

ADDIS ABABA UNIVERSITY



**HUMAN RESOURCE DEVELOPMENT PRACTICE AND ORGANIZATIONAL
PERFORMANCE**

Selected Public and Private Commercial Banks in Ethiopian

A thesis submitted to the Graduate program of the Department of Management and the
College of Business and Economics of Addis Ababa University

in partial fulfillment of the requirements for the Degree Master of Business
Administration in Management

(TQM)

Prepared By: ABERA ALENE (ID-GSE/9446/10)

Addis Ababa

JUNE, 2020

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Advisor: Tilahun Teklu (PhD)

Addis Ababa University

Addis Ababa

June, 2020

Declaration

I, the undersigned, declare that this research project is my own work and effort and it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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Confirmed by advisor

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CERTIFICATION OF APPROVAL

I certify that I have read human resource development practice and organizational performance by Abera Alene, and that in my opinion this work meets the criteria for approving a thesis submitted in partial fulfillment of the requirement for the degree Master of Business Administration in Management: Total Quality Management at Addis Ababa University.

Advisor: Tilahun Teklu (PhD)

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Date: _____

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM

DECLARATION

This thesis, written by Abera Alene, and entitled “**human resource development practice and organizational performance: A case of selected banks (CBE, Dashen and Wogagen Bank).**” and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration specialized in Management complies with the regulation of the University and meets the acceptable standards with respect to originality and quality.

Approved by Board of Examiners:

Internal Examiner _____ Signature _____ Date _____

External Examiner _____ Signature _____ Date _____

Advisor _____ Signature _____ Date _____

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Table of content

	Page
Declaration	i
CERTIFICATION OF APPROVAL	ii
List of Tables and Figures.....	ix
<i>List of Acronyms</i>	x
ABSTRACT.....	xi
CHAPTER ONE.....	1
Introduction.....	1
1.1. Background of the Study.....	1
1.2. Statement of the Problem.....	2
1.3 Research Questions	4
1.4. Objectives of the Study	4
1.4.1 General Objectives of the Study.....	4
1.4.2 Specific Objectives	4
1.5. Significance of the Study	4
1.6 Delimitation (Scope) of the Study.....	5
1.7. Limitation of the Study	5
1.8. Definitions of Key Terms.....	5
1.9. Organization of the Study	6
CHAPTER TWO	7
LITERATURE REVIEW	7
Introduction.....	7
2. Theoretical Literature Review.....	7

2.1. Human Resource Development Practices:	7
2.1.1 Purposes of Human Resource Development System	7
2.1.2 Training and Development	8
2.1.3. Performance Appraisal	9
2.1.4 Rewards System	9
2.2 Organizational Performance:.....	10
2.2.1 Service Quality	11
2.2.2 Customer Satisfaction.....	11
2.2.3 Productivity	12
2.3 Models That Link HRD and organization performance.....	13
2.4 Human Resource Development contributions to Organizational Performance:	13
2.4.1 Training and developing Contribution to Organizational Performance	14
2.4.2 Performance Appraisal and Organizational Performance	14
2.4.3 Rewards System and Organizational Performance	15
2.5 Empirical Literature Review	16
2.6 Conceptual Framework:	17
Figure2. 1: conceptual Framework Source: developed from reviewing different literature and articles	18
CHAPTER THREE	19
RESEARCH METHODOLOGY	19
3.1. Research Approach	19
3.2 Research Design.....	19
3.3. Study Population	19
3.3.1. Sampling design, method, technique, and size.....	20
3.4. Data Collection Instruments/Tools and Methods.....	21

3.4.1 Questionnaire Survey	21
3.5 Data Collection and Analysis	21
3.6 Variable and Measurement.....	21
3.8 Reliability and validity test	22
3.8.1 Reliability	22
3.8.2 Validity test.....	23
3.8.3 Regression assumptions test	24
3.9 Ethical Consideration	24
CHAPTER FOUR.....	25
RESULT AND DISCUSSION.....	25
Introduction.....	25
4.1. Response Rate and Respondents	25
4.2 Demographic Information of the Respondents	26
4.3. Relationship between demographic variables and dependent variables	28
4.4 Preliminary tests	29
4.4.2 Regression assumptions test	29
4.4.3. Linearity Test.....	30
4.4.4 Normality Test.....	30
4.4.5. Homoscedasticity test	30
4.5. Descriptive Statistics of Study Variable.....	31
4. 6 Correlation Analysis.....	34
4.7 Regression analysis	36
CHAPTER FIVE	38
SUMMARY, CONCLUSION AND RECOMMENDATION	38
5.1. Summary of findings.....	38

5.2. Conclusions	40
5.3. Recommendation.....	41
5.4. Limitation and Future research direction	41
REFERENCES	43
Annex	50

List of Tables and Figures

Table3. 1: <i>The components of questions related to HRD practice</i>	22
Table3. 2 <i>Reliability test Cronbach's alpha Result</i>	23
Table 4.1 <i>Overall Response Rate</i>	25
Table 4. 2 <i>Demographic characteristics of respondents</i>	26
Table 4.3 <i>one -way ANOVA</i>	28
Table 4. 4 <i>Autocorrelation Test result</i>	29
Table 4. 5 <i>Descriptive statistics of Training and development</i>	31
Table 4. 6 <i>Descriptive statistics of Performance Appraisal System</i>	32
Table 4.7 <i>Descriptive statistics of Rewarding and Recognition</i>	33
Table 4.8 <i>Correlation Analysis</i>	35
Table 4.9 <i>Regression model summery</i>	36
Table 4.10 <i>Regression analysis</i>	36
Figure2. 1: <i>conceptual Framework</i>	18

List of Acronyms

ANOVA:	Analysis of Variance
HRD:	Human Resource Development
HRM:	Haman Resource Management
OP:	Organizational Performance
PAS:	Performance Appraisal System
SD:	Standard Deviation
SPSS:	Statistical Package for the Social Science
TD:	Training and Development

NB; when I use Ethiopian authors reference the local name is used as normal first their name second the father name

ABSTRACT

The objective of this study was to determine the influence of HRD practice on organizational performance in Ethiopian Banking Sector in the case selected three Banks (CBE, Dashen and Wegagaen Bank). This cross-sectional survey study was empirical, used explanatory research approach and both primary and secondary data are utilized. The primary data were collected by distributing questionnaires to 376 employees of the selected three Banks. The collected data were entered and analyzed using SPSS version 22.0 to analyze the frequencies, descriptive statistics, Pearson correlation and regression analysis. The study has shown significant relationships among the variables under study. The findings of the study showed that the availability of training and development, performance appraisal system and rewarding and recognition, has a strong, positive and significant relationship with organizational performance. Therefore, human resource development of an organization could be seen as a strategy to improve the desired competencies of employees in order to promote organizational performance. The study therefore, recommends the banks should implement proper policy that encourage HRD practice program to enable organizational success.

Keywords: Training and Developing, Performance Appraisal, Reward and Recognition, Organizational Performance,

CHAPTER ONE

Introduction

1.1. Background of the Study

Human resources and their management have been important since the beginning of human life. However, the HRM idea, as a discipline, evolves after 20th century. According to Thite and Kavanagh (2009), HRM can be considered as a (1) professional and scientific discipline, (2) aid to management, (3) political and economic conflict between management and employees, and (4) increasing employee involvement as a result of changes in industrial/organizational and social psychology

According to Thite and Kavanagh (2009), the mobilization and utilization of labor during the Second World War extremely enhanced the personnel function as a result of realizing the strong tie between the employee productivity and motivation (intrinsic and extrinsic) by social and psychological factors, such as recognition of work achievements and work norms and the profitability of the firm. They state that workers were classified by considering the occupational categories in order to improve recruitment and selection procedures including job description, duties, and responsibilities of employees in order to design appropriate compensation programs, evaluate individual employee performance, and provide a basis for termination

HRD is the integrated use of training and development, organizational development and career development which are applied to improve individual employees and organizational effectiveness (Abdullah, Che Ros & Kumar, 2007). It aims to add value to the achievement of an organization's goals and objectives. An organizational performance (OP) is an indicator which measures how well an enterprise achieves its objectives (Hamon, 2003). Organizational performance is concerned with product or service quality, product or service innovation, employee attraction, employee-retention, customer satisfaction, management and employee relation (Delaney & Huselid, 1996). Organizational performance can be increased by committing the values of people first by giving them proper compensation, promotion, training, fringe benefits etc. Also, employees require different benefit packages to be given to provide their skill

The effects of HRD on organizational performance have been extensively studied in the recent past with a positive relationship observed between HRD and organizational performance (Rizov & Croucher, 2008). However, one of the leading challenges in management has been the implementation of effective HRD practice to enhance performance (Bhatti & Qureshi, 2007). As a result of the emphasis on performance, researchers have stressed on effective HRD practice. Thus, Luthans et al. (2010) emphasized a resource-based approach to HRD practices i.e. optimal use of human resources as a key to achieving competitive advantage since it is difficult for competitors to replicate. This resource-based approach has resulted in considerable attention being given to HRD and organizational performance. Although, the impact of the RBV philosophy on human resource management research was very important, the bottom line for HRD is to improve organizational performance (Swanson, 1995). The usual line of work in this case is to investigate the relationship between HRD and commitment, which in turn is positively related to organizational performance (Bates, 1999). However, the investigation of HRD and organizational commitment as an outcome of training and development is still in early stages (Bartlett, 2001). It is against this background that it becomes pertinent to discuss HRD and organizational performance

1.2. Statement of the Problem

HRD practices play a critical role in the success of an organization. The Human Resource Development practices will promote employee satisfaction and ability to attract and retain the people in the organization. Despite the fact that every other resource like capital, assets, technology and even additional finance too can be bought; but the only resource that cannot be bought is skilled and motivated human resources. These intellectual resources have to be developed and nurtured by managerial competencies. Banks should continuously ensure the effectiveness, competency, dynamism and motivation of human capital at a very high level. Human resource development should be a continuous process to ensure development of employee's efficiency and dynamism in a planned and systematic manner. Human resource development process has several objectives. Basically, competencies through learning and development programs. However, performance appraisal system is very much necessary to assess the degree of development of an employee, as well as to assess the contribution level towards accomplishment of the tasks assigned. One of the objectives of the HRD is to raise up

their employees for future jobs and to chalk out an appropriate career path also for them (Ramalinga, 2010).

Despite the fact that training is expanding, it still remains concern over the contribution of training to organizational performance (Bartlett, 2001). Empirical work in this area is lacking and according to Garavan, Gunnigle & Morley (2000) there are no models yet that properly evaluate the extent to which HRD improves performance. In fact, there is little empirical support indicating that HRD positively affects organizational performance (Torraco, 1999; Bartlett, 2001).

However, applying SEM, Tracey, Hinkin, Tannenbaum, & Mathieu (2001) found that training outcomes are related with pre-training context, and are mediated by self-efficacy and motivation. Moreover, Mabey & Gooderham (2005) and Mabey & Ramirez (2005) sustain that organizational fit mediates strategic fit and perceptions of the importance given to management development, which subsequently determines improved organizational performance. Similarly, Lopez, Peon, & Ordas (2005) support the view that organizational learning mediates the relationship between HR practices and business performance. Specifically, by using SEM they found that HR practices have a positive impact on organizational learning, which in turn has a positive effect on business performance. Although HRD practices and organizational performance have been widely studied, their distinct relationship has received limited empirical scrutiny, especially in the case of banking sector in Ethiopia.

To fill this gap and to further examine the process through which HRD policies impact organizational performance, it is important to conduct analysis in information-based company in developing country context. Thus, the purpose of this paper is to Examine how HRD practices influences organizational performance and for a better understanding of the relationship between these two variables, to take into account that Training and developing, Performance Appraisal system and Reward and Recognition influence organizational performance in Selected Public and Private Commercial Banks in Ethiopian.

1.3 Research Questions

1. What is effect of Human Resource development practices on organizational performance?
2. What is the relationship between training and developing and organizational performance?
3. What is the relationship between performance appraisal system and organizational performance?
4. What is the effect of Rewarding and Recognition on organizational performance?

1.4. Objectives of the Study

1.4.1 General Objectives of the Study

The general objective of this study is to assess human resource development practice and organizational performance in the selected private and public commercial Banks in Ethiopia.

1.4.2 Specific Objectives

The major objective of the study detailed in to the following specific objectives:

- ✓ To examine the effect of training and developing practices on organizational performance.
- ✓ To know the relationship of Performance Appraisal system and organizational performance.
- ✓ To examine the influence of Rewarding and Recognition on organizational performance

1.5. Significance of the Study

This study is significant to give feedback to, employers, other stakeholders and researchers about the human resource development practice that could increase the organizational performance. Hence, findings of this research will be helpful for top managers to examine the success of HRD practices which are currently implemented by their organization and to identify HRD outcomes of them. As well as, managers of Banks can make necessary changes of currently used HRD

practices. It is also important to serve as a base for other researchers who will conduct studies on the same or related topic. Finally, Findings of this study can be used to enable the researcher to be exposed with the real environment for exercising his research preparation knowledge and with research skills for further research work.

1.6 Delimitation (Scope) of the Study

The researcher assesses human resource development practice and organizational performance and issues related to the human resource management of public and private commercial bank by addressing sample representatives of the employee's population of the three banks one public and two privates at Head Office and some branches located in Addis Ababa.

1.7. Limitation of the Study

The study was conducted in one public and two private banks which limits the generalize of the research findings and lack of cooperation of employee and accessing the data.

1.8. Definitions of Key Terms

Human resource development practices: are programs which are designed to be strategically oriented to organizational process for managing the development of human resources to contribute to the overall success of the organization (Werner & DeSimone, 2006)

Training: is a process that provides employees with skills, information and understanding of the organization and its goals (Shaw, 2011).

Performance appraisal: evaluating an employee's current and/or past performance relative to his or her performance standards (Dessler, 2008).

Organizational performance: is the actual results or output of an organization as measured against that organization's intended outputs (Tomal & Jones 2015)

Reward and recognition: monetary and other benefit methods organizations use to make employees feel respected and valued. (Adopted from Kahn 1990)

1.9. Organization of the Study

The rest of the thesis is organized as follows chapter two literature review informing the reader of what is already known in this area of study. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four is about data Result and discussion. Finally, chapter five contains summary, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The purpose of literature review is to examine key concepts and related research relevant to the research concept (human resource development and organizational performance). This chapter will address the literature related to Concepts and operational definition, theoretical and empirical review, and the development of the theoretical framework to be tested in the study

2. Theoretical Literature Review

2.1. Human Resource Development Practices:

McLagan and Suhadolnik (1989) describes that, human resource development as the integrated use of training and development, career development and organizational development to improve individual and organizational effectiveness. Human resource development practices are programs which are designed to be strategically oriented to organizational process for managing the development of human resources to contribute to the overall success of the organization (Werner & DeSimone, 2006). Yuvaraj and Mulugeta (2013) contended that, HRD interventions continuously improve employees' capability and performance through the existing practices of training, career development, performance appraisal and management and organizational development component of HRD. Rao (1987) identified training and development, performance appraisal, rewards, organizational development, career development, feedback and counseling, potential development, employee involvement and job rotation as HRD practices. Therefore, for the purpose of this study the following human resource development practices are considered: training and development, performance appraisal and reward and recognition.

2.1.1 Purposes of Human Resource Development System

The combination of the four focus of HRD (Individuals, employee-boss, Team, and Organization) with four agents of HRD (Employee, Immediate boss, HR department, and Organizations) gives the HRD systems (Michael, 2006). According to him, the fundamental

purpose of HRD system is to enhance resource capability in accordance with the belief that the human capital of an organization is a major source of competitive advantage. It is therefore, about ensuring that the right quality people are available to meet present and future needs. This is achieved by producing a coherent and comprehensive framework for developing people. Furthermore, Armstrong has mentioned specific purpose of HRD as: to develop intellectual capital and promote organizational, team and individual learning by creating a learning culture – an environment in which employees are encouraged to learn and develop and in which knowledge is managed systematically.

Most theorists suggest that the general purpose of HRD system is to develop the individual employee by providing training and development activities, thus enhancing personal development, work processes and organizational performance to achieve organizational effectiveness. Indeed, the central role of HRD was to benefit individuals, groups and organizations. However, development and change have to be embedded within an individual before progressing into teams and organizations. Armstrong stressed that change in an organization always involves changing the individual and is first focused on individual development.

2.1.2 Training and Development

Human resource development as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and individual to achieve performance improvement

Human resource is systematic process of training and growth, by which individual gain apply knowledgeable insight and attitude to manage organization, work effectively. It emphasizes the opportunity to apply one's knowledge and need to learn and grow by so doing knowledge is meaningless unless there is opportunity to apply it and this is achieved through exposure. Adam Smith states "the capacities of individual depended on their access to education".

It is the integrated use of training; organization and career develop effort to improve individual, group and organizational effectiveness. HRD develops the key competencies that enable individuals in organization to perform current and future job through planned learning activities.

It is the organized activities arranged within an organization in order to improve performance and /or perform general growth for the purpose of improving the jobs, the individual/or the organization. It includes planning and development, careers development, organization development.

According to Susan, (2012), HRD is a frame work for helping employees develop their personal and organization skills, knowledge and abilities. Training on the other hand is an organizational effort aimed at helping an employee to acquire basis skills required for the effective and efficient execution of the functions for which he or she is hired. That is having focuses on technical skills, supervisory skills, and relatively specific areas of accounting methods, material management and planning techniques.

2.1.3. Performance Appraisal

Performance appraisal means evaluating an employee's current and/or past performance relative to his or her performance standards (Dessler, 2008). The performance appraisal process contains three steps: define the job, appraise performance, and provide feedback. Defining the job means making sure that the supervisor and the subordinate agree on his or her duties and job standards. Appraising performance means comparing the subordinate's actual performance to the standards that have been set. Third, performance appraisal usually requires one or more feedback sessions. Here the supervisor and subordinate discuss the subordinate's performance and progress and make plans for any development required (Dessler, 2008)

2.1.4 Rewards System

This is a system in which employees are rewarded to motivate them to greater heights. Organizations have to understand and then reciprocate employees' efforts, contribution, and achievement in the course of his/her duty (Newman & Sheikh, 2012). This serves as an inspiration to the rewarded employee and the whole staff, which, in turn, increases competition and the drive for excellence among the staff. The ultimate beneficiary of this race for excellence is the organization. Previous researches have exposed the link between rewarding hard-work and Improvements in employees' performances (Longenecker et al, 2013). Although system of rewards depends on other factors like experience, seniority, and qualification, the dominating

factor remains performance. This is why good performances are always equated to better rewards (Alvesson, 2005).

Finally, every detail of the rewards program must be properly communicated to employees, for the program to be successful. This is because an individual can only be motivated to work if he/she understands what is required of him/her (Marx et al, 2013). Rewards programs are varied and are aimed at both individual and team performance: variable pay, bonuses, profit sharing, and stock option.

2.2 Organizational Performance:

Organizational performance (OP) is an indicator which measures how well an enterprise achieves their objectives (Hamon, 2003). Organizational performance is concerned with product or service quality, product or service innovation, employee attraction, employee retention, customer satisfaction, management/ employee relation and employee relation (Delaney & Huselid, 1996). Organizational performance involves analyzing a company's performance against its objectives and goals. In other words, organizational performance comprises real results or outputs compared with intended outputs. The term has a similar meaning to,, organizational effectiveness.

“However, organizational effectiveness” covers a broader area. An organization is an organized group of individuals with a specific purpose. „Performance“ is the process or action of performing a function or task. We perceive it regarding how successfully the person carries out that function. When we put the two words together, i.e., organizational performance, what do they mean? According to (Louise James), a Senior Manager at Pitcher Partners: “Organization performance relates to how successfully organized group of people with a particular purpose perform a function. “The analysis of company's performance focuses on three main outcomes. First, shareholder value performance; second, financial performance; and third, market performance. Many types of professionals, including strategic planners, focus on organizational performance.

Tomal and Jones (2015) define organizational performance as the actual results or output of an organization as measured against that organization's intended outputs. Dyer and Reeves (1995)

proposed HR outcomes (turnover, absenteeism, job satisfaction), organizational outcomes (productivity, quality, service), financial accounting outcomes (ROA, profitability), and capital market outcomes, (stock price, growth, returns) as the four possible measurement for organizational performance. Several research findings in performance management are advocating an emphasis on both financial and non-financial dimensions such as competitiveness, service quality, customer satisfaction, organizational flexibility, resource utilization, and technology (Harris & Mongiello, 2001; Atkinson and Brander-Brown, 2001). Harris and Mongiello (2001) argue that, even though a hotel is thought of in a service context, in reality it encompasses three different types of industrial activity (rooms, beverage, and food) that exhibit different business orientations. These three orientations call for a diverse set of performance indicators. Fitzgerald et al. (1991) emphasized the importance for performance measures to direct attention to such non-financial factors as service quality and customer satisfaction. Based on the literature, the following non-financial measures will be used in the study, service quality and customer satisfaction.

2.2.1 Service Quality

Parasuraman et al.'s, [1988] develop a gap analysis model to measure the influence of service quality based on the integrated view of consumer-company relationship. This model provides five generic dimensions of service quality, namely tangible, reliability, responsiveness, assurance and empathy. For example, if customers view that the implementation of quality dimensions in executing daily job will strongly fulfill their needs and expectations, this situation may lead to induced positive customer behavior

2.2.2 Customer Satisfaction

Customer satisfaction has been one of the top tools for a successful business. Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Fornell, Johnson, Anderson, Cha & Bryant 1996). With marketing, customer satisfaction also comes along with it which means it ascertains the expectation of the customer on how the goods and services are being facilitated by the companies. Actionable information on how to make customers further satisfied is therefore, a

crucial outcome (Oliver 1999.) At a glance, customer satisfaction is a crucial component of a business strategy as well as customer retention and product repurchase. To maximize the customer satisfaction companies should sell ideas and methods after the completion with all the necessary documents. As for example, customers will buy a car after taking a closer look at it such as how is the engine, what is its model, how many kilometers it has been traveling, and is there any cracks or not. Therefore, they do not feel disappointed after purchasing it. Otherwise, if the company uses only their sell and build method customers might expect that the car is exactly the same as what they see in the pictures or during the exhibition and later on the company might receive complaint if anything is wrong. Customer satisfaction is a barometer that predicts the future customer behavior (Hill, Roche & Allen 2007.)

Customers often look for a value in the total service which requires internal collaboration among the department that is responsible for different elements of the offering, such as the core product (goods or services) delivering the product, product documentation, etc. Moreover, from profitability and productivity perspectives only activities that produce value for customers should be carried out. Hence, firms have to get to know their customers much better than has normally been. However, the company should be able to build trust with the customer so it is easy to get the feedback from the customer. This is how customer oriented product or service could be developed (Hill, Brierley & MacDougall 2003.)

2.2.3 Productivity

Productivity is an overall measure of the ability to produce a good or service. More specifically, productivity is the measure of how specified resources are managed to accomplish timely objectives as stated in terms of quantity and quality. Productivity may also be defined as an index that measures output (goods and services) relative to the input (labor, materials, energy, etc., used to produce the output). As such, it can be expressed as: Hence, there are two major ways to increase productivity: increase the numerator (output) or decrease the denominator (input). Of course, a similar effect would be seen if both input and output increased, but output increased faster than input; or if input and output decreased, but input decreased faster than output. Organizations have many options for use of this formula, labor productivity, machine productivity, capital productivity, energy productivity, and so on. A productivity ratio may be

computed for a single operation, a department, a facility, an organization, or even an entire country.

2.3 Models That Link HRD and organization performance

The HRD-performance linkage model which is a diverging model from the HRM-performance linkage models of Becker and Huselid (1998) and Wright et al. (2003) whose core philosophy suggests that HR practices have a direct impact on employee skills and motivation, which are subsequently translated into improved operating performance that has a direct impact on financial performance. The HRD-performance linkage models based on the resource-based view (RBV) which states that increasing employees' abilities and motivation, through HRD will ultimately improve organizational performance (Lopez et al., 2005). The central element of the RBV of human resources is the positive relationship between HRD and organizational performance (Mayo, 2000; Mabey & Ramirez, 2005). The RBV perspective advocates that the potential for competitive advantage of an organization is based on its ability to exploit the inimitable characteristics of its pool of human resources and capabilities.

Resourcing → Development → Skills → Attitudes → Behavior → Performance

2.4 Human Resource Development contributions to Organizational Performance:

Several practitioners and academic have advanced theories and concept in their quest to investigate and establish a synergy between human resource development and organizational performance. Prior research in human resource development has established an association between human resource development and organizational performance (Rao, 1987; Ruona & Gibson, 2004; Swanson, 2009). Alagaraja et al. (2015) identified five important approaches for examining the linkage of human resource development and organizational performance and effectiveness: best-fit model, best-fit approach, best-practice model, combination of best-fit approach and best-practice model and stake holders' perception based. Similarly, several other author authors have conceptualized and empirically established positive relationship between single or interrelated sets of human resource development practices and organizational performance (Colbert et al., 2014; Jiang and Liu, 2015; Rahman et al., 2013). Nilsson and Ellstrom (2012) emphasized that, developing human resource development policies in firms

provides a gateway for the work force to enhance their competencies which improves firm performance.

2.4.1 Training and developing Contribution to Organizational Performance

Training is a process that provides employees with skills, information and understanding of the organization and its goals (Shaw, 2011). Employee training refers to programs that provide workers with information, new skills, or professional development opportunities (Olaire & Adesoji, 2013). Employee training is one of the vital tools that help to enhance effective organizational performance and at the same time helps to promote the stability index of the organization. It is very important for the organization to exert extra efforts and invest much in employee training if it wants to achieve its objectives in the most economical way. When employees are recruited into the organization, they may not come with all the required skill set to discharge fully their roles in the organization. Training addresses gaps or discrepancies between an ideal and an optimal stage of development.

Mansoor, Shah, and Tayyaba (2015) did a survey on impact of training and development on organization performance the relationship of training and development and organization performance was found to be positively mediated by the intention of employees to quit the organizations. Janes (2018) conducted a study impact of employee training on organizational performance, a case study of drilling companies in Geita the study results found that employee training has a significant effect on the performance of drilling companies

2.4.2 Performance Appraisal and Organizational Performance

Performance management helps an organization understand the effectiveness of the people who work in it. Performance management system can benefit both the organizations and its employees. It provides individual feedback and helps in collecting organizational data which can be used for HR planning and program evaluation.

Performance management is the part of Human resource practices so the extensive review of the literature reveals that adopting wide range of HRM practices is the key to achieving outstanding performance (Hoque, 1999). Wan et al. (2002) also found a positive relationship between various

company's strategic HRM policies/practices and its HR performance. Delaney and Huselid (1996) found that progressive HRM practices, including selectivity in staffing, training, and compensation were positively related to perceived organizational performance. The author measured perceived organizational performance in terms of product quality, customer satisfaction, and new product development while perceived market performance as growth in sales, Profitability and market share.

The study of Cunha (2002) showed that Performance management has a positive and significant impact on organizational performance. Moreover, competitive advantage may be strengthened through performance management practices that enhance worker motivation. Performance appraisal system has become a generally banner for a variety of most of activities through which the organization seeks to assess employee and develop their competence, enhance performance and disturbed performance-based rewards it sometimes becomes a part of a broader approach to strategic human resource management known as a performance management system.

2.4.3 Rewards System and Organizational Performance

Rewarding employees is associated with the motivation of the workforce of organization for better performance. The effectiveness of skilled employees is likely to be limited if they are not motivated to perform. One of the means that organizations can use to enhance employee motivation and performance is to provide performance related compensation (Delaney and Huselid, 1996). A reward and compensation system are based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive (Fey and Bjorkman, 2001;) A study based on data from the US National Organizational Study, conducted by Kalleberg and Moody (1994), also found that profit sharing is positively correlated with product quality, product development, profit, customer satisfaction, and growth in sales.

Several studies on reward systems and work/organization performance have conducted, for example in Pakistan cement industry (Quresh, Zaman and Shah, 4 2010), Nigerian manufacturing industry (Sajuyigbe, Bosede and Adeyemi, 2013), Bangladesh commercial banks (Aktar, Sachu & Ali, 2012) and Malaysian universities (Jalaini et al., 2013).

These studies indicated in today's environment, employees including bank employees are motivated by both intrinsic (internal) and extrinsic (external) rewards for greater work/organization performance and that none of the two sets of reward systems should be overlooked by managers when motivating employees for higher performance.

2.5 Empirical Literature Review

Nzomo (2011) determined the extent to which HRD systems directly enhance operational performance. The authors propose that different firm strategies will require different attitudes, roles and behaviors of employees, which can be elicited from employees via different HRD practices. Paauwe, Guest, & Wright (2013) tested the relationship between human capital enhancing HRD system and operational performance and found significant results. Past research has found that performance-oriented and employee skills developing practice have a positive effect on firm performance. Empirical evidence points to the effectiveness of incentive systems that tie individual and group rewards to organizational performance. According to expectancy theory (Mutahaba, 2011), when pay is tied to some measure of individual or group performance, employees are more likely to work harder to increase the individual's, group's, or the organization's performance, and an increase in the performance in any of these areas will lead to an overall improvement in firms performance.

Studies have sought to isolate whether high skills are contributory factor behind successful and higher performing firms (Tamkin, 2005). These studies have identified a significant association between a highly skilled workforce and organizational performance, most commonly measured by the level of labor productivity. For example, Haskel and Hawkes (2003) have shown that the top performers in UK manufacturing are hired workers with, on average, an extra qualification level compared to the lower performers. These studies also found that higher skill levels support innovation and more sophisticated production processes and were associated with the production of higher quality products (Penny, 2005). Haskel, Hawkes and Pereira (2003) showed that more productive UK firms hired more skilled workers. Their finding showed that skills were positively related to total factor productivity (TFP) and the skill gap between the top- and bottom-performing firms explained some 8% of the productivity gap. Similarly, Lynch and Black (1995)

found in the US, that an extra year of education raised productivity by between 4.9 and 8.5% in the manufacturing sector and between 5.9 and 12.7% in the services sector.

Bartlett (2001) observed a positive relationship between training and organizational commitment and recommended that human resource development professionals adapt new research methods to demonstrate to organizational decision makers that training and development contributes to desired workplace attitudes which may in turn influence behaviors such as absenteeism and turnover. Lee and Bruvold (2003) stated that comprehensive training activities are positively associated with productivity; reduced staff intention to leave and organizational effectiveness. Raghuram (1994) argues that staffing and training lie at the heart of the processes aimed at developing the necessary skills for maintaining competitive advantage and organizational performance. Although it is true that the source of competitive advantage refers to the human resources themselves and not to the policies employed to attract, utilize and retain them, recruitment and selection may be considered to be a good starting point for building a pool of superior employee resources and capabilities. Individual and team training and development may be employed to add new skills to the existing employee resources and capabilities.

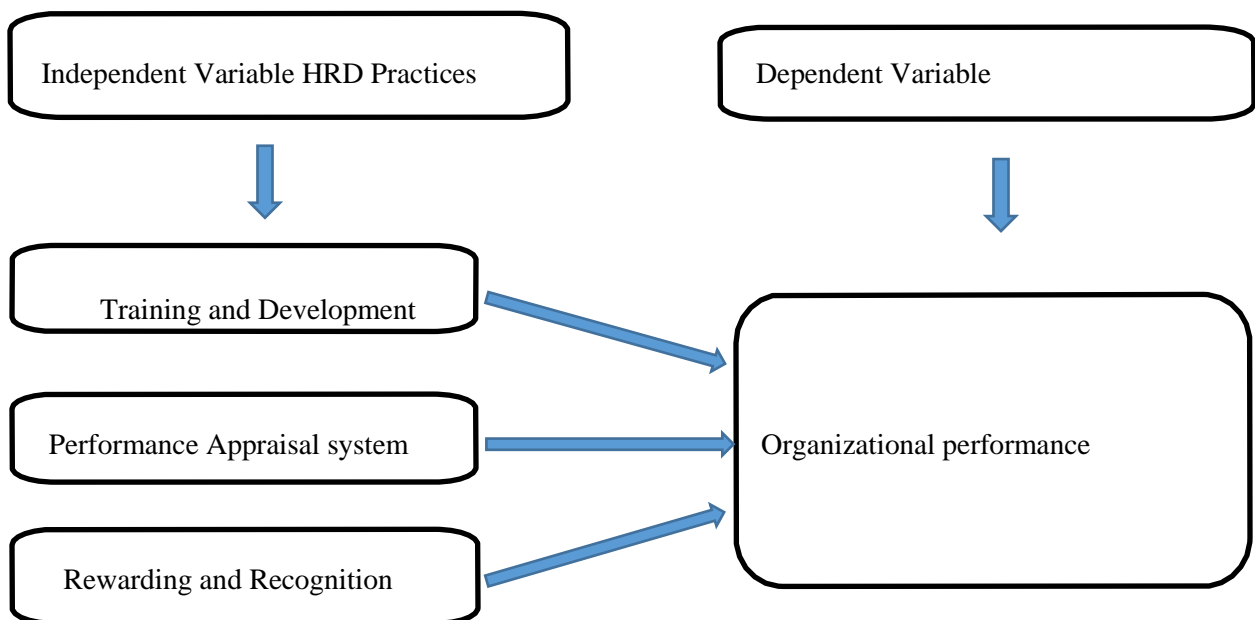
Naftal and Busienei (2015) conducted a study on the effect of human resource management practices on performance of public universities in Kenya. This study sought to establish the relationship between strategic human resources management practices and performance of public universities in Kenya. Data was collected using semi-structured questionnaire and was subsequently analyzed using SPSS. Research findings suggested that strategic human resource management practices have a significant effect on the performance of public universities in Kenya. Further, findings revealed that reward management, training and development and resourcing practices respectively influenced the performance of public universities

2.6 Conceptual Framework:

Conceptual Framework the conceptual framework indicated below show both independent and dependent variables proposed by the study. Mugenda (2003), define a variable as measurable characteristic that assume different values among the subjects. They define a dependent variable as one that depends upon other variables or is as a consequence of other variables. An

independent variable is defined as one that is antecedent to the dependent variable. The dependent variable, “organizational performance of commercial banks in Ethiopia” is the subject of this study and is the one that is influenced by the independent variables (Training and Developing, performance appraisal and Reward and Recognition system HRD practices). The following conceptual framework was developed from reviewing different literature and articles.

Figure2. 1: conceptual Framework Source: developed from reviewing different literature and articles



Source: developed from reviewing different literature and articles

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter deals with methodology part of the study whereby research approach and method, the source of data, the population of the study, sampling technique and sample size, method of data collection, method of data analysis and research ethics are discussed

3.1. Research Approach

The researcher uses quantitative research approach which is a means of testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instrument, so that numbered data can be analyzed using statistical procedures (Creswell,2003)

3.2 Research Design

The research design survey uses both explanatory and descriptive study type. The reason behind using descriptive study design is because the researcher is interested in describing the existing situation under study. This study used descriptive analysis that describes the human resource development practice dimensions that lead to organizational productivity. This study also used explanatory study design, to explaining, understanding, predicting and controlling the relationship between variables.

3.3. Study Population

The researcher's target population is employees of the three selected banks commercial bank of Ethiopia, Dashen bank and wegagen bank S.C currently working at supervisory and non-supervisory levels .As annual report of January 15, 2019 CBE has a total of 34,879 employees working in more than 1,340 branches. Dashen Bank reported 8,950 employees in more than 400 branches on Nov 30, 2018 annual report. Again wegagen Bank's report on December 30, 2019

shows the bank has 4788 employees in its more than 285 branches. Therefore, the total population size of this research was 48,617 employees.

3.3.1. Sampling design, method, technique, and size

Samplings is process of choosing a smaller and more manageable number of people to take part in the research process and generalize the results to the whole of the research population (Catherine, 2002). The population of interest for this research is employees of CBE, Dashen and wegagen Bank. The sampling design applied for the research was two-stage sampling. Initially Purposive sampling used to select Bank branches. The reason behind such sampling design is to get higher number of employees in a single place within short period of time, (Kothari, 2004).

The sample of the existing employees was selected from all job positions by using random sampling technique from both categories of employees of the Bank stated in the population section.

The sample size was determined with the following Simplified formula.

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

Where:

n - The sample size

N - The population size

e - The acceptable sampling error

The population size of the study is 48,617, and the acceptable sampling error determined to be 5% (0.05) and by using the above formula, the sample size will be 398.

$$n=48,617/1+48,617*(0.05)^2$$

$$n=48,617/1+121.54$$

$$n=\underline{397}$$

3.4. Data Collection Instruments/Tools and Methods

3.4.1 Questionnaire Survey

The research was used self-administered questionnaire and semi-structured interviews to collect data from the existing employees and corresponding staff of HR division of the Bank to collect information about human resource development practice and organizational performance in the selected Banks.

3.5 Data Collection and Analysis

After the ascertaining the reliability of the instruments, the researcher proceeds to administer the area of study. The researcher was distributing and administrate the collection of questionnaires.

Data obtained through questionnaire was and analyzed by using statistical package for the social science software (SPSS) thorough computer.

The purpose of the study, which is aiming in examining the relationship between human resource development practice (training and developing, Performance Appraisal system and Reward and recognition) and organizational performance, the application of statistical techniques is a necessary requirement. Hence, the study data was analyzed using Statistical Package for the Social Science (SPSS) version 22.0 to analyze the frequencies, descriptive statistics, and Pearson correlation and regression analysis.

3.6 Variable and Measurement

The questionnaire used in this study is based on the conceptual framework adapted from existing literature and articles. The questionnaire is a three-page questionnaire, which is divided into three sections.

Part one: Demographic information of respondents: - The first section of the questionnaire requires information about personal and demographic data of respondents. Question covering sex, age, educational level, and Job position was asked.

Part two: Questions relating to human resource development practice are listed here as shown in the below.

Table3. 1:

The components of questions related to HRD practice

No.	Parameters	Items	Scale
1	Training and Development	5	5-point Likert
2	Performance appraisal system	5	5-point Likert
3	Rewards and recognition	3	5-point Likert

Section-three: Items related to organizational performance: - This section consists of questions that can measure level organizational performance. Organizational performance was measured in three performance aspects (service quality customer satisfaction proud activity) identified by Kalleberg and Moody (1994)

The respondents will rate their level of agreement/disagreement has firm experienced an increase in the organizational outcomes as a result of the human resource development practice to the stated statement on five-point Likert scales.

3.8 Reliability and validity test

3.8.1 Reliability

According to Sekaran and Bougie (2016) reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure. In conducting the reliability test using SPSS version 20.0, the researcher calculated Cornbrash’s alpha values for the items in each construct as indicated in the following

table 2 below. According to Sekaran and Bougie (2016) reliabilities less than 0.60 are considered to be poor, those in the 0.70 range, acceptable, and those over 0.80 good.

As shown in the below table the Cronbach's alpha coefficients of for TD, PAS and RR is 0.904, 0.926 and 0.933 respectively. All are above 0.80 which shows a good reliability of the variables of measurement. From this we can conclude that the overall reliability of the measurement used in this survey study is acceptable.

Table3. 2

Reliability test Cronbach's alpha Result

Items	Cronbach's Alpha	N of
Training and Development	0.904	5
Performance Appraisal	0.926	5
Reward and Recognition	0.933	3
Organizational performance	0.926	9

3.8.2 Validity test

Is concerned with whether the findings are really about what they appear to be about (Anol 2012). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Anol, 2012). Therefore, to come up with a valid conclusion, the researcher had developed an appropriate research design aligned to the identified research problems, the research questions posed and the objective to be achieved. Internally, the literature review was conducted and thoroughly examined to make sure that the content of measuring is relevant to the study. Experts' opinions were taken.

Externally, as stated on the methodology, questionnaire was used to collect the primary data. Therefore, to assure validity of the instrument the researcher has given a chance for professionals on the area to review the questionnaire and finally it was validated by the advisor with some adjustment.

3.8.3 Regression assumptions test

Prior to conducting regression analysis for the research questions, basic assumptions of regression analysis such as Autocorrelation, linearity, normality and Homoscedasticity was tested to verify if there are any violations.

3.9 Ethical Consideration

Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data. The researcher will assure the purpose of the study and confidentiality of any information gathered through data collection instruments used only for the academic consumption only.

The data and documents secured during the research will be kept safely and not to transferred to third parties. Back up of the research inputs and outputs will be archived.

CHAPTER FOUR

RESULT AND DISCUSSION

Introduction

This chapter presents an analysis of data collected and discusses the findings on the relationship between Human resource Development practices and organizational performance in the case of Dashen Bank, CBE and Wegagen bank.

4.1. Response Rate and Respondents

The survey was conducted in 10 days' time. From the total 396 questionnaires distributed 384 were returned from which 8 were not correctly filled and rejected. Therefore, 376 were effectively used for analysis that shows response rate of 95%. Table below shows the overall response rate.

Table 4.1

Overall Response Rate

SAMPLE	NUMBER	PERCENT
Number of questionnaires Distributed	397	100%
Returned questionnaires	384	97%
Incomplete questionnaires	8	2%
Total usable questionnaires	376	95%

Source: Own data survey, (2020)

4.2 Demographic Information of the Respondents

Table, below shows the general characteristics of the respondents of, gender, age, educational level and current job position. The data collected from the respondents was analyzed as follows

Table 4. 2

Demographic characteristics of respondents

Employ gender	Frequency	Percent
Male	209	55.6
Female	167	44.4
Total	376	100
Employ Age		
Below 25 years	107	28.5
25-35 years	223	59.3
36-45 years	46	12.2
46-55 years	0	0
Above 55 years	0	0
Total	376	100
Educational level		
Below diploma	17	4.5
Diploma	34	9
Degree	253	67.3
Maste and above	72	19.1
Total	376	100
Job position		

Junior CSO	84	22.3
Seiner CSO	241	64.1
Cashier	12	3.2
Assistant Manger	23	6.1
Branch Manger	16	4.3
Total	376	100

Source: Own data survey, (2020)

As shown table above 209(55.6 %) of respondents are male and 167(44.4%) of the respondents are female. The data shows majority of the respondents are male.

As shown in table 4.3 Respondents below 25 years 107(28.5%), Respondents between the ages of 25-35 years were represented by 223(59.3%) of the age distribution of the sample size. Respondents between 36-45 Represents 46(12.2%).The data shows majority of the respondents are young and younger. This is necessary in the development of an effective HRD program.

As shown in the above table 4. 3 On the basis of educational level, the majority of the respondents are first degree holders 253(67.3%) whereas 72(19.1%) of Respondents masters and above graduated and 34(9%) and 17(4.5% of the respondents are college diploma holders and below diploma respectively. This implies that most of employees give high concern for their education and career development.

As shown in the above table 4.3 241(64.1%) of respondents are Seiner CSO ,84(22.3%) of respondents are Junior CSO, 23(6.1%) of respondents are Assistant manager, 16(4.3%) of respondents are Branch manager and 12(3.2%) were Cashier.

4.3. Relationship between demographic variables and dependent variables

The one-way ANOVA was used to compare two or more means and investigate whether there are any reliable differences among them (Pallant, 2011). This dependent variable was organizational outcome and due to that, the one-way ANOVA was conducted only on the dependent variables

Table 4.3

one -way ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
OU*Sex	Between Groups	6.819	1	6.819	6.936	.009
	Within Groups	367.720	374	.983		
	Total	374.540	375			
OU*Age	Between Groups	.807	2	.403	.403	.669
	Within Groups	373.733	373	1.002		
	Total	374.540	375			
OU*Education	Between Groups	80.752	3	26.917	34.083	.000
	Within Groups	293.788	372	.790		
	Total	374.540	375			
OU*job position	Between Groups	11.675	4	2.919	2.984	.019
	Within Groups	362.865	371	.978		
	Total	374.540	375			

As it is shown on the table above one-way ANOVA, the data shows there is significant difference on organizational outcome as a result of sex, education level and Job position $F(1,374) = 6.936$, $p < .05$, $(F(3, 372) = 34.083, p < .05)$, respectively).

This implies that level of organizational performance is significantly different across the different age and educational level of the respondent

4.4 Preliminary tests

4.4.2 Regression assumptions test

Prior to conducting regression analysis for the research questions, basic assumptions of regression analysis such as Autocorrelation, multicollinearity, linearity, normality and Homoscedasticity should be tested to verify if there are any violations.

Usually termed as serial correlation, it is most common in time series data. The problem of autocorrelation (serial correlation) is when errors of different observations (lag variables) are correlated (Wooldridge, 2012). According to Durbin-Watson test for independence (Durbin & Watson, 1951) the required statistics should be 1.5 to 2.5 to be considered non-autocorrelation. In this case, looking at the model summary Durbin-Watson value of 1.888, the assumption of autocorrelation is not violated.

Table 4.4

Autocorrelation Test result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Durbin-Watson
1	.766 ^a	.586	.583	.64540	.586	1.888

a. Predictors: (Constant), RR, TD, PAS

b. Dependent Variable: O

Source: Own data survey, (2020)

4.4.3. Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. The mean values of the outcome variable for each increment of the predictor(s) lie along a straight line. If the model is a non-linear relationship using a linear model then this obviously limits the generalizability of the findings (Andy 2009). To determine whether the relationship between the dependent variables and the independent variables is linear; scatter plots of the regression residuals for each model through SPSS software had been used. The scatter plot of residuals (see figure at annex) showed that the points lie in a reasonably straight line from bottom left to top right. This therefore, can show that the assumption of linearity is not violated

4.4.4 Normality Test

Normality focuses on the extent to which the sample data distributes according to normal distribution (Hair et al., 2014). Figure 6 shows the frequency distribution of the standardized residuals compared to a normal distribution. As seen in the figure 6 although there are some residuals (those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histograms are bell shaped which lead to infer that the residuals are normally distributed for all models. Thus, the study has no violations on the assumption of normally distributed error term.

4.4.5. Homoscedasticity test

If the disturbance terms do not have the same variance, this condition of no constant variance or non-homogeneity of variance is known as heteroscedasticity (Bedru & Said, 2005) Homoscedasticity test was conducted to see a situation in which the error term is the same across all values of the independent variables. Accordingly, the assumption of homoscedasticity is not violated as seen in figure at annex

4.5. Descriptive Statistics of Study Variable

The descriptive statistics of the variables are presented here after; revealing the mean, standard deviation, maximum and minimum of the attributes in each independent variable. The average score from the 5-point likert scale with 5 as strongly agree and 1 as strongly disagree for all the variables was computed to show the proportion of the respondents that either agreed or disagreed with the items of the variables. According to Zaidatol (2009), mean score less than 3.39 is considered as **low**, the mean score from 3.40 - 3.79 is considered as **moderate** and mean score more than 3.8 is considered as **high** as illustrated by comparison bases of mean score of five-point Likert scale instrument.

Table 4. 5

Descriptive statistics of Training and development

	N	Min	Max	Mean	SD
My organization has active training and development programs to upgrade employees' knowledge and skills	376	1	5	3.5106	1.122
The corporations training and development programs Improves my chance for promotion	376	1	5	3.2207	1.072
My manager assists me to identify my training need	376	1	5	3.3750	0.912
My manager encourages my professional development and to improve educational level	376	1	5	3.2660	1.154
My organization regularly evaluates T&D programs.	376	1	5	3.3271	1.052
Training and Development	376	1	5	3.3399	0.907

Source: Own data survey, (2020)

As shown in the table above, the average mean of training and development is 3.3399 and standard deviation of 0.907 we can infer from this the respondent's perception of the training and development they receive is low. As shown the above table from the five attributes the question "My organization has active training and development programs to upgrade employees'

knowledge and skills” scored the highest Mean=3.5106& SD=1.122. The question “The corporations training and development programs Improves my chance for promotion” scored the lowest Mean= 3.2207 and SD =1.072. From this we can understand that most of the employees have active training and development programs to upgrade employees” knowledge and skills but their chance to improve promotion is not satisfactory.

The mean score of the other attributes also presented. As the fowling “My manager assists me to identify my training need” scored the mean of 3.3750 & SD 0.912). „My manager encourages my professional development and to improve educational level” scored the mean of 3.2660 and SD of 1.154 and „My organization regularly evaluates T&D programs” scored Mean 3,3271 with SD1.052.In general the mean scores of questions other than organization has active training and development programs to upgrade employees” knowledge and skills According to employee perception shows low level of training and development practice the employee receive from their organization.

Table 4. 6

Descriptive statistics of Performance Appraisal System

	N	Min	Max	Mean	SD
I am satisfied with the bank’s performance appraisal System	376	1	5	2.9096	1.315
My performance rating is based on how well am I Doing	376	1	5	2.9202	1.217
My manager gives me fair feedback	376	1	5	3.1888	1.12
My manager is highly capable to rate my performance.	376	1	5	3.0612	1.058
Performance Appraisal motivates you to perform well in the company	376	1	5	3.0957	1.207
Performance Appraisal System	376	1	5	3.0351	1.056

Source: Own data survey, (2020)

According to the table shown above, the performance Appraisal system has a mean score of 3.0351 and SD 1.056. The variable which contributes the highest score is the question which asks about the "My manager gives me fair feedback" with a mean of 3.1888 and SD 1.12, and the lowest value was scored by the question which asks "I am satisfied with the bank's performance appraisal system" with a mean of 2.9096 and SD 1.315. The overall score of the questions shown in the above table for questions "my manager is highly capable to rate my performance" was scored with a mean of 3.0612 and SD of 1.058. For the question which asks "Performance Appraisal motivates you to perform well in the company" the mean is 3.0612 with SD 1.058, and the question which asks "My performance rating is based on how well am I Doing" scored the mean of 2.9096 with SD of 1.217. The overall result of the survey shows that the performance appraisal system mean score is below average. This implies that the employee is not satisfied with the performance Appraisal system of their organization.

Table 4.7

Descriptive statistics of Rewarding and Recognition

	N	Min	Max	Mean	SD
I am satisfied with the overall aspect of the rewarding and recognition systems in the organization	376	1	5	3.0612	1.121
The existence of recognition for good work has given me an opportunity to work beyond the requirements of my job	376	1	5	3.0878	1.038
I receive correct feedback on my performance	376	1	5	3.1569	1.112
Rewarding and Recognition	376	1	5	3.102	1.024

Source: Own data survey, (2020)

The mean score for the rewarding and Training is 3.102. from the questions which contributed for. Total mean value highest the score the three was found on the third question which asks „I receive correct feedback on my performance” the mean 3.1569 with SD value of 1.112 and the lowest score was obtained on the question asked „I am satisfied with the overall aspect of the rewarding and recognition systems in the organization “the mean 3.0612 and SD value 1.121 with regard to the rewarding and recognition, the study result shows that its score is mean of 3.102 which is below average it implies that the employee are not fell the current rewarding and recognition system of their organization is satisfactory.

4. 6 Correlation Analysis

In order to facilitate the analysis of the third objective of the study, i.e. the relationship between human resource development practices and organizational performance of target organization respondents were requested to score for dimension of organizational performance (service quality, customer satisfaction and productivity). Which are experienced due to adopting Human resource development practice. The researcher tried to accomplish this goal, the relationship analysis, of the study by deploying an inferential analysis through applying Pearson correlation (r) analysis. It is the most widely used of measuring the strength and direction of relationship between and among variable. According to Cohen et.al. (2007) effect size standards, correlation coefficients $< \pm 0.28$ are small effects; medium effects range from $\pm 0.28 - 0.49$; and, large effects are greater than ± 0.49 .

Table 4.8

Correlation Analysis

		TD	PAS	RR	OU
TD	Pearson	1			
	Correlation				
PAS	Pearson	.716**	1		
	Correlation				
RR	Pearson	.767**	.749**	1	
	Correlation				
Op	Pearson	.733**	.635**	.697**	1
	Correlation				

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own data survey, (2020)

As shown the above table the correlation analysis between Training and development and organizational outcome ($r=0.733$, $p<0.01$) shows there is strong, positive and significant relationship between Training and development and organizational performance. Similarly, performance Appraisal system are found to have strong, positive significant correlation with organizational performance since two-tailed significance test values are less than 0.01.

Further, the Pearson correlation value illustrates that PAS ($r=.635$) have strong positive correlation with organizational performance. Regarding the correlation between rewarding and

recognition and organizational performance the study results also showed they have strong, positive and significant relationship ($r=6.97$, $P<0.01$)

Therefore, the study result indicates that Humane Resource Development practice (training and development, performance appraisal system and reward and recognition) have a positive and significant correlation with organizational performance.

4.7 Regression analysis

The regression beta coefficient result indicates the effect of each independent variable on organizational performance. The standardized beta coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. (Cohen, Manion and Morrison, 2007)

Table 4.9

Regression model summery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	.766 ^a	.586	.583	.64540	.586

Table 4.10

Regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.890	.128	.441	6.957	.000
	TD	.486	.061	.115	8.009	.000
	PAS	.109	.051	.273	2.154	.032
	RR	.266	.057		4.701	.000

As shown the above table the regression result indicated that, all the independent variables; i.e. Training and development (TD), performance appraisal system (PAS) and reward and recognition (RR), has positive beta coefficient.

The regression coefficient result shows that, there was a significant positive relationship between Training and development and organizational performance with Beta value of $b=0.441$, $p<0.05$). This beta coefficient of Training and development was the highest among the three independent variables. This can be interpreted as, for a unit change in Training and development there will be a 44.1% percent change on organizational performance. Therefore, from this we can inferred that Training and development has a strong and a significant impact on the organizational performance. This result supports the findings of Janes (2018) conducted a study impact of employee training on organizational performance, a case study of drilling companies in Geita the study results found that employee training has a significant effect on the performance of drilling companies.

The above table also show that performance appraisal system also has a significant positive relationship with organizational performance with Beta $b=0.115$, $p<0.05$ there will be 11.5% change in organizational performance as a unit change on performance Appraisal system. Thus, the study result supports the study of Cunha (2002) showed that Performance management has a positive and significant impact on organizational performance

Finlay as shown the above table the regression coefficient result of rewarding and recognition (RR) was Beta $b=0.273$, $p<0.05$, i.e. for a unit change on reward and recognition causes 27.3% change on organizational performance.

Therefore the regression coefficient result indicates that the human resource development variables (TD, PAS, RR) has positive and significant relationship with organizational performance This result supports to the findings of Fey and Bjorkman, 2001;) A reward and compensation system are based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of findings

The main objective of the study was to examine the relationship of human resource development practice and the organizational performance in Ethiopian Banking Sector in the case of selected three banks (CBE, Dashen and Wegagen Bank). Thesis survey study also attempts to assess the effect of human resource development practice (Training and development, Performance appraisal system and Reward and Recognition) on the organizational performance. The proposed sample size for the study was 397. From this, 376(91%) usable questionnaires were collected and used for analysis. The collected data was analyzed using statistical package for social science software (SPSS) version 22.0. To test the relationship between demographic variables, one way ANOVA test of mean difference and significance was used. Regression analysis was used for testing the effect of predictor variables on dependent variable (organizational performance).

In this survey study four demographic variables included (sex, Age, Educational level and Job position. For measurement of the independent variable the researcher also used a five point likert scale labeling 5 as strongly agree ,4 Agree,3 Neutral 2 Disagree and 1 for strongly disagree. Respondents expressed their level agreement on each statement.

Prior to applying regression analysis for testing validity and reliability the researcher used , reliability, correlation analysis and other preliminary tests (Auto correlation, multico-linearity, linearity, normality and homoscedasticity test) were performed and none of the assumptions were violated. With regard to the reliability, the results showed that all measures had an acceptable level of reliability above 0.80.

Based on the ANOVA analysis the study found significant difference in mean scores across of sex, education level $F(1,374) = 6.936, p < .05$, $F(3, 372) = 34.083, p < .05$, respectively on the level of organizational performance. On the other hand the mean difference of other demographic variables (age and Job position) did not show significant difference on the organizational performance.

The descriptive statistics result of the study variables was conducted to see the mean scores of each independent variables and their constituting attributes. With regard to this, the study result indicates, the average mean score of training and development is 3.3399 and standard deviation of 0.907 we can inferred from this the respondent's perception of the training and development they receive is low. From the five attributes the question "My organization has active training and development programs to upgrade employees" knowledge and skills" scored the highest Mean=3.5106& SD=1.122. The question "The corporations training and development programs Improves my chance for promotion" scored the lowest Mean= 3.2207 and S D =1.072. From this we can understand that most of the employees have active training and development programs to upgrade employees" knowledge and skills but their chance to improve promotion is not satisfactory.

The average mean of performance Appraisal system has a mean score of 3.0351 and SD1.056.The variable which contributes the highest score is the question which asks about the "My manager gives me fair feedback" mean 3.1888 and SD 1.12 and the lowest value was scored by the question which asks,, "I am satisfied with the bank"s performance appraisal system" mean 2.9096 and SD 1.315The overall result of the survey show that the performance appraisal system mean score is below average. This implies that the employee is not satisfactory on the performance Appraisal system of their organization was found on the third question which asks ,, "I receive correct feedback on my performance" the mean 3.1569 with SD value of 1.112 and the lowest score was obtained on the question asked ,, "I am satisfied with the overall aspect of the rewarding and recognition systems in the organization "the mean 3.0612 and SD value 1.121 With regard to the rewarding and recognition, the study result shows that its score is mean of 3.102 which is below average it implies that the employee are not fell the current rewarding and recognition system of their organization is satisfactory.

Looking at the correlation between dependent and independent variables, the result of correlation analysis shows that there is strong, positive and significant relationship between Training and development and organizational performance ($r= .73, p<0.01$),performance appraisal system and organizational performance($r=0.635,p<0.01$), reward and recognition & organizational performance ($r=.697, p<0.01$).Therefore, the study result indicates that Humane Resource

Development practice (training and development, performance appraisal system and reward and recognition) have a positive and significant correlation with organizational performance.

The regression coefficient result indicates that the human resource development variables training and development, performance appraisal system and reward and recognition has positive and significant relationship with organizational performance.

5.2. Conclusions

According to the analysis of the study the current training and development practice the respondent received in their organization is low.

The overall result of the survey show that the performance appraisal system means score is below average. This implies that the employee is not satisfactory on the performance Appraisal system of their organization.

With regard to the rewarding and recognition, the study result shows that its score is mean of 3.102 which is below average it implies that the employee are not fell the current rewarding and recognition system of their organization is satisfactory.

Pearson correlation analyses were used to investigate the relationship between human resource development practice and organizational performance of (CBE, Dashen and Wegagen Bank) The data obtained from the respondents indicating the extent of adoption of human resource development practice are correlated with elements of organizational performance.

- The result of finding shows that there is strong, positive and significant relationship between Training and development and organizational performance.
- Accordingly finding result the performance appraisal systems also have a positive effect on the organizational performance.
- The rewarding and recognition have also significant and positive impact on the organizational performance.

- The overall finding result showed that Human Resource Developing practice (training and development, performance appraisal system and reward and recognition have strong and positive impact with organizational performance.

5.3. Recommendation

According to the conclusion of the study, the following recommendations are forwarded to executives of the Banks. According to this study, training and development have a strong Positive significant effect on organizational outcome. As a result, the banks should work more on training and development programs to upgrade the employee knowledge, skill and technology in order to maximize the banks service quality. Customer satisfaction, productivity in the general the organizational performance.

This study has also found performance appraisal system has Positive a significant effect on organizational performance. But its perception on employees is not satisfactory. As result the banks manger should employ appropriate measurement, fair feedback and good rating system to achieve the goals of the company to retain the human capital the lead to organizational success similarly with regard to the rewarding and recognition, the study result have a strong Positive a significant effect on organizational performance but the employee are not fell the current rewarding and recognition system of their organization is satisfactory in this sector the bank should arrange incentive that motivates the employees by understand the existence of recognition for good work has given an opportunity to work beyond the requirements of their job and lead to enhance productivity, service quality ,customer satisfaction in general organizational performance

5.4. Limitation and Future research direction

This study is believed to have certain constraint. Primarily, the sample of the study was limited to banks branch in Addis Ababa where there may exist minor difference in practices. There should be caution taken when making generalization of the study Therefore, any future researchers might include employees working outside the Addis Ababa if there are any variances in the study findings. Self-reported data is going to be a major limitation of the study, because it rarely can be independently verified that the researcher is going to take what the respondents said

at face value. Further studies should be conducted on the key determinants and drivers of every element of the whole HRD practice.

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Annex

Scatter plot of residuals

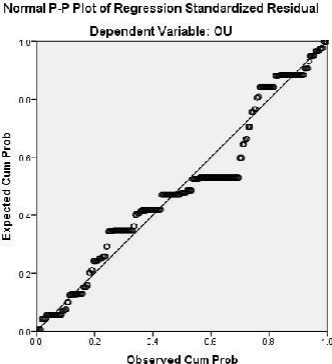
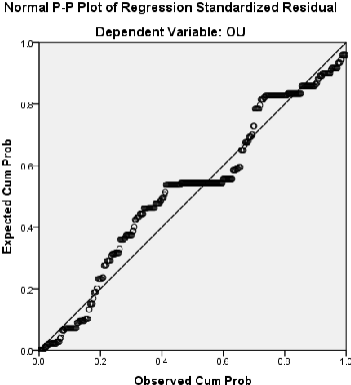
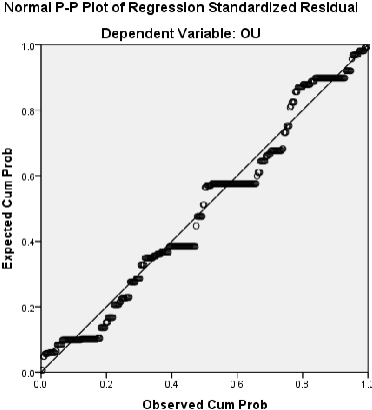
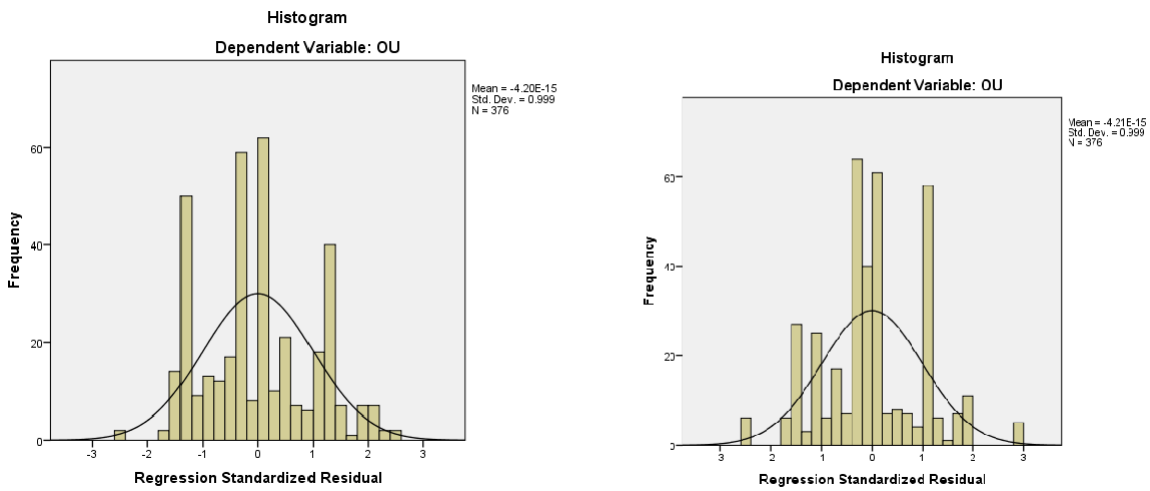
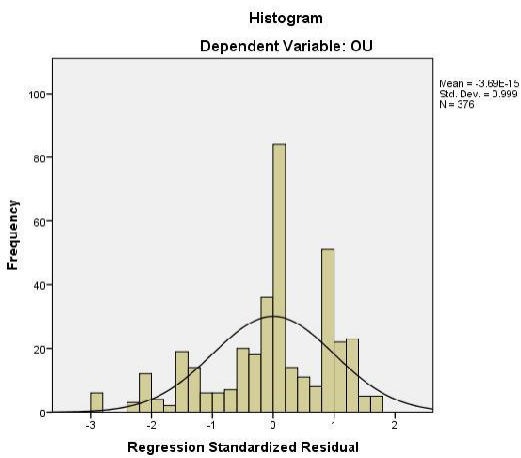


Figure 3: Normality test result histogram

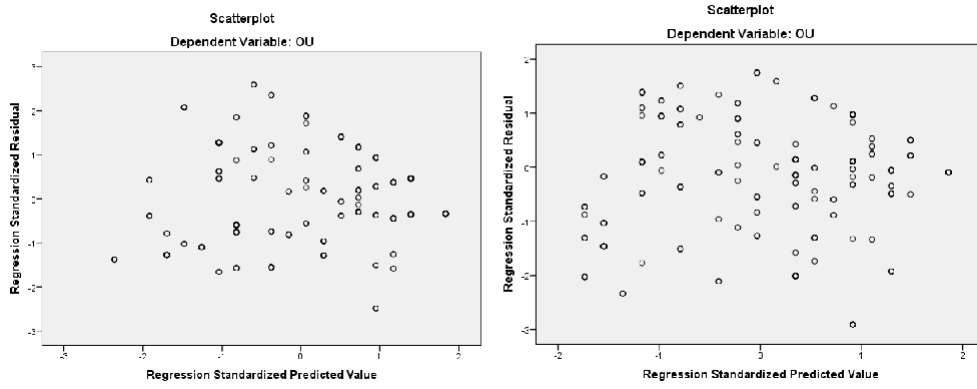


Source: Own data survey, (2020) source: Own data survey, (2020)

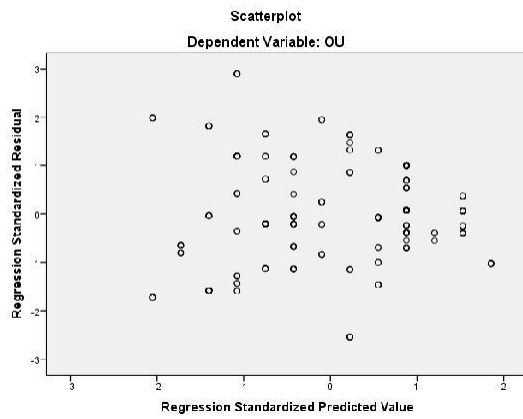


Source: Own data survey, (2020)

Figure 4: Homoscedasticity test Scatter plot



Source: Own data survey, (2020)Source: Own data survey, (2020)



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS, ECONOMICS

DEPARTMENT OF MBA

QUESTIONNAIRE

Dear Respondent,

I am currently doing thesis on “The relationships of human resource development practice and organizational outcome in private and public commercial bank of Ethiopia” As partial fulfillment of MBA in management.

The purpose of this questionnaire is to gather adequate information at head office and branches in Addis Ababa private and public banks on human resource development practice and organizational outcome.

In order to make the study more fruitful, your response to the given question would be necessarily. I will promise to that all of your answer will be kept strictly confidential and will be used only for the academic purpose.

To the end, I would like to forward my deepest gratitude for your unreserved co-Cooperation in filling the questioner.

Part I: Background information of respondents Directions: Please circle from the alternatives that are most applicable answer to

You in respect of each of the following items.

1. Sex:

1. Male

2. Female

2. Age

1. below

25

2. 25-35

3. 36-45

4. 46-55

5. Over 55 years old

3. Educational level

1. Below diploma

4. Job position

1. Junior CSO

2. Seiner CSO

3. Cashier

4. Assistant manager

5. Branch manager

2. Diploma

3. first Degree

4. Masters and abov

Section II: Questions related to HRD practices

Listed below are statements about the practices of Human Resource Development of the corporation. Please indicate your level of agreement with the statements so that your answers to these questions will enable the researcher to assess what you think about the practices of human resource development in your corporation.

Training and Development		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	My organization has active training and development programs to upgrade employees' knowledge and skills					
2	The corporation's training and development programs improve my chance for promotion.					
3	My manager assists me to identify my training needs.					
4	My manager encourages my professional development and to improve educational level.					
5	My organization regularly evaluates T&D programs.					
Performance Appraisal System						
1	I am satisfied with the bank's performance appraisal system.					
2	My performance rating is based on how well I am doing					
3	My manager gives me fair feedback					
4	My manager is highly capable to rate my performance.					

5	Performance Appraisal motivates you to perform well in the company.					
Rewarding and Recognition						
1	I am satisfied with the overall aspect of the rewarding and recognition systems in the organization					
2	the existence of recognition for good					
3	work has given me an opportunity to work beyond the requirements of my job					
4	I receive correct feedback on my performance					

Section III Questions related to the impact of HRD practice on organizational outcome.

Please indicate your level of agreement has your firm experienced an increase in the following organizational outcomes as a result of the human resource development practice.

Training and development		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Increased service quality					
2	Increased productivity					
3	increase Customer satisfaction					
Performance Appraisal System						
1	Increased service quality					
2	Increased productivity					
3	Increase Customer satisfaction					
Rewarding and Recognition						
1	Increased service quality					
2	Increased productivity					
3	Increase Customer satisfaction					

Section IV Semi-Structured Interviews of HR Managers head office of bank

1. Do you think human resource development practices play an important part in organizational success?
2. As the head of the department how do you conduct human resource development practices and on what basis?
3. Do you think conducting HRD practices (training and development, performance appraisal system and rewarding and recognition has any impact on organizational outcome (service quality, customer satisfaction and productivity)? and How?
4. What are the models the organization used to measure the effectiveness of it from the HRD practice?
5. How can you explain the relationship between human resource development practice in the organization and organizational success?

Thank you for the time you have spent in completing this questionnaire