



**A STUDY ON EFFECTIVENESS OF SELECTED HUMAN RESOURCE
MANAGEMENT PRACTICES IN PANAFRIC GLOBAL PLC**

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This is to Certify that the thesis prepared by *Biruk Girma*, entitled: “**The study on effectiveness of selected human resource management practices in Panafric Global PLC (PAG)**”, were his original work and meets the accepted standards with respect to originality and quality.

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Declaration

I, Biruk Girma, hereby declare that this thesis titled **“The study on effectiveness of selected human resource management practices in Panafric Global PLC (PAG)”**, submitted for my MA at Addis Ababa University School of Commerce, is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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Abstract

Maintaining effectiveness in HRM practice is a primary objective for all freight forwarding company to stay in the profitability track. The purpose of this study was an attempt to understand the opinion and attitude of various categories of employees in PAG, towards the effectiveness of recruitment and selection practice, training and development program, and reward and compensation system. Descriptive research method was adopted for this study using 44 valid questionnaires which were completed by selected employees in PAG using simple random sampling technique. The data collected were carefully analyzed using descriptive statistics to represent the raw data in a meaningful manner; percentage, frequency and mean analysis were used for analyzing and interpreting the opinions of the employees. The study has found high level of effectiveness on recruitment and selection practice, and training and development program while medium level of effectiveness achieved for reward and compensation system. From the analysis it was found that right employees are not assigned at the right position. As a result, employees are demotivated and their job satisfaction declined over time. Even though the company provide extensive training program; some improvement needs to be done on training program need assessment and post training program evaluation in order to increase the effectiveness level of training and development program. Although effective compensation and reward system are essential for attracting, retaining and motivating employees towards the achievement of freight forwarding companies; the finding shows that compensation and reward scheme in PAG need improvement to meet the desired target, as a result, PAG management need to work hard to achieve high level of effectiveness.

Keywords: Effectiveness of HRM Practice, PAG, Freight forwarder

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ABBREVIATION/ACRONYMS

PAG	Panafric Global PLC
HRM	Human Resource Management
HR	Human Resource
ECMS	Ethiopian Customs Management System
IFFS	Integrated Freight Forwarding System
OPM	Operation Manager
OPA	Operation Administration
KPI	Key Performance Indicator
CEO	Chief Executive Officer
MOTI	Ministry of Trade and Industry

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Effective human resources management practices were greatly needed to achieve better outcomes from the freight forwarding sector. This is due to the basic and underlying notion of Human Resource Management (HRM) is to attain a sustained competitive advantage through the effective utilization of human resources (Kundu et.al, 2007).

According to Venkatesh G. (2018), a committed and dedicated workforce is a valuable asset that can hardly be duplicated or imitated by competitors. Thus, one of the most significant developments in the field of an organization in recent times is the increasing importance given to human resource management practices. For example, efficient recruitment and selection strategies result in improved organizational outcomes. The more effectively organizations recruit and select candidates, the more likely they are to employ and retain satisfied employees. In addition, the effectiveness of an organization's selection system can influence bottom-line business outcomes, such as productivity and financial performance (Saviour et.al, 2016).

The main objective of HR practices is to maximize return on investment from the organization's human capital. People are individuals who bring their own perspectives, values and attribute to organizational life, and when managed effectively, these human traits can bring considerable benefits to organizations. Thus, more and more attention is being paid to motivational aspect of human personality, particularly the need for self-

esteem, group belonging, and self-actualization (Elarabi& Johari, 2014). This new awakening enlarged the scope of applying human resource management. In order to maximize organizational effectiveness, human potential, individual's capabilities, time and talents must be used efficiently. Moreover, employees need to acquire knowledge through training which is essential to enhance their abilities and skills in order to be able to function effectively and perform efficiently (Armstrong, 2009).

A freight forwarder is an agency providing services related to consignment on his own or by client's name. Freight forwarding companies, like the International Logistics Centre, are in charge of coordinating the shipment of goods between two destinations. In order to do this, they use a range of carriers, including air freight, road-freight, ocean freight and, occasionally, railway freight (FIATA, 2016).

