scorecard minimizes information overload by limiting the number of measures used. It forces managers to focus on the handful of measures that are most critical. The four perspectives include the followings:

1. Customer Perspectives: BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers. Customers' concerns tend to fall into four categories: time, quality, performance and service, and cost.

2. Internal Business Perspective: The internal measures for the balanced scorecard should stem from the business processes that have the greatest impact on customer satisfaction-such as, factors that affect cycle time, quality, employee skills, and productivity. Companies should also attempt to identify and measure their company's core competencies, the critical technologies needed to ensure continued market leadership.

3. Innovation and Learning Perspective: Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, innovation and learning constitute the essential foundation for success of any knowledge-worker organization. Kaplan &



Norton (2007), emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed.

4. Financial perspectives: Financial performance measures indicate whether the company's strategy, implementation, and execution are contributing to bottom-line improvement. Typical financial goals have to do with profitability, growth, and shareholder value. The financial perspective addresses the question of how shareholders view the firm and which financial goals are desired from the shareholder's perspective.

The balanced scorecard puts strategy and vision, not control, at the center. The measures are designed to pull people toward the overall vision. By combining the financial, customer, internal process and innovation, and organizational learning perspectives, the balanced scorecard helps managers understand, at least implicitly, many interrelationships. This understanding can help managers transcend traditional notions about functional barriers and ultimately lead to improved decision making and problem solving. The balanced scorecard keeps companies looking and moving forward instead of backward (Kaplan & Norton, 2007).

2.10 Organizational Effectiveness (OE)

Measurement is an issue because a significant portion of the service sectors in the economies of developed nations relies on knowledge and human capital. Managers in these economies recognize that technology ultimately derives from human inventiveness. The challenge becomes to quantify, and more effectively manage, intangible components of the productivity mix (Miller, 2004).

The measurement of organizational performance is therefore, not easy for business organizations with multiple objectives of profitability, employee satisfaction, productivity, growth, social responsibility and ability to adapt to the ever changing environment among other objectives. Although performance has been traditionally conceptualized in terms of financial measures, some scholars have proposed a broader performance construct that incorporates non-financial



measures including among others market share, product quality, and company image (Waiganjo, Mukulu and Kahiri, 2012).

Consequently, organizational effectiveness is the concept explaining how effective an organization is in achieving the outcomes the organization intends to produce. It is an abstract concept and basically impossible to measure. Instead of measuring organizational effectiveness, the organization determines proxy measures which will be used to represent effectiveness. Malik, Ghafoor and Naseer (2011), include in their study of measuring organizational effectiveness such things as efficiency of management, performance of employees, core competencies, number of people served, and types and sizes of population segments served and so on.

Hence, for the purpose of this study the researcher will use Organizational Effectiveness as a measure of organizational performance which will be expressed through the four Balanced Scorecard (BSC) dimensions such as; Financial growth, Customer satisfaction, Integration of Internal Process and, Learning and Development.

2.10.1 Definitions of Organizational Effectiveness

Organizational Effectiveness (OE) is a systemic and systematic approach to continuously improving an organization's performance, performance capacity and client outcomes. "Systemic" refers to taking into account an entire system or in the case of OE an entire organization; "systematic" refers to taking a step-by-step approach. In simple terms, therefore, OE is a step-by-step approach to continuously improving an entire organization (American Public Human Services Association, 2009). (Cited by Haftu W. 2013)

An effective organization is one that achieves its purpose of meeting the needs of its stakeholders, matching its resources to opportunities, adapting flexibly to environmental changes and creating a culture that promotes commitment, creativity, shared values and mutual trust. The improvement of organizational effectiveness is an overall objective of strategic HRM, which addresses the organization-wide process issues relating to organizational development and transformation, culture management, knowledge management, change management, developing a climate of high commitment and trust, quality management, continuous improvement and customer relations (Armstrong, 2008).

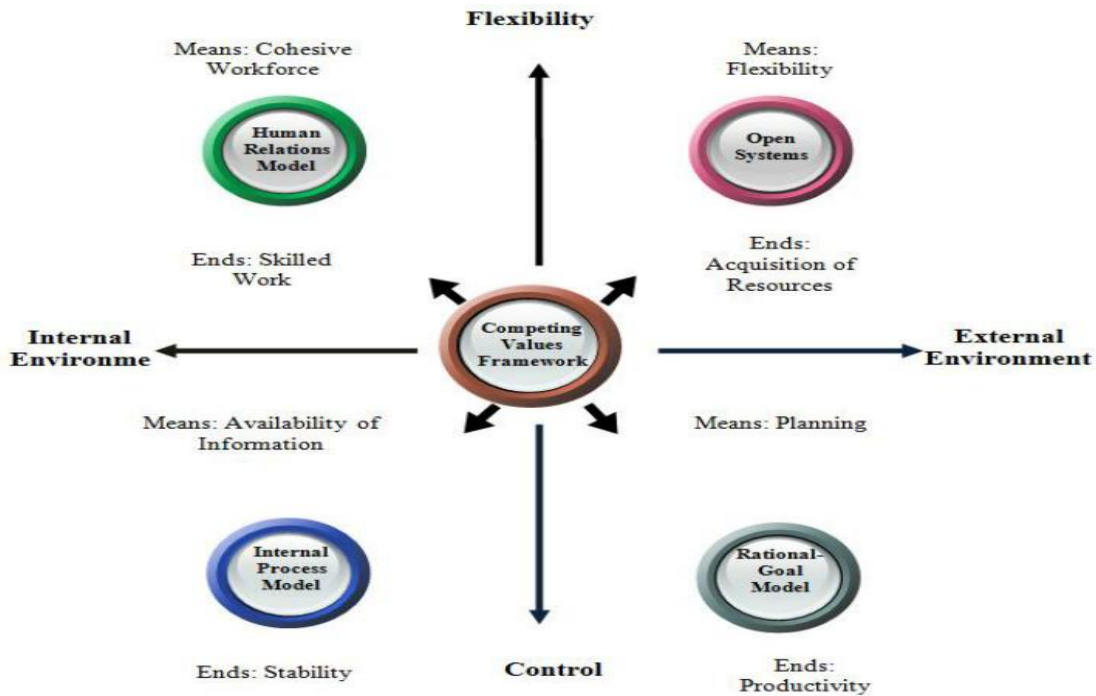


2.10.2 Approaches of Organizational Effectiveness

Different authors at different times have developed and argued different organizational effectiveness models. There is not a single model of organizational effectiveness to fit all organizations. According to Balduck and Buelens (2008), the issue of effectiveness in organizations revolves round four main approaches: the system resource approach, the goal approach, the strategic constituency approach and the internal process approach. These are effective and efficient approaches which are contingent upon the type of situation to arise.

- **The Goal Approach:** is the first extensively used approach in organizational effectiveness its focus is on the output to figure out the essential operating objectives like profit, innovation and finally product quality (Schermerhorn, Hunt, R. N. Osborn, & R. Osborn, 2004).
- **The System Resource Approach:** it explains the effectiveness from the point of view of the ability to obtain necessary resources from the environments outside the organization (Schermerhorn et. al., 2004).
- **The Process Approach:** is dedicated to seeing to what extent the resources are officially used to give services or produce goods (Schermerhorn et. al., 2004). By effectiveness, it is meant that the organization is internally healthy and efficient and the internal processes and procedures in that place are quite well-oiled.
- **The Strategic Constituency Approach:** deals with the effect of the organization on the main stakeholders and their interests (Schermerhorn et. al., 2004). Based on this approach, effectiveness refers to the minimal satisfaction of all of the strategic constituencies of the organization. Strategic constituency involves all the people that are somehow connected to the organization.

Figure-1. Competing values Framework of Organizational Effectiveness



Source: Robibin & Branwell (1998)

Different researchers use different performance measures or indicators for different organizations such performance attributes like profitability, productivity and competitive advantage. However, this study resembles focusing on measuring organizational effectiveness using the collaboration of the above model as a benchmark mainly focusing on (Goal, Human Relation, Internal Process and Open System Resource).

Thus with the general review of the literatures above, the researcher tries to see and draw a model that explains an organization is effective with the well-known model of Balanced scorecard (BSC) dimensions. This means that an organization is effective when it achieves its customer satisfaction, financial growth, learning development and internal processes are clearly defined, integrated with each other and supported by business system solutions.

2.10.3 Strategies for Improving Organizational Effectiveness

According Armstrong (2006:90) areas that organization effectiveness focused on: a clearly defined goals and strategies, value system that emphasizes performance, productivity, quality, customer service, teamwork and flexibility, effective teamwork, visionary leadership, innovate, opportunities & threats and capacity to manage. Strategies for the organizational effectiveness depend on the developing process that holds the achievement of business goal and culture.

2.11 Empirical Studies on Strategic HRM

Niehaus and Price (1988) in Greer (2001) described that, the experiences of the U.S Navy provide another example of the integration of strategy and human resource management. As a result of the linkage, the Navy was able to pursue a proactive strategy that provides lower labor costs. In the Navy 's case, its human resource planners analyzed the labor cost savings of a strategy involving its civilian employees that would substitute local wage policies for national wage policies. By developing human resource forecasts to determine labor market reactions to these changes, planners could determine whether sufficient labor supplies would be available with the cost saving strategy. In this example, the planner also examined the impact of the reduction private sector middle management positions and found that higher quality employees could be hired.

Okpara and Pamela (2008) examined the extent to which organizations in Nigeria use various HRM practice and the perceived challenges and prospects of these practices. Data were collected from 253 managers in 12 selected companies in 10 cities. Their findings revealed that HRM practices, such as training, recruitment, compensation, performance appraisal and reward systems are still in place and those issues of tribalism, AIDS, training and development and corruption are some of the challenges facing HRM in Nigeria.

Som (2008) sampled 69 Indian companies with a view to examining the impact of innovative SHRM practices on firm performance. Using descriptive statistics and regression analysis, results indicated that innovative recruitment and compensation practices have a significant positive relationship with firm performance. Their results showed that recruitment, the role of the HR department and compensation practices seem to be significantly changing within the Indian



firms in the context of Indian economic liberalization. The synergy between innovative HRM practices was not found to be significant in enhancing performance during the liberalization process.

A study by Dinberu (2016) articulated the strategy planning, formulation and implementation and monitoring and evaluation practice of Nib International Bank. A descriptive statistic was used to analyze the data gathered. The finding of the study revealed that NIB's practice of communicating the strategy plan was poor and through participation of stakeholders is not realized. In addition, the bank's weak use of SWOT analysis results, misalignment or linkage of strategic plans with work units and individual tasks were observed. The strategic plan also lacks the comprehensive performance measurements and not linked with strategic management.

2.12 Conceptual Frame Work of the Study

The modern approach of Strategic HRM has strategic alignment with Corporate & business strategy vertically and a horizontal fit with all HR functions of an organization as opposite of traditional Human Resource Management.

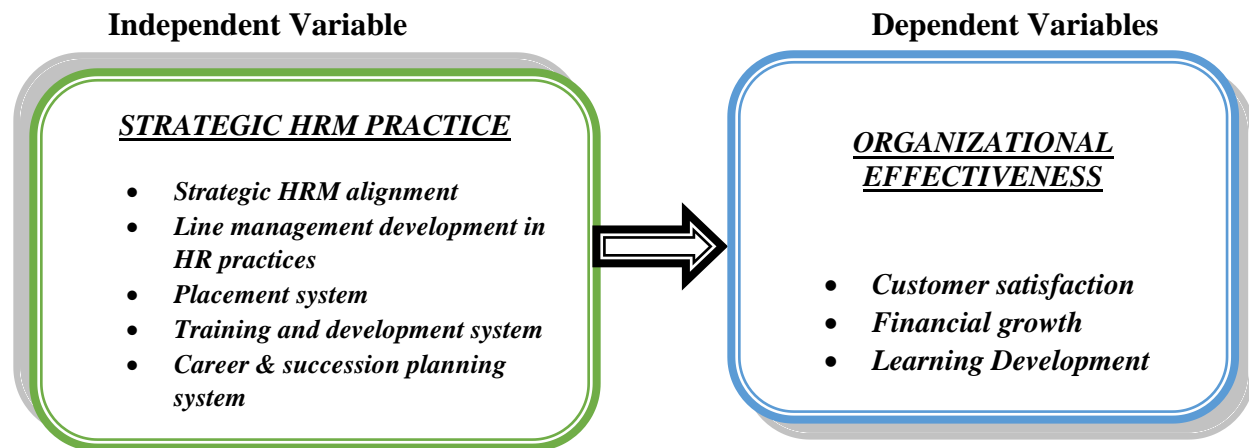


Figure- 2 Conceptual frame work of the research (Source: own conceptualization)

The conceptual framework shown in the figure above is used to indicate; Strategic human Resource Management Practice is the Independent Variable and Organizational Effectiveness is the Dependent Variable.



The framework also depicts how organizational effectiveness (Customer Satisfaction, Learning and Development, Financial Growth) integrated and influenced by Strategic Human Resource Management Practice including (Strategic HRM alignment, Line Management Development, HR- Practice, Placement System, Training & Development, Performance Management System).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This study will conduct to measure the role of strategic human resource on organizational effectiveness in Nile Insurance Company S.C. To realize the objectives and answer the basic research questions, the following research design and methodology will be applied.

3.2 Research Design

In order to address the research question and objective of this study non experimental survey design were used and correlation research was also as one part to observe the impact of each SHRM on organizational effectiveness. Here organizational objectives alignment with SHRM, HR practice to line managers, Placement system, Performance management system, training and development, Compensation system, Career and Succession planning system and Employee participation are independent variables whereas organizational effectiveness (in terms of customer satisfaction, financial growth, learning and development and internal processing) are dependent variables.

To perform this study, the researcher chooses the quantitative approach method because the quantitative research is an exploring phenomenal through collecting numerical data that are analyses using mathematical based methods in particular statistics.

3.3 Population and Sampling Technique

This research mainly focuses on the strategic players of the organization. The sample technique was purposive sampling because the researcher assumes that; management group in an organization has a close, ownership, knowledge and understanding of their company's strategies, goals and objectives than others.

Accordingly, the main target populations were management group of the company which is a combination of managers, chief officers, office and others (accountant and legal department). Thus, the population distribution over the specified sample were presented in table-1 as follows:



Table -1 Population and Sample Distribution

Sample NIC Branches	Population					Sample				
	Managers	Chief officer	Officers	Others	Total	Managers	Chief officer	Officers	Others	Total
Head office	27	7	29	3	66	20	5	21	2	48
Leghar Br.	10	5	17	2	34	7	3	12	1	23
Kirkos Br.	7	6	15	0	28	5	5	11	0	21
Megenagna Br.	3	3	11	1	18	2	2	8	1	13
Abakoran Br.	4	3	6	1	14	3	2	4	1	10
Total	51	24	78	7	160	37	17	56	5	115

$$Z = \frac{N}{1 + \mu^2 N}$$

Where: Z is sample size, N is the size of the population, μ is alpha = ± 0.05 .

$$Z = 160 / 1 + (0.05)^2 (160) = 114.29 \approx 115$$

Thus, 115 were the sample size.

3.4. Types of Data and Tools of Data Collection

To explore the stage and growth of the literature, justify the importance of the research by exploring different similar studies and taking an original data from the study area both primary and secondary data will be used. The primary data collected from questionnaires and Interview and the secondary data will be collected from text books, related journal articles, magazines, periodicals, and thesis papers. In addition, the Nile Insurance Company S.C. documents such as Annual performance reports, Strategic planning documents and HR policy and procedure documents.

3.5. Procedures of Data Collection

The data collection procedure began with document and literature review. The documents related to Strategic human resource management were reviewed. After document review had been made, related literatures were reviewed. Standardized and tested questionnaire were adopted. Then, finally questionnaires were distributed to respondents and all distributed questionnaires were collected, coded and entered in SPSS for analysis. Finally, secondary data analysis was made to assess the performance management practice of the company and the research result was enriched and developed.

3.6 Instrument Validity and Reliability

3.6.1 Validity

Validity concerns the degree to which a question measures what it was intended to measure. To ensure content validity and ethicality of the items incorporated in the instrument two individuals (HR professional and experienced researcher) have examined the instrument. The researcher reviewed mainly the ethicality of the items and the HR professional appraised the content of the questionnaire in each variable. Moreover, the instrument was given to my research advisor for final comment. Accordingly, based on their comments, subsequent corrections were made to the survey questionnaire and finally distributed to the sample population. In addition, all reference materials are acknowledged with proper citation and confidentiality of data is maintained throughout the process.

The validity of organizational effectiveness (by combining the financial, customer, internal process and innovation, and organizational learning perspectives), the balanced scorecard helps managers understand, at least implicitly, many interrelationships. This understanding can help managers transcend traditional notions about functional barriers and ultimately lead to improved decision making and problem solving. The balanced scorecard keeps companies looking and moving forward instead of backward (Kaplan & Norton, 2007).



3.6.2 Reliability

As per Khotari (2004) reliability refers to consistency, where internal consistency involves correlating the responses to each question in the questionnaire with those other questions in the questionnaire. The student researcher used Cronbach's alpha to calculate the internal consistency of the instrument. So item reliability of the questioners was examine by pilot test of 22 respondents and analyzed by Cronbach's alpha.

Cronbach's alpha of the entire questioner was 0.96 and the Strategic HRM practice (Organizational Objectives alignment with Strategic HRM, HR practice to line managers , Placement system, Performance management system, training and development, compensations system , career and succession planning system and employee participation was 0.806,0.877,0.895,0.779,0.886,0.811,0.849 and 0.847 respectively . (Appendix -II)

On the other hand, organizational effectiveness in terms of customer satisfaction, learning and development and internal processing were 0.782, 0.782 and 0.897 respectively. The closer Cronbach's coefficient alpha is to 1, the greater the internal consistency of the items of the scale (Struwig & Stead, 2001).

3.7 Methods of Data Analysis

The data gather through questioner were analyzed quantitatively having this the entire data was analyzed using SPSS version 20. Using this instrument descriptive statistics, Pearson correlation and regression analysis were used to observe the level of SHRM and organizational effectiveness, to investigate the significant correlation between the dependent and independent variables. Similarly, the multiple regression models used to examine the significant impact of the independent on the dependent variables since the normality of the data is between -1 and 1(Appendix-III)



3.8 Ethical considerations

Ethical conduct states that it is the responsibility of the researcher to assess carefully the possibility of harm to research participants, and to the extent that it is possible, the possibility of harm should be minimized (Bryman & Bell, 2007). Every questionnaire that was sent out be attached to a cover letter which clearly be explained the purpose of the survey. The questionnaire didn't require the names of the respondents; this was protected their identity and remain anonymous. As a result, the employees were aware from the beginning what the researcher was doing, why and where the information was going and why it was being gathered.



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

In this chapter the main body of the research was observed. This is because the chapter is presenting the nature of the data what it looks like as well as how to analysis the research questions on chapter one and the discussion of the findings. The data were gathered from current employees of Nile Insurance Company S.C through questionnaire.

The presentation and analysis of the data were done to answer the basic research question raised in chapter one using Descriptive statistics, Correlation and Linear Multiple regressions. These instrument's help to examine the level, significance correlations and the prediction power of each independent variable on the effectiveness of the insurance company.

4.1 Characteristics of Respondents

Table-2 below shows 37(32.2%), 56 (48.7%),17(14.8%) and 5(4.3%) of the respondent's current position were Managers, officers, chief officers and others position respectively. On the other hand, 20(17.4%) ,16(13.9%), 21(18.3%), 22(19.1%), 5(4.3%), 10(8.5%), 5(4.3%) and 16(13.9%) of the respondents working department were Finance and investment resource management, marketing and branch operation, claim management, engineering and inspection, underwriting, information technology and others respectively.

On the other hand, the data in table-2 explains 93(8.9%) and 22(19.1%) of the respondent's educational background were bachelor degree and master's degree respectively. And 69(60%), 36 (31.3%) and 10(8.7%) of the respondents do have 1-4 years ,5-10 years and 11-15 years of experience respectively. Thus, it is also possible to observe that 31(27%),68(59.11%),11(9.6%) and 5(4.3%) of the respondents age were from 20-30 years, from 20-30 years, from 31-40 years, from 41-5years and from 51-65 years respectively. Similarly, 84(73%) and 31(27%) of the respondents were male and female respectively.



Table -2 Characteristics of Respondents

		Frequency	Percent
Age	20-30	31	27.0
	31-40	68	59.1
	41-50	11	9.6
	51-65	5	4.3
	Total	115	100.0
Sex	MALE	84	73.0
	FEMAL	31	27.0
	Total	115	100.0
Educational Level	BA DEGREE	93	80.9
	MASTERS DEGREE	22	19.1
	Total	115	100.0
Work Experience	1-4 years	69	60.0
	5-10 years	36	31.3
	11-15 years	10	8.7
	Total	115	100.0
Current position	MANAGER	37	32.2
	OFFICER	56	48.7
	CHIEF OFFICER	17	14.8
	OTHERS	5	4.3
	Total	115	100.0
Functional Departments	FINANCE AND INVESTMENT	20	17.4
	RESOURCE MGT	16	13.9
	MARKETTING AND BRANCH OPERATION	21	18.3
	CLAIM MANAGEMENT	22	19.1
	ENGINEERING AND INSPECTION	5	4.3
	UNDERWRITING	10	8.7
	INFORMATION TECHNOLOGY	5	4.3
	OTHERS	16	13.9
	TOTAL	115	100.0

4.2 Level of Strategic Human Resource Management Practice in Nile Insurance S.C

Here the researcher tries to examine the level of SHRM practice in Nile Insurance S.C using descriptive statistics.

Table – 3 Level of Strategic HRM practice

<i>Independent Variables</i>	<i>N</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Deviation</i>
Organizational Objectives Alignment With SHRM	115	2.33	4.67	3.6000	.62279
HR practice to line managers	115	2.17	5.00	3.5696	.84437
Placement system	115	1.17	4.83	3.6217	.85621
Performance management system	115	2.29	4.86	3.6174	.63538
Training and development	115	2.00	5.00	3.5957	.84669
Compensation system	115	2.00	5.00	3.6130	.76585
Career and Succession planning system	115	1.40	5.00	3.2330	.77139
Employee participation	115	1.80	5.00	3.3009	.80671

From the above data it is possible to observe that the mean value of SHRM practice (Organizational Objectives Alignment with **SHRM** HR practice to line managers Placement System Performance management system, Training and development, Compensation system Career and Succession planning system, Employee participation) were 3.6000, 3.5696, 3.6217, 3.6174, 3.5957, 3.6130, 3.2330, 3.3009 respectively.

From the descriptive statistics output above it is possible to conclude the level of each SHRM practice (Organizational objectives alignment with Strategic HRM, HR practice to line managers Placement system, Performance management system, Training and development, Compensation system, Career and Succession planning system, Employee participation) were medium since its mean value were lies between 3.33-3.62 from Likert scale measurement it shows medium value which is 3 and above.

Other scholars also support the above finding like Haftu W. (2013) in different HR practices such as (Recruitment, Selection, Training & Development, Performance Management, Compensation, Career Management) indicating a moderate level.

4.3 Level of Organizational Effectives in Nile Insurance Company S.C

Here the researcher tries to examine the level of Organizational Effectiveness in Nile Insurance S.C using descriptive statistics.

Table -4 Level of Organizational Effectiveness

Parameter	N	Minimum	Maximum	Mean	Std. Deviation
OE	115	2.38	4.59	3.3919	.62163
Valid N (listwise)	115				

From the above data it is possible to observe that, the mean value Organizational Effectiveness 3.3919. Thus, it is possible to conclude that, organizational effectiveness parameters (customer satisfaction, financial growth, learning and development and internal processing) practiced medium level in Nile Insurance S.C.



4.4 Correlation between Strategic HRM Practice and Organizational Effectiveness

In this part the researcher tries to answer the significance relation between SHRM practice and Organizational Effectiveness using Pearson correlation coefficients. In the table below numbers from 1-8 represents Strategic HRM practices. .

Table -5 Pearson Correlation Matrix

		1	2	3	4	5	6	7	8	OE
1	R	1								
	Sig									
	N	115								
2	R	.261**	1							
	Sig	.005								
	N	115	115							
3	R	.323**	.659**	1						
	Sig	.000	.000							
	N	115	115	115						
4	R	.537**	.733**	.779**	1					
	Sig	.000	.000	.000						
	N	115	115	115	115					
5	R	.313**	.770**	.602**	.747**	1				
	Sig	.001	.000	.000	.000					
	N	115	115	115	115	115				
6	R	.245**	.731**	.537**	.697**	.806**	1			
	Sig	.008	.000	.000	.000	.000				
	N	115	115	115	115	115	115			
7	R	.281**	.701**	.451**	.683**	.616**	.781**	1		
	Sig	.002	.000	.000	.000	.000	.000			
	N	115	115	115	115	115	115	115		
8	R	.117	.540**	.463**	.565**	.709**	.737**	.574**	1	
	Sig	.213	.000	.000	.000	.000	.000	.000		
	N	115	115	115	115	115	115	115	115	
OE	R	.362**	.616**	.373**	.664**	.648**	.646**	.688**	.642**	1
	Sig	.000	.000	.000	.000	.000	.000	.000	.000	
	N	115	115	115	115	115	115	115	115	115
*. Correlation is significant at the 0.05 level (2-tailed).										
**. Correlation is significant at the 0.01 level (2-tailed).										



The above data shows the correlation between SHRM practices and Organizational effectiveness .362, .616, .373, .664, .648, .646, .688 and .642 with Organizational Objectives Alignment with Strategic HRM, HR practice to line managers, Placement system, Performance management system, Training and development, Compensation system, Career and Succession planning system, Employee participation) respectively with P-value 0.00 for all independent variable. From the data it is possible to conclude there is a positive significance correlation between each SHRM practice with organizational effectiveness in Nile Insurance S.C, because the P-value for the correlation is less than 0.05.

The disparity between the employee and the job can slow down performance levels, whereas a sophisticated selection system can ensure a better fit between the person's abilities and the organization's requirement. Also, the selection has been found to be positively related to firm performance (Oladipo and Abdulkadir, 2011).

Strategic HRD takes a broad and long-term view about how HRD policies and practices can support the achievement of business strategies. It is business-led and the learning and development strategies that are established as part of the overall strategic HRD approach flow from business strategies and have a positive role in helping to ensure that the business attains its goals in (Armstrong 2008).

A well-planned career development system along with internal advancement opportunities based on merit, results in high motivation among employees, which has an impact on firm performance (Milkovich and Boudreau, 1998). Studies have also shown that employee participation is positively related to performance, satisfaction, and productivity of an employee and then to the organization (Verma, 1995).

4.5 Impact of Strategic HRM Practices on Organizational Effectiveness in Nile Insurance Company

In this part the discussion, the researcher tries to investigate the significance impact of SHRM practices on Organizational effectiveness. To investigate the question justified above the researcher use linear multiple regression models by observing regression output tables from the SPSS results of a combined observation. the general model of this study for the specified question with the explained independent and dependent variable will be as follows:

$$Y(x_{1,2,3,4,5,6,7,8}) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + e$$

Where x_i 's = Independent Variables (SHRM practices)

β_0 = Constant

β_i 's (i=1,2,3...) = Unstandardized Regression Coefficient

$Y(x_{1,2,3,4,5,6,7,8})$ = Dependent Variable (Organizational Effectiveness Dimension)

e - Error Term

Furthermore, the fitness of the above model is tested by the R^2 . Which is explained by the combined effect of the independent variables on the dependent variable and checked by approximating the sum of the individual impact of each SRHM practice against OE? i.e.

$$R^2 \approx (r_1 \beta_1 + r_2 \beta_2 + r_3 \beta_3 + r_4 \beta_4 + r_5 \beta_5 + r_6 \beta_6 + r_7 \beta_7 + r_8 \beta_8) * 100 + e$$

Where: R^2 = Test of the Model

r_i = Correlation Coefficient of Strategic HRM practice against OE

β_i = Beta Coefficient (Standardized Coefficients)

The researcher uses three consecutive tables of regression output to indicate the impact of Strategic HRM practice on Organizational Effectiveness. These are:

- ❖ **MODAL SUMMARY** - which indicate the predictive powers of SHRM practice on OE.
- ❖ **ANOVA**- the existence of significance descriptive power of SHRM practice on OE.



- ❖ **BETA COEFFICIENTS** - which shows the impact and percentage contribution of separate SHRM practice on OE dimension by observing unstandardized and standardized beta coefficients respectively

Table -6 Predictive power of SHRM practice on Organizational Effectiveness

MODAL^a				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815^a	.663	.638	.37397
<i>a. Predictors: (Constant), EMPLOYEE PARTICIPATIO, ORGANIZATIONAL OBJECTIVES ALIGNMENT WITH SHRM, PLACMENT, CAREER, HRPRACTICE, TRAINING DEVELOPMENT, COMPENCETION, PERFORMANCE</i>				

From the above table it is possible to observe that R , R Square, Adjusted R Square and Std. Error of the Estimate were; .815, .663, .638 and .37397 respectively. Thus, it is possible to conclude that the predictive power of SHRM practices on OE is 0.663 or 66.3%.

Table- 7 The existence of significance descriptive power of SHRM practice on Organizational Effectiveness

ANOVA^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29.228	8	3.654	26.123	.000^b
Residual	14.825	106	.140		
Total	44.053	114			
<i>a. Dependent Variable: OE</i>					
<i>b. Predictors: (Constant), EMPLOYEE PARTICIPATION, ORGANIZATIONAL OBJECTIVES ALIGNMENT WITH SHRM, PLACMENT, CAREER, HR-PRACTICE, TRAINING & DEVELOPMENT, COMPENCETION, PERFORMANCE</i>					

From the above table it is possible to observe the p-value for predictive power of SHRM on OE- is 0 which indicates there is a significance predictive power.

Table 8 – Beta coefficients of Un standardized and Standardized Coefficients

<i>Coefficients^a</i>					
<i>Model</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	.633	.248		2.553	.012
ORGANIZATIONAL OBJECTIVES ALIGNMENT WITH SHRM	.107	.071	.107	1.496	.138
HR PRACTICE	.143	.080	.194	1.776	.079
PLACEMENT	-.258	.071	-.355	-3.626	.000
PERFORMANCE	.386	.136	.394	2.842	.005
TRAINING DEVELOPMENT	.061	.090	.084	.683	.496
COMPENSATION	-.128	.103	-.158	-1.239	.218
CAREER	.220	.085	.274	2.596	.011
EMPLOYEE PARTICIPATION	.282	.070	.366	4.055	.000

a. Dependent Variable: OE

From the above table and modal summary the un standardized coefficient of Organizational Objectives Alignment With Strategic HRM, HR practice to line managers, Placement system Performance management system, Training and development, Compensation system, Career and Succession planning system, Employee participation were .107, .143, -.258, .86, .061-.128, .20, .282 with t-value 1.496, 1.776,-3.626, 2.842 ,.683 ,-1.239, 2.596 and 4.055 respectively having p-value .138,.079, .000, .005, .496,.218 ,.011, and .000 respectively for each SHRM practice

From the above data it is possible to conclude that the predict power of SHRM practice on organizational effectiveness 66.3%. The average Organizational Objectives Alignment with SHRM (b= 0.107) is not a significant impact (p=0.138) which is greater than 0.05 and the coefficient is positive which would indicate the more emphasis on Organizational Objectives Alignment with SHRM is related to higher organizational effectiveness. The average HR practice to line managers (b=0.143) is not a significant impact (p=0.079) which is greater than



0.05 and the coefficient is Positive which would indicate the more emphasis on HR practice to line managers is related to increase organizational effectiveness. Similarly, the average Placement system ($b=-0.258$) is a significant impact ($p=0.000$) which is less than 0.05 and the coefficient is negative which would indicate that more emphasis on placement system decrease organizational effectiveness.

The average Performance management system ($b=0.386$) is a significant impact ($p=0.005$) which is less than 0.05 and the coefficient is Positive which would indicate the more emphasis on Performance management system is related to increase organizational effectiveness. The average training and development ($b= 0.061$) is not a significant impact ($p=.0.496$) which is greater than 0.05 and the coefficient is positive which would indicate the more emphasis on training and development is related to an increase in organizational effectiveness.

The average Compensation system ($b=-0.128$) is not a significant impact ($p=0.218$) which is greater than 0.05 and the coefficient is negative which would indicate the more emphasis on Compensation system is related to decreasing in organizational effectiveness. Similarly, the average Career and Succession planning system ($b=0.220$) is a significant impact ($p=0.011$) which is less than 0.05 and the coefficient is positive which would indicate the more emphasis on Career and Succession planning system is related to increasing in organizational effectiveness. Finally, the averages Employee participation ($b=0.282$) is a significant impact ($p=0.00$) which is less than 0.05 and the coefficient is positive which would indicate the more emphasis on Employee participation is related to increasing in organizational effectiveness.

From the finding the negative coefficient of placement and compensation system indicates that when an increasing on these independent variables decline OE. These shows respondents on the study area are wrongly placed and there are no rewarded in accordance with their performance even if the effectiveness of the company being higher.

4.6 Model Explanation

$$Y(x_i) = 0.633 + 0.107x_1 + 0.143x_2 - 0.258x_3 + 0.386x_4 + 0.061x_5 - 0.128x_6 + 0.220x_7 + 0.282x_8 + e$$

$$R^2 \approx (r_1 \beta_1 + r_2 \beta_2 + r_3 \beta_3 + r_4 \beta_4 + r_5 \beta_5 + r_6 \beta_6 + r_7 \beta_7 + r_8 \beta_8) * 100$$

Where r_i = correlation coefficient of Strategic HRM practice with effectiveness on Customer Satisfaction and

β_i = beta coefficient (standardized coefficients)

$$66.3\% \approx (0.107 * 0.362 + 0.194 * 0.616 + -0.355 * 0.373 + 0.394 * 0.664 + 0.084 * 0.648 + -0.158 * 0.646 + 0.274 * 0.688 + 0.366 * 0.642) * 100 = 66.3\%$$

Similarly, other researchers do have different findings on the above results as follows:

Strategies for managing performance exist to develop a high-performance culture and achieve increased organizational effectiveness, better results for individuals and teams, and higher levels of skill, competence, commitment and motivation Armstrong (2008).

Training is one of the crucial HRM practices especially successful organizations (Robbins S. P., 2003). Kuballa (2007) suggested that the investment on workforce is actually for the organization's own benefit as the trained workforces have higher productivity and contribute to higher organizational effectiveness and such organization is capable to attract workforce with higher quality.

As Haftu W. (2013) the results also show that strategic HRM alignment with overall corporate objectives and management development in HR practices has a positive effect on organizational effectiveness with coefficients of 0.03 and 0.104 respectively. However, the result of the placement system shows that it has a negative (-0.013) effect on organizational effectiveness

A well-functioning career planning system may also encourage employees to take more responsibility for their own development, including the development of the skills viewed as critical in the company. A well-planned career development system along with internal advancement opportunities based on merit, results in high motivation among employees, which has an impact on firm performance (Milkovich and Boudreau, 1998).



Empowering the employees by involving them in decision making contribute to the success of organization as it increases the productivity, saves time for decision making, lowers the gap between supervisor and subordinates, encourages a strong sense of teamwork among workers Smith (1997).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The primary objective of this study was to investigate the role of Strategic HRM practice on organizational effectiveness in the case of Nile Insurance Company S.C. To achieve this objective, the following basic research questions were formulated for investigation.

1. What are the level of SHRM practice and Organizational effectiveness?
2. Is there a significance correlation between SHRM practice and Organizational Effectiveness?
3. Is there a significance impact of SHRM practice on Organizational effectiveness ?

Among total of 160 target population 115 participant were taken using purposive sampling technique. In order to collect valid and reliable data an instrument namely questionnaire was employed. The collected data were analyzed using results of descriptive statistics, Pearson correlation and linear multiple regression and analysis of variance (ANOVA). Finally, the analysis yields the following findings.

1. The level of SHRM practice and organizational effectiveness were moderate which accounts mean of above 3.02 -3.689
2. There is a positive significance relation between SHRM practices and organizational effectiveness with P-values less than 0.05
3. Linear Multiple regression ($R_{xy}^2=0.815$) which indicate there is a relation between SHRM practices and organizational effectiveness. It was also observed from the coefficient of multiple determination that ($R^2=0.663$), 66.3% of the variation in organizational effectiveness at Nile Insurance company S.C was accounted by variability in the eight of the predictor as a group. Placement system and Compensation system decline OE on customer satisfaction by 13.24% and 10.20% respectively. On the other hand, the contribution of organizational objectives alignment with SHRM, HR practice to line managers, Performance management system, training and development, Career and



Succession and Employee participation enhanced organizational effectiveness on by 3.87% ,12.00%,26.16%,5.44 ,18.85 and 23.49.

The major finding of this study is thus, there is a positive significance relation of each SHRM practice with OE and they do have also a significance predictive power on OE.

5.2 Conclusions

The major focus of this study was to see the role of SHRM practice on OE in Nile insurance company S.C. Accordingly, the findings of this study indicate that SHRM practice (, Placement system, Performance management system, Career and Succession planning system and Employee participation) do significantly effect on OE. In parallel, SHRM (practice Organizational Objectives Alignment with SHRM, HR practice to line managers Training and development Compensation system) do not have significance effect on OE and SHRM practice also do have moderately practicable.

There is also significance positive relationship between each SHRM (Organizational Objectives Alignment with Strategic HRM, HR practice to line managers, Placement system, Performance management system, training and development, Compensation system Career and Succession planning system and Employee participation) do significantly affect OE.

5.3 Recommendations

Based on the findings of this study, suggestion about the practical implication and further investigation were forwarded for concerned bodies.

- Organizations should give great emphasis on Strategic HRM practices so as to yield higher organizational effectiveness. Because, the recent and future commutative market environment is sophisticated.
- The organization should give attention to the placement system hence; OE will increase whenever the placement process matches skills of the candidate with competency and the recruitment.



- To come up with the organization effective on the dimensions of Balanced Score Card (BSC) should work on human capital and assign an employee at right place.
- The organization should give attention to the compensation system hence, OE will increase whenever the benefit and compensation package are designed to the employee performance and business goals.

REFERENCES

- Aguinis H., (2009). Performance Management. 2nd edition, India: Dorling Kindersley Pvt. Ltd.
- American Public Human Services Association, (2009). Organizational Effectiveness Quick Guide
- Armstrong M., (2006). Hand Book of Human Resource Management Practice. 10th edition, London: Cambridge University Press.
- Armstrong M., Netherlands Vance R. J., (2006). Employee Engagement and Commitment;
- Armstrong M., (2008). Strategic Human Resource Management: A Guide to Action, 4rd Edition. London and Philadelphia: Kogan-Page.
- Anthony, W, Kacmar, K. and Perrewe, P. (2002). Human resources management: A strategic approach (4th ed.). Harcourt College Publisher.
- Ayanda O.J. and Sani A. D. (2010). Strategic Human Resource Management and Organizational Effectiveness in the Public Sector: International Bulletin of Business Administration, ISSN: 1451-243X Issue 9
- Bana, B. A. and McCourt, W. (November, 2007). Institutions and Governance: Public Staff
- Balduck, A. L., & Buelens, M. (2008). A two-level competing values approach to measure nonprofit organizational effectiveness. Working Papers of Faculty of Economics and Business Administration, Ghent University, Belgium.
- Barak, M., Maymon T., and Harel, G. (1999). Team Work in Modern Organizations: Implications
- Beer M, Spector B, Lawrence P, Quinn Mills D and Walton, R (1984), Managing Human Assets, New York, The Free Press
- Belcourt M. and McBey K. (2009). Strategic Human Resource Planning. 2nd edition: USA.
- Bowen P and Ostroff C (2004), 'Understanding HRM-firm performance linkages: the role of the "strength" of the HRM system', Academy of Management Review, 29 (2)



- Boxall, P., Purcell, J. & Wright, P. (2007). The Oxford handbook of Human Resource Management. Purcell, J. and Kinnie, N., HRM and Business Performance, (pp. 533-551). Oxford University Press. Civil Service in Southern Regional Government (SNNPRG), The Hague,
- Boxall, P.F, (1996). The strategic HRM debate and the resource-based view of the firm, Human Resource Management
- Brewster et al. (2000). Contemporary Issues in Human Resource Management: Gaining a Competitive Advantage. Oxford University Press, Cape Town
- Bryman, A. & Bell, E. (2007). Planning a research project and formulating research questions. In: Business Research Methods. New York. Oxford University Press. P. 75-92.
- Budhwar, P. (2000). Strategic Integration and Devolvement of Human Resource Management in the UK Manufacturing Sector. British Journal of Management, 11(4): 285–302.
- Budhwar, P. and Khatri, N. (2001). HRM in Context: Applicability of HRM Models in India. International Journal of Cross Cultural Management, 1(3): 333–56.
- Beardwell, J., & Thompson, A (2014). Human Resource Mangement. A Contemporary Approach (7th ed.). Edinburgh: Pearson Education Limited.
- Buyens, D., and A. De Vos (1999). The Added Value of the HR Department. In International HRM: Contemporary Issues in Europe, (Eds) Chris Brewster and Hillary Harris, 31 – 47, London and New York, Routledge.
- Cameron, K. S., and Whetten, D. A. (1983) Organizational Effectiveness: A Comparison of Multiple Models. New York: Academic Press. In Smith and Hitt, (Edt) (2005). Great Minds in
- Cania, L. (2014). The Impact of Strategic Human Resource Management on Organizational Performance. Economical: Seria Management 17(2), 373-383
- Cheddie, M. (2001). How to Become a Strategic Partner? HR Focus, 78(8): 1–14. In A
- Cunningham, J. B., and Deborah, Y. A. (1995). Skills for Managing Human Resources in a



- Complex Environment: The Perceptions of Human Resource Managers in Singapore.
International Journal of Human Resource Management 6(1): 79–101
- Cronbach, L. J (2004), My Current Thoughts on Coefficient Alpha and Successor Procedures.
Educational and Psychological Measurement, vol. 64, Pp. 391-418
- Delery. J.E. and Doty. H.D. (1996) 'Modes of Theorizing in Strategic Human Resource
Management: Tests of Universalistic, Contingency, and Configurational Performance
predictions'. Academy of Management Journal. 39(4): 802-35. development as
determinants of HR effectiveness and refinery performance. In: Human Resource.
- Dimba B., and K'Obonyo P. (2009, July). The Effect of Strategic Human Resource Management
Practices on Performance of Manufacturing Multinational Companies in Kenya:
Proceedings of the International Conference on Human Capital Management in
University of Nairobi.
- Dinberu, G. (2014). Assessment of Strategic Management Practices and Implementation: In The
Case of Nib International Bank
- Darwish, Tamer K and Singh, Satwinder and Mohamed, A Fattaah (2013) The Role of Strategic
HR Practices in Organizational Effectiveness: An Empirical Investigation in the
Country of Jordan. International Journal of Human Resource Management, 24 (17). pp.
3343-3362.
- Felistus Hildah Makhamara (2017), Influence of Strategic Human Resource Management
for Technological Education. International Journal of Technology and Design for
Teams: Organizational effectiveness department; Washington, DC 20036.
- Fombrun CJ, Tichy NM, Devanna MA, eds. 1984. Strategic Human Resource Management. New
York:Wiley
- Foulkes FK. 1975. The expanding role of the personnel function. Harvard Bus. Rev. 53(2):71–84
- Glunk, U., & Wilderom, C. P. M. (1996). Organizational Effectiveness Corporate Performance



- Gardener et al., 2011). The impact of motivation, empowerment, and skill enhancing practices on aggregate voluntary turnover: the mediating effect of collective affective commitment.
- Greer C.R. (2001). Strategic Human resource management: A general Managerial Approach; 2nd edition, Singapore: Pearson education.
- Greer C.R. (2001). Strategic Human resource management: a general Managerial Approach; 2nd human Resource Management: A Guide to Action, 4rdEdition. London and London and Philadelphia: Kogan-Page. London: Cambridge University Press.
- Guest, D. E. (1987). Human Resource Management and Industrial Relations. Journal of Management Studies, 24 (5), 503-521.
- Guest, D. E. (2011). Human resource management and performance: still searching for some answers. Human Resource Management Journal, 21 (1), 3-13.
- Guilford and Flrucher (1973). Fundamental Statistics in Psychology Education, New York: McGraw- Hill.
- Haftu W. (2013) Strategic Human Resource Management Organizational Effectiveness; the case of Ethio Telcom.
- Hendry, C., & Pettigrew, A. (1990). Human resource management: An agenda for the 1990s. International Journal of Human Resource Management, 1, 17-43.
- Huselid M A (1995), 'The impact of human resource management practices on turnover, productivity and corporate financial performance', Academy of Management Journal,38 (3), pp 635-72
- Katou, A., & Budhwar, P. (2007). The Effects of Human Resource Management Policies.
- Katou, A.A., and Budhwar, P.S. (2006), 'Human Resource Management Systems and Organizational Performance: A test of a mediating model in the Greek manufacturing context', The International Journal of Human Resource Management, 17, 1223-1253.
- Khatri, N. (1999). Emerging Issues in Strategic HRM in Singapore. International Journal of



Manpower, 20(8): 51–2.

Kothari, C.R. (2004). *Research Methodology: Methods and Techniques*, (2nd Ed.). New Dehli: New Age International Publishers Ltd.

Kaplan, R. S., & Norton, D. P. (1992). Putting the balanced scorecard to work. *Harvard business review*, 2nd ed.

Kaplan, R. S. and D.P. Norton (1992) *The Balanced Scorecard: Measures that Drive Performance*, *Harvard Business Review*, (January-February): 71-79.

Kaplan, R.S. and D.P. Norton (2007). How to Implement a New Strategy without Disrupting? Your Organization, *Harvard Business Review* (March): 100-109.

Jackson, S. E., Schuler, R. S., & Werner, S. 2009. *Managing Human Resources* (10ed.) Mason: Cengage.

Jules, Patria de Lancer and Marc Holzer (2001). Promoting the Utilization of Performance Measures in Public Organizations: An Empirical Study of Factors Affecting Adoption and Implementation. *Public Administration Review*, 61 (6): 693 – 708.

Legge, K. (2005). *Human Resource Management: Rhetorics and Realities*. New York: Palgrave Macmillan

Locke, E.A., Alavi, M., Wagner III, J.A. (1997). Participation in decision making: An information exchange perspective.

Lengnick-Hall, M. L., Lengnick-Hall, C. A., Andrade, L. S., & Drake, B. (2009). Strategic human resource management: The evolution of the field. *Human Resource Management Review*, 19 (2), 64–85.

Luthans & Sommer, (2005). The impact of high performance work practice on industrial issues outcome journal of managerial issue. Vol.17. No3 pp327-345

Leibowitz, Z.B., Farren, C., Kaye, B.L. (1986). *Designing Career Development Systems*. San Francisco: Jossey-Bass Publishers.

Mabey C, Salaman G and Storey J (1998), *Human Resource Management: A strategic*



- introduction, Oxford, Blackwell.
- Malik M. E., Ghafoor M. M. and Naseer S. (2011). Organizational Effectiveness: A Case Study of Telecommunication and Banking Sector of Pakistan, *Far East Journal of Psychology and Business*. Vol. 2 No 1, p: 38. *Management*, 37: 17-29.
- Marier Janet H. (2012, May). Strategic Human Resource Management in Context: A Historical and Global Perspective. Unpublished manuscript, Albany—State University of New York.
- Mathew, A. (2016). Contribution of SHRM towards Organizational Effectiveness- A Study with Reference to NGOs in Kerala. *IRA-International Journal of Management & Social Sciences* (ISSN 2455-2267), 5(1), 194-202 Memorandum; Vol. 715). Tilburg: Organization.
- Miriam Njenga,(2018) the influence of SHRM practice on firm performance in Keniya .pp32-36
- Miles, R., & Snow, C. (1978). *Organizational Strategy, Structure, and Process*. New York:McGraw-Hill
- Milkovich, T. G., and Boudreau, W. J. (1998). *Human Resource Management*, 8th edition. Boston: Irwin.
- Miller H., (2004). *Quantifying and Fostering Organizational Effectiveness*; unpublished manuscript, Herman Miller Inc.
- Mittenthal R. A. (2002). *Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders*, briefing paper, TCC group
- Murby, L., and Gould, S. (2005). *Effective performance management with the Balanced Scorecard Technical Report*. London: The Chartered Institute of Management Accountants
- Mullins, L.J., Peacock, A. (1991). *Managing through people: regulating the employment relationship*. *Administrator*, 1, 32-35.



- Noe R., J. Hollenbeck, B. Gerhart, and P. Wright (2007) *Human Resources Management: Gaining a Competitive Advantage*, 5th Edition, New York:Mc- Graw-Hill Co.
- Okpara J.O. and Pamela W. (2008). *HRM Practices in a Transition Economy: Challenges and Prospects*. *Management Research News*, Vol. 31 (1): 57 – 76. needs of the business, *Organizational Dynamics*, 21 (1), pp 18–32.
- Oladipo J. and S. Abdulkadir D., (2011). *Strategic HRM and Organizational Performance in the Nigerian Manufacturing Sector: An Empirical Investigation*. *International Journal of Business and Management* Vol. 6, No. 9. Philadelphia: Kogan-Page. p:54.
- Ondrack, D A and Nininger, J R (1984) *Human resource strategies: the corporate perspective*, *Business Quarterly*, 49(4), pp 101–09
- Paul, A.K., & Anantharama, R.N. (2003). *Impact of People Management Practices on organizational Performance: Analysis of a Causal Model*”, *International Journal of Human Resource Management*, 17(7), 1246-1266.
- Pfeffer, J., (1998). *Seven practices of successful organizations*. *California Management Review*, 40(2), 96–124.
- Sani A. D. (2010). *Strategic Human Resource Management and Organizational Effectiveness in the Public Sector: International Bulletin of Business Administration*, ISSN: 1451-243X Issue 9.
- Schuler, R S (1992) *Strategic Human Resource Management: linking people with the strategic Activities*.
- Schuler, R.S., and Jackson, S.E. (Eds) (1999). *Strategic Human Resource Management*, London: Blackwell Publishers Ltd.
- Sani, (2011) *the perspective of the employees towards the outcome and determines performance appraisal system; business and economics research journal Uludag University*, Vol.2(3) pp.1-87
- Singh, K. (2004). *Impact of HR Practices On Perceived Firm Performance in India*. *Asia-Pacific*



Journal of Human Resources, 42 (3), 301-317.

Smith K. G. and Hitt M. A., (Edt) (2005). Great Minds in Management. The Process of Theory Development, New York: Oxford University press Inc.

Smith, J. B./Barclay, D. W. (1997): The effects of organizational differences and trust on the effectiveness of selling partner relationships. In: Journal of Marketing, 61: 3-21.

Smith, E.C(1982). Strategic business planning and human resource part one personal journal, 61(8:606-610)

Snell, S.A., & Dean, J. (1992). Integrated manufacturing and human resource management: A Human capital perspective. Academy of Management Journal, 35,467-504.

Som A. (2008). Innovative Human Resource management and corporate performance in the Context of Economic Liberalization in India. Thunderbird International Business Review, 49(2): 1-33.

Steen S., Noe R., Hollenbeck J., B. Gerhart, and P. Wright (2009). Human Resource Management, 2nd edition. Canada: McGraw-Hill Co

Tegene Abebe Desta (2008). The Human Resource Management Function in Ethiopia

Teo, S. (2002). Effectiveness of a Corporate HR Department in an Australian Public Sector Entity during Commercialization and Corporatization. International Journal of Human Resource Management, 13(1): 89–105
to understanding, measuring and increasing engagement in your organization; SHRM Foundation 's Effective Practice Guidelines; USA. Alexandria, VA 22314.

Truss C, Mankin D and Kelliher C (2012), Strategic Human Resource Management, Oxford, Oxford University Press

Tyson S (1997), 'Human resource strategy: a process for managing the contribution of HRM to organizational performance', The International Journal of Human Resource Management, 8 (3), pp 277-90.



- Thompson, A.A, and Strickland, A.I (2007) *Crafting and Executing strategy texts and reading*.15th ed; New York: McGraw-Hill-Irwin
- Vance R. J., (2006). *Employee Engagement and Commitment; A guide to understanding, measuring and increasing engagement in your organization*; SHRM Foundation 's Effective Practice Guidelines; USA. Alexandria, VA 22314.
- Verma, A. (1995). *Employee Involvement in the Workplace*
- Waiganjo E. W., Mukulu E. and Kahiri J. (2012). *Relationship between Strategic Human Resource Management and Firm Performance of Kenya 's Corporate Organizations*. *International Journal of Humanities and Social Science*, 2(10): 68 Why and How Two Research Traditions Need to be Merged. (FEW Research
- Wright P, Dunford B, and Snell S (2001), 'Human resources and the resource-based view of the firm', *Journal of Management*, 27 (6), pp 701–21
- Wright, P. M., and G. C. McMahan, (1999). *Theoretical Perspectives for SHRM*. In *Strategic Human Resource Management*, (Eds.) R. Schuler and S. Jackson, 49–72. Oxford: Blackwell Publishers Ltd. *The International Journal of Human Resource Management*, 19 (7), 1278-1297
- Wubishet Fikadu (2018), *Assessment of Strategic Management Practices: The Case of Private Commercial Banks in Ethiopia*.
- Wright and McMahan.G.C: (2002) *Theoretical perspective for strategic human resource management journal of management*, 18(2).295.
- Pers. Psychol.* 64(2):315–50
- Rothwell and Kazanas, (2003). *Planning and Management Human Resource strategic for personal management* 2nd ed.
- Robbins, S. P. (2003). *Organizational Behavior: Global and Southern African Perspectives*. Pearson South Africa.



Struwig, F.W. & Stead, G.B. (2001) Planning, designing and reporting research. Cape Town:
Pearson Education

Kuballa, J. (2007). Employee satisfaction-A precondition for economic success of service
companies GRIN Verlag.

Schuler, R. S., & Jackson, S. E. 2007. Strategic human resource management: A reader (2 ed.).
London: Blackwell.

Schuler, R.S. and Jackson, S.E. (1999), Strategic Human Resource Management,

Schermerhorn, J. R., Hunt, J. G., Osborn, R. N., & Osborn, R. (2004). Core concepts of
organizational behavior: John Wiley & Sons Inc.

APPENDIX

Appendix- I Questionnaire

**Addis Ababa University School of Commerce Collage of Business and Economics in the
Department of Human Resource Management for the Masters of Human Resource
Management (MHRM) Degree**

Dear respondent,

Please take a few minutes to complete this questionnaire. Your honest opinion will be completely anonymous. Your views are extremely important on this research. This questionnaire will take approximately twenty (20) minutes. All the information provided will be kept strictly confidential and will only be used for the purpose of the study. This study is about “**The Role of Strategic Human Resource Management Practice on the Organizational Effectiveness; in the case of Nile Insurance Company S.C**”. I highly appreciate your participation and prompt response on the following questions and please do not hesitate to contact me via mail or phone, if you face any difficulty while responding to the below listed questions.

Hayalu Limeneh ; Phone / e-mail address hayalugod@yahoo.com

GENERAL DIRECTION

- PLEASE MARK (✓) YOUR RESPONSE IN THE APPLICABLE BOX.
- THE QUESTIONNAIRE CONSISTS OF THE FOLLOWING PARTS:
 - I) Personal profile of each respondent
 - II) Survey questions related to **Strategic Human Resource Management Practice with Company Strategy; in Nile Insurance Company S.C.**



PART ONE: PERSONAL PROFILE OF THE RESPONDANT

1. Which age groups are you belong?

- 25– 30 years 41-50 31 – 40 years 51- 65

2. Sex?

- Male Female

3. Your highest level of formal education?

- Diploma/equivalent BA/BSc/BLL degree
 Master 's Degree PhD

4. How long have you been working in your current position?

- 1 – 4 year 's 11 – 15 years 5 – 10 years 16 years & above

5. Your current job level? Manager Officer Chief Officer

Other please specify _____

6. Your working division?

- Finance & Investment Resource Management Marketing & Branch Operation
 Claim Management Engineering & Inspection Underwriting
 Information Technology Other please specify _____



Table -9

PART TWO-SERVEY QUESTIONS IN RELATION TO SHRM PRACTICES WITH COMPANY STRATEGY						
<i>The following statements are explaining about Strategic Human Resource Management Practice. For each statement, please indicate to which degree you display the behavior described.</i>						
	SERVEY QUESTIONS	Strongly Agreed	Moderately Agreed	Slightly Agreed	Disagree	Strongly Disagreed
	1. ORGANIZATIONAL OBJECTIVES ALIGNMENT WITH SHRM	1	2	3	4	5
1	Nile Insurance Company (NIC) has a clear vision, mission and strategic goals.					
2	Business/division strategies are derived from strategies.					
3	NIC develops processes and programs to link HR strategies with business strategy.					
4	I am expected to develop processes and programs that link HR strategies to business strategy.					
5	I provide inputs to align HR strategies and my business strategy.					
6	I am a strategic partner in NIC					
7	I am an active participant in business planning in my division.					
8	Being a strategic partner determines my success as a manager/officer.					
9	NIC management group expect me to participate in strategic decisions.					
	2. HR PRACTICES TO LINE MANAGERS					
1	Nile Insurance Company (NIC) has a line management development process in HR practices					
2	I participate in HR practices training & found that very useful					
3	I get the necessary skills from the training on HR practices.					
4	Skills are very important to my business area.					
5	I understand that those HR practices & my business strategies are aligned.					
6	I believe that this integration has a great impact on strategic goals achievement.					
	3. PLACEMENT SYSTEM					
1	Employment is done as per the business priority of Nile Insurance Company.					
2	The recruitment process focuses only on promising candidates.					
3	Placement process matches skills of candidates with competency requirement for positions					
4	Employees are selected & placed according the business requirement.					
5	Employee's in your respective division feel that their job is worth doing.					
6	Employees are provided with opportunities to make full use of their skills and abilities.					



4. Performance Management System (PMS)		1	2	3	4	5
1	Organizational vision, mission, goals and strategies are clearly defined					
2	My division/dep't-level goals and strategies are consistent with those at company level.					
3	Job descriptions (JDs) are designed consistent with unite and organizational priorities.					
4	PMS includes results, behaviors and developmental plans consistent with unit and organizational level priorities					
5	PMS includes results, behaviors and developmental plans consistent with individual JDs.					
6	Employees know what's expected of them –their goals and accountabilities.					
7	Performance appraisals are used for professional development.					
5. TRAINING AND DEVELOPMENT						
1	Nile Insurance Company has a clear training and developmental plan linked with business strategy.					
2	Training and development programs are designed to support business objectives					
3	Trainings are offered based on training need analysis translated in to training programs					
4	Formal & related training programs are provided to employees.					
5	Training programs are offered to new hires the skills they need to perform their jobs.					
6	Feedbacks are collected after the training delivery.					
6. COMPENSATION SYSTEM						
1	The benefit & compensation packages are designed to support business goals.					
2	Managers are eligible for cash bonuses based on individual performance					
3	Managers are eligible for cash bonuses based on company-wide productivity/ profitability					
4	The compensation packages are linked to performance.					
5	The compensation packages are linked to qualification of employees.					
6	Individual & team performance is adequately rewarded					
7. CAREER & SUCCESSION PLANNING SYSTEM						
1	There is a career development system in Nile Insurance Company S.C					
2	There is a succession planning system for all critical positions.					
3	Career & Succession Planning are designed to support business goals					
4	Employees in their respective job have clear career paths within the organization.					
5	Employees have more than one potential position they can promoted					



8. EMPLOYEE PARTICIPATION		1	2	3	4	5
1	Employees in their job are often asked by their superiors to participate in decisions.					
2	Employees are encouraged to suggest improvements in the way things are done.					
3	Employees are encouraged to play a proactive role in improving the labor-management relationship					
4	There is a climate of trust and teamwork b/n employees & management aimed at delivering a typical service to the customer					
5	Management promotes positive attitudes that result in an engaged, committed and motivated workforce					
PART THREE: Examine Nile Insurance Company S.C is effective to the extent of four Balanced Scorecard Dimensions						
9. ORGANIZATIONAL EFFECTIVENESS		1	2	3	4	5
A	CUSTOMER SATISFACTION					
1	Nile Insurance Company (NIC) makes every effort to satisfy its customers.					
2	Our service quality and infrastructures are adequate.					
3	I believe that NIC acquires the maximum expectation level of customer satisfaction.					
B	FINANCIAL GROWTH					
1	During the last 3 years NIC achieves financial targets (Profitable)					
C	LEARNING & DEVELOPMENT					
1	NIC encourages employees to learn and develop their competency.					
2	NIC promotes to develop intellectual capital through organizational, team and individual learning					
3	Nile Insurance Company S. is accumulated the required resource (knowledge, equipment and technology).					
4	The right quality workforce is available to meet present and future needs					
D	INTERNAL PROCESSES					
1	Internal work processes are exhaustively identified.					
2	Internal work processes are clearly designed, well integrated and cost effective.					
3	The interaction within and/or across sections, departments is smooth.					

N.B: 1- Strongly Disagree 2 - Disagree 3-SlightlyAgreed
4- Agreed 5- Strongly Agreed

Thank You!



Appendix -II

Table-10 Reliability Statistics

Variables	Croback alph	No. items	No respondents
Overall	0.966	61	22
Organizational objective alignment with SHRM	0.806	9	22
HR-practice to line managers	0.877	6	22
Placement system	0.895	6	22
Performance Management System	0.779	7	22
Training & Development	0.866	6	22
Compensation system	0.811	6	22
Career & succession system	0.849	5	22
Employee participation	0.874	5	22
Customer satisfaction	0.782	3	22
Learning & Development	0.782	4	22
Internal process	0.897	3	22



Appendix –III

Table -11 Normality of the Data

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
VAR00001	22	3.00	5.00	4.5455	.73855	-1.01	.491	.378	.953
VAR00002	22	2.00	5.00	3.9545	.84387	-.432	.491	-.241	.953
VAR00003	22	2.00	5.00	3.4545	.91168	.147	.491	-.586	.953
VAR00004	22	1.00	5.00	3.1818	.95799	-.038	.491	.480	.953
VAR00005	22	1.00	4.00	3.0000	.87287	-.473	.491	-.423	.953
VAR00006	22	1.00	5.00	3.3636	1.39882	-.381	.491	-1.032	.953
VAR00007	22	1.00	5.00	3.5909	1.25960	-.697	.491	-.273	.953
VAR00008	22	1.00	5.00	3.9545	1.04550	-1.002	.491	1.10	.953
VAR00009	22	1.00	5.00	3.3182	.94548	-.349	.491	.687	.953
VAR00010	22	1.00	5.00	3.4091	1.25960	-.246	.491	-.602	.953
VAR00011	22	2.00	5.00	3.3182	.99457	.557	.491	-.576	.953
VAR00012	22	2.00	5.00	3.4091	1.22121	.145	.491	-1.02	.953
VAR00013	22	1.00	5.00	3.9091	1.10880	-.958	.491	.699	.953
VAR00014	22	1.00	5.00	3.2727	1.07711	-.351	.491	.482	.953
VAR00015	22	2.00	5.00	4.0909	.92113	-.595	.491	-.633	.953
VAR00016	22	1.00	5.00	3.7727	1.10978	-.656	.491	.171	.953
VAR00017	22	1.00	5.00	3.3182	.99457	-.401	.491	.131	.953
VAR00018	22	1.00	5.00	3.5909	1.22121	-.318	.491	-.835	.953
VAR00019	22	1.00	5.00	3.5909	.95912	-.462	.491	1.183	.953
VAR00020	22	1.00	5.00	3.7273	1.07711	-.655	.491	.380	.953
VAR00021	22	1.00	5.00	3.6818	1.12911	-.609	.491	-.079	.953
VAR00022	22	1.00	5.00	3.9091	1.15095	-1.044	.491	.550	.953
VAR00023	22	1.00	5.00	3.7727	1.06600	-.539	.491	.359	.953
VAR00024	22	2.00	5.00	3.6818	.89370	.273	.491	-.965	.953
VAR00025	22	1.00	5.00	3.5000	1.10195	-.470	.491	-.240	.953
VAR00026	22	2.00	5.00	3.4091	.90812	.297	.491	-.493	.953
VAR00027	22	2.00	5.00	3.5455	.85786	.592	.491	-.568	.953
VAR00028	22	1.00	5.00	3.4545	1.01076	-.473	.491	.371	.953
VAR00029	22	1.00	5.00	3.4091	1.05375	-.408	.491	-.093	.953
VAR00030	22	2.00	5.00	3.9545	.95005	-.636	.491	-.300	.953
VAR00031	22	2.00	5.00	3.2273	1.10978	.426	.491	-1.106	.953



VAR00032	22	2.00	5.00	3.5455	1.10096	-.127	.491	-1.253	.953
VAR00033	22	1.00	5.00	3.7727	1.10978	-.886	.491	.445	.953
VAR00034	22	1.00	5.00	3.6818	1.24924	-.618	.491	-.733	.953
VAR00035	22	1.00	5.00	3.8182	1.09702	-1.035	.491	.809	.953
VAR00036	22	1.00	5.00	3.3182	1.35879	-.015	.491	-1.582	.953
VAR00037	22	2.00	5.00	4.0909	.92113	-.997	.491	.616	.953
VAR00038	22	2.00	5.00	3.9545	.89853	-.338	.491	-.764	.953
VAR00039	22	1.00	5.00	3.2273	1.23179	-.140	.491	-.738	.953
VAR00040	22	1.00	5.00	3.2727	1.07711	.152	.491	-.134	.953
VAR00041	22	1.00	5.00	3.4545	1.01076	-.473	.491	.371	.953
VAR00042	22	1.00	5.00	3.0455	.95005	.270	.491	.718	.953
VAR00043	22	1.00	5.00	3.3636	.95346	-.476	.491	.657	.953
VAR00044	22	1.00	5.00	3.3182	1.08612	.026	.491	-.251	.953
VAR00045	22	1.00	5.00	3.0000	1.06904	-.257	.491	-.569	.953
VAR00046	22	1.00	5.00	3.0909	1.19160	.367	.491	-.833	.953
VAR00047	22	1.00	5.00	3.1364	1.03719	-.014	.491	-.378	.953
VAR00048	22	1.00	5.00	3.0909	1.10880	.267	.491	-.537	.953
VAR00049	22	2.00	5.00	3.5000	1.01183	.000	.491	-.979	.953
VAR00050	22	2.00	5.00	3.6818	.94548	.349	.491	-1.121	.953
Valid N (listwise)	22								