According to Turner and Savitskie (2008) the performance of freight forward is determined by employee's problem-solving ability, capacity as an intermediary, and the ability to negotiate with a range of carriers as well as for best prices. Moreover, their experience in supply chain management; their knowledge and expertise to ensure that goods arrive at their final destination on time and their excellent customer service and trustworthy is important for the performance of the company. Accordingly, the success of a freight forwarding company depends on the competency of its employee. The developments of these competencies of employees are the main concerns of human resource management (Mullins 1999). Thus, this study examined the effectiveness of human resource management practices (recruitment and selection, training and development, reward management) in Panafric Global PLC.

1.1.1 Background of the company

According to the Global Economy (2016) logistics performance index, Ethiopia is ranked 126 out of 160-member countries. This indicates the poor performance of the logistics sector in Ethiopia. The state-owned Ethiopian Shipping & Logistics Services Enterprise (ESLSE) monopolized the sector and held the private sector under its inordinate shade for a long period of time. However, after the formation of Ethiopian Freight Forwarders Association in 1998, freight forwarders have called for recognition of the role the private sector in the industry plays in stimulating the economy. Currently, according to the latest Ministry of Trade and Industry (MOTI) data, there is about 190 licensed freight forwarding firms in Ethiopia mainly engaged in Clearing/ Packing/ Transiting & Forwarding service.

Panafric Global PLC is one of the pioneer private logistics professional companies in Ethiopia, founded in 1993. The company mainly engaging in packing, moving, warehousing, heavy lifting, sea and air freight, land transportation, customs clearing, transiting and door to door service. According to the HR report of the company, there are 167 employees who are dedicated to providing high-quality services that exceed customers' expectations. The strong HRM policy of the company is integrated with its business policy in implementing the HRM practices. For the purpose of this study the researcher tried to examine the three HRM practice process implemented in PAG.

Related with recruitment and selection practice; First, line managers from every department request the need for additional staff requirement and the request check and retrieve by the HR manager. The first step to fill the gap was by looking at the internal availability of qualified staff. If it is difficult to get qualified staff from within the

company, the next step will be checking from an external source. The two major sources of external recruitment methods, PAG follows, are campus recruitment and employee referral method. The Selection process includes shortlisting the appropriate candidates, required educational background level and work experience. Finally, shortlisted applicants will be evaluated based on their response to the written exam they answer and competency-based interview, specifically interview directly related to candidate personal ability to the nature of the work. Following strict selection interviews, employment tests, reference and background checks, medical evaluations, and others are used to have an impact on the performance of the employees and the organization in general.

Training and development program; PAG provides both internal and external training programs towards maintaining and improving current job performance of its staff. Basically, the types of in-house training are; cargo management training, customer handling training, work ethics training program, Integrated Freight forwarding system usage training, maritime and multimodal transport training, dangerous good handling training, air, road and railway transport procedure training, and basic computer training, and etc. Because of the challenging nature of the work PAG follow in-house training to equip a new staff. There is also an induction program, which helps a new employee to make them familiar with the system. Regarding external training provision, currently, training department plans to organize more than 35 training packages in collaboration with the external vendor. Training is conducted for specific job purpose while employee development seeks to improve skills for future jobs. Development covers not only those activities which improve job performance but also those which bring about the growth of personality. Staff development at PAG is achieved through either promotion from one

step to the next ladder or transfer from another department. A company implements a better system for a succession plan for the managerial position.

Finally, reward and compensation system discussed as follows; PAG implements a transactional reward system to its employees in the form of pay and benefit. Additionally, best employees from all departments recognized and awarded twice a year based on their outstanding performance and contribution to the company and they receive money and certificate. Individual appraisal form distributed and filed by the employee himself, his colleagues, line manager and finally one-to-one interview feedback given by management staff and if he/she performs better; finally rated employee get reward in the form of salary increment and bonus. Bonuses are expressed as a percentage of base salary. Moreover, PAG has an attractive benefit package for management staff by providing car and fuel allowances.

1.2 Statement of the Problem

A World Bank study by McKinnon et.al (2017), shown that many developing counties face the problem of qualified logistics-related labor is in short supply. The report highlights the need for a major expansion of logistics training and skills development initiatives in developing countries. Quality of recruitment and retention is also a question of image, which in the case of logistics is often poor (McKinnon et.al, 2017).

Hiring and retaining professional supply chain managers is an acute problem in the market. This is compounded by deficiencies in the skill levels of the staff currently employed in the logistics sector. Hence, the productivity of logistics operations and the quality of logistics services are suffering (Kundu et.al, 2007).

Recent researches in logistic and supply chain management indicate that a lack of logistics professionals has become an issue that can no longer be ignored (Burkovskis, 2008). In supporting Burkovskis finding, Othman & Abdul (2015), states that modern logistics companies need talented people, who can learn quickly about a tool and apply it towards productivity gains, as well as workers who emphasize customer service and motivated to ensure work shortage problem.

Huselid (1995) has examined the HR practices of high-performance companies and found that attracting and selecting the right employee's increases employee productivity and contributions to a reduction in turnover. He also argued that the only means of achieving success in the business is through proper recruitment and selection practices. Recruitment and selection process are vitally important to any organization, eager of attracting and appointing qualified personnel. Getting the right people in the right place at the right time doing the right job is an essential element of the recruitment and selection process which can affect the performance of the organization. The researcher observed that, even though PAG follows strict recruitment and selection process, there is a shortage of supply in logistics professionals in the market. As a result, the company is forced to hire staffs those have a first degree in any field of study and this, in turn, incurs additional cost for training.

PAG implement a better system to upgrade the skill of its staff by a means of in-house and external training, but there isn't a clear assessment for training needs. Even though, there is a better reward system, employees are dissatisfied with financial incentives and transparency of target-setting. Moreover, the researcher observes that currently because of expansion of industry zone at country level and competition from

other newly emerged freight forwarders, the mobility of professionals within the industry is relatively high and this is making employee retention challenging for PAG.

Thus, the purpose of this study was to evaluate the effectiveness of selected HRM practices (recruitment and selection, training and development, reward and compensation) at PAG.

1.3 Objectives of the Study

1.3.1 General Objective of the study

The general objective of the study was to examine the effectiveness of selected human resource management practice at PAG.

1.3.2 A specific objective of the study

Specifically, the study aims;

- To assess the effectiveness of recruitment and selection practice at PAG and identify the various area where there can be scope to improve
- To assess the effectiveness of training and development provided by PAG
- To assess the implementation of an effective reward and compensation system at PAG

1.4 Research Question

Based on the above-stated problems the study addressed the following research questions:

- How effective are recruitment and selection process at PAG?
- How effective are employee training and development at PAG?
- Is the implementation of reward and compensation system at PAG effective?

1.5 The significance of the Study

This study has a small contribution in the field of HRM, by emphasizing on the effectiveness of HRM practices at PAG. The study can encourage using a well-designed human resource management practice to achieve the objectives of the organization and attempt to address the gap between best HRM practices implemented at PAG, based on the existing literature. This help to understand how HRM practices are effectively implemented at PAG.

Through the findings of this study, top management at PAG were able to acquired knowledge in areas which require improvement for the advancement of the overall organizational goals. In addition to this, the finding of this study was useful for the HR manager to design better HRM practices at an organizational level in order to maximize productivity toward achieving objectives of the company.

1.6 The scope of the Study

Even if a concept of effectiveness of HRM practice is a broad concept which needs many measurement tools. Due to time constraint, the study was focus only on assessing the effectiveness of only three HRM practice (recruitment and selection, training and development, reward management) at PAG. The Study includes the permanent employees of PAG, at four branch office, namely Head Office, Kality, Airport and Bole Lemi Industry Zone. To make the study accessible and manageable enough, employees at Operation department (Operation managers, operation Directors, Air Cargo Manager, Transistors,), Marketing department (marketing and sales manager), all finance department employees, Transport and Data Administration Department, HR managers,

department heads, Executives and Packing Supervisors are the target population of the study.

1.7 Limitation of the Study

Although PAG is one of the most prominent leading logistics and freight forwarding company in Ethiopia, the most important limitation of this study is conducting study within only PAG PLC. If it was possible to add other freight forwarders, it (would add a further depth) could be a comparison chance between freight forwarders in Ethiopia about effectiveness of their HRM practices. But study was limited with budget, time etc.

The researcher was facing a delay in getting data from the various respondents. Most respondents were reluctant in filling questionnaires administered to them due to their busy schedules and the nature of their work.

Considering the sensitivity of the matters regarding human resources, the company may keep employee records as a secret. The researcher, therefore, was anticipated encountering challenges in securing this vital information from the HR managers. Also, the researcher was constrained by the fact that the study was depended on the current/present employees instead of using, in fact, the employees who have left the company.

1.8 Definition of terms

Recruitment and Selection: recruitment and selection are the processes of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications (Walker, 2009)

Training and Development: Training and development are a continuous effort designed to improve employees' competence and organize performance as a goal to improve the employees' capacity and performance.

Reward management: Reward management is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals. It deals with the design, implementation, and maintenance of reward systems (reward processes, practices, and procedures) that aim to meet the needs of both the organization and its stakeholders.

Effectiveness: Effectiveness is the degree to which carefully established (and, in our case, strategically aligned) goals are met.

1.9 Organization of the study

This research paper consisted of five chapters. The first chapter deals with the background of the study, statement of the problem, research questions, the objective of the study, significant of the study, the scope of the study, limitation of the study, operational definition, and organization of the study. The second chapter presents the review of related works of literature. The third chapter is all about research design and methodology of the study conducted. Results and discussion are described in chapter four. Finally, the chapter is about the summary of major findings, conclusions, and recommendations.

CHAPTER TWO

LITERATURE REVIEW

The chapter presents the review of the literature focusing on the key objectives of the study in regard to effective human resource management practices and the effectiveness of recruitment and selection practice, training and development, reward and compensation management practices.

2.1 THEORETICAL LITERATURE REVIEW

Human resource management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers the activities of strategic HRM, human capital management, knowledge management, corporate social responsibility, organization development, resourcing (workforce planning, recruitment and selection, and talent management), learning and development, performance and reward management, employee relations, employee well-being and the provision of employee services. It also has an international dimension (Armstrong, 2009).

A study conducted by Kundu et.al (2007), shows that effective implementation of HRM practice in shipping company lead them more competitive. In their study well-defined recruitment policy, attracting service-oriented employees/officers, selection on the basis of service attitude and competence, equal say of majority and minority employees, continuous training and development program, and paying competitive salaries and benefits to employees will led employees to be more efficient in doing their work.

2.1.1 RECRUITMENT AND SELECTION PRACTICE

2.1.1.1 Definition of Recruitment and Selection

According to Mondy & Mondy (2014), recruitment is the process of attracting individuals on a timely basis in sufficient numbers with appropriate qualifications to apply for jobs with an organization.

Mondy (2014), also define selection as ‘the process of choosing from a group of applicants those individuals best suited for a particular position in an organization’.

2.1.1.2 Source of recruitment

Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruiting candidates from all the other sources (such as outsourcing agencies etc.) are known as the external sources of recruitment.

Ivancevich (1992) mentioned that internal recruiting is looking for candidates among employees already working in the organization. It involves techniques like job posting. In this method, notices about vacant positions are posted in central locations throughout the organization and employees are given a time to apply these positions. Another method used in internal recruiting is to seek recommendations from present employees regarding friends who might fill vacancies. Breugh et al, (2000), mentioned that direct mail and the employee referrals has very active impact on the applicant’s response as compare to newspaper advertisement, which according to him is passive in nature. External recruiting, on the other hand, seeks for candidates from outside the

organization. The methods of external recruiting are; media advertisements, campus recruiting, working with employment agencies or executive search firms, using computer databases (Falcone, 2002).

2.1.1.3 Recruitment and selection process

According to Anand et.al (2018), an effective recruitment process looks at both internal and external candidates.

The recruitment and selection process constitute a sequence of precise steps used to make a decision about staff hiring. The main objective of the recruitment and selection process is to obtain at the lowest cost, the quantity, and quality of employees necessary to meet the human resource requirements. The use of non-standardized, unreliable, invalid and biased selection/recruitment procedures in the companies, despite the presence of better substitutes, has been a matter of great concern for practitioners in Human Resource Management for a long time and no one can deny its importance towards the best HRM (Mondy, 2014).

From the human resource management perspective, the first most crucial and difficult human resource management strategy for achieving organizational goals is recruitment and selection strategies as the outcome of recruitment and selection strategy can be very productive for the organization if selected right person in terms of appropriate skills mix and also very nonproductive if wrong one was selected and can lead failure of the organizations (Compton, 2009 & Canton, 2004).

There are two phases to make new selection of employees needed by the organizations, the first one is to generate a large pool of applicants and then make the best selection out of them (Barbar, 1998).

In most literature the recruitment and selection are being treated separately while as recruitment and selection is interrelated & interdependent that has influence to each other (Rynes & Barber, 1990). If the recruitment process will not be effective to bring enough pool or applications the right selection becomes very difficult for any specific job (Carless, 2007).

Edward (2012) argued that the quality of new recruits depends upon an organization's recruitment practices and that the relative effectiveness of the selection phase is inherently dependent upon the caliber of candidates attracted. According to Edward, the more effectively the recruitment stage is carried out, the less important the actual selection process becomes.

According to Mondy (2003), selection activities typically follow a standard pattern, beginning with an initial screening interview and concluding with the final employment decision. The selection process may consist of following steps: (1) Initial screening interview; (2) Completing the application form; (3) Comprehensive interview; (4) Background investigation; (5) Medical/Physical examination; (6) Final job offer.

According to Ofori and Aryeetey (2011), selection is a procedure in which particular instruments are utilized to select the best people from the pool of individuals that are suitable for the jobs. Selection involves the use of one or more methods to assess applicant's suitability in order to make the correct selection decision. Selection can be alternatively seen as a process of rejection as it rejects a number of applicants and select only a few applicants to fill the vacancy. Thus, selection function may be a negative function rather than a positive function. The objectives of selection function are to get the

right person to the right job, establish and maintain a good image as a good employer, and maintain the selection process as cost effective as possible.

2.1.1.4 Effective Recruitment and Selection Practice

Effective recruitment and selection have always been one of a most pivotal for the organizations in the educational sector because of not having any absolute methodology for attracting, screening and finally finding the right person for the right job in an organization (Pounder, 1996).

According to Klaus (2005), one result of effective recruitment and selection is reduced labor turnover and good employee morale. Recruiting ineffectively is costly, since poor recruits may perform badly and/or leave their employment, thus requiring further recruitment.

Adeyemi et.al (2015), in their study effective recruitment and selection is central and crucial to the successful functioning of the organization as it depends on finding people with the necessary skills, expertise, and qualifications to deliver the organization's strategic objectives and the ability to make a positive contribution to the values and aims of the organization.

According to Husien (2012), process of recruitment provides a large pool of individuals, who apply for the job vacancies with a valid and reliable selection regime, may have a significant influence over the type and quality a new employee possesses.

A Study by Ekwoabo et.al (2015), state that if the recruitment and selection process properly designed, it will identify competent candidates and accurately match them to the job. The use of the proper selection device will increase the probability that the right

person is chosen to fill a slot. When the best people are selected for the job, productivity increases and the performance the organization will increase.

Vlachos (2009), has found that effective recruitment and selection is the major predictor of organizational performance. Vlachos said with proper recruitment processes, there will be job satisfaction which is a positive emotional state, resulting from evaluating one's job experiences. Effective and proper employees' management starts with recruitment by getting the best candidate for the job. This is to enable the employee to stay and give their best to the organization; that is contributing to the organizational development.

Zottoli&Wanous (2000) argued that the effectiveness of different recruitment and selection criteria of employees has primarily been assessed by examining the rates of turnover, job survival and job performance along with organizational issues such as referrals by current personnel, in-house job postings, and the rehiring of former employees. When the best people are identified and placed on the job, they help achieve an organizational goal by staying and giving out their best to the organization. In the same vein, good recruitment practice can motivate organizational members to do outstanding work.

According to McKinnon et.al. (2017, implementing effective recruitment channel for logistics position will help employee satisfaction and a means to retain experienced employees. The study argued that online job platforms, advertisements in newspapers and magazines and social media, personal recommendation are the most-used recruitment channels. In addition, to these marketing instruments, referrals and word-of-mouth offer a valuable means of reaching out to potential employees. For top management positions,

headhunting agencies are usually the first choice. In the past, potential recruits were usually headhunted from direct competitors. Due to the ongoing talent shortage in logistics, nowadays it has become common practice to lure logistics staff away from manufacturing and retail companies.

Pounder and Young, (1996) has highlighted in a study that the effective recruitment and selection is becoming more and more difficult and challenging. Many human resource management researchers have argued that the survival and success of an organization lies on how effective the practices of recruitment and selection are taking place (Ofori & Aryeetey, 2011).

Therefore, for this research purpose effectiveness of recruitment and selection means the meeting of the basic objectives of recruitment (generating large pool of applications, method of recruitment and fairness of recruitment method) and selection (picking the best appropriate applicant among them).

2.1.2 Training and Development Practice

2.1.2.1 Definition of Training and Development

Training and development are essential elements that should be provided by every business, small or large. Banjoko (2007), define training as the systematic acquisition and development of the knowledge, skills, and attitudes required by employees to adequately perform an assigned job or task to boost performance in the job environment.

Armstrong (2009), define training is the process of assisting a person for enhancing his efficiency and effectiveness at work by improving and updating his professional knowledge by developing skills relevant to his work and cultivating appropriate behavior and attitude towards work and people.

2.1.2.2 Purpose of training and development program

Training and development play a vital role in any given organizations in the modern day. It is aimed at preparing employees for future or current jobs. The efficiency and productivity of the firm can be increased considerably with the right training methods. This is the reason why HR department gives Training such huge importance.

According to Guest (1997), training and development program is one of the vital human resource management practices that affect the value of the workforce's knowledge, capability and skill positively. Training allows an employee to develop skills and abilities that are used in the workplace. In this competitive world, one of the key strategies to attain competitive advantage is, conducting training properly which helps to achieve organizational objectives by increasing organizational and employee's productivity.

According to Elnaga & Imran (2013), training plays a vital role in the building of competencies of new as well as current employees to perform their job in an effective way. It also prepares employees to hold the future position in an organization with full capabilities and helps to overcome the deficiencies in any job-related area.

Finally, Huselid (1995) argued that the general benefits received from employee training are: increased job satisfaction and morale, increased motivation, increased efficiencies in processes, resulting in a financial gain, increased capacity to adopt new technologies and methods, increased innovation in strategies and products and reduced employee turnover.

Therefore, training and development aim at developing competencies such as technical, human, conceptual and managerial for the furtherance of individual and organization growth which makes it a continuous process.

2.1.2.3 Training Methods

Training could be given through different methods such as on the coaching and mentoring, peer's cooperation and participation by the subordinates. This teamwork enables employees to actively participate in the job and produces better performance, hence improving organizational performance. Armstrong (2009), explains that the most popular training and development method used by organizations can be classified as either On-the-job training and Off-the-job training.

➤ On-the-job training

Armstrong (2009), states that on-the-job training (OTJ) is a method of giving training to employees when they are at work at their working environment. The purpose of this training is to make the employees get familiar with the normal working circumstance, i.e. during the training time frame, the workers will get the direct involvement of using machinery, equipment, devices, materials, and so forth. Additionally, it helps the employees to figure out how to confront the difficulties that may occur during the execution of the job. The main idea of this training is learning by doing where the supervisor or the more experienced employees show the training on how to perform out a specific task. The learners take after the directions of the supervisor and perform out the task. This method is highly used by companies to train current and future workers, due to its simplicity. On-the-job training includes apprenticeship, coaching, internship, job rotation, job instruction, and a few others.

➤ Off-the-job training

According to Armstrong (2009), Off-the-job training is another method of training, which is organized at a site, far from the original work environment for a specific period.

The purpose of this method of training at a place other than the job area is to give a peaceful domain to the employees where they can focus just on learning. Learning material is provided to the trainees, for complete theoretical knowledge. The trainees can express their perspectives and opinions during these training sessions. Additionally, they can investigate new and innovative ideas. Case studies, conferences, audiovisuals, seminars, simulations, role play, and lectures are some basic systems that the employee needs to experience during, off-the-job training. This is one of the costly training methods. It includes a choice of the place of training, an arrangement of facilities for the employees, hiring experts to impart the training.

2.1.2.4 The process of training and development

Training in an organization generally involves the following process;

- **Identifying training needs**

This analysis is necessary to determine the training needs of the employees or a specific job. Basically, under this stage managers follow the basic procedure for identifying the need for training are;

- Job requirements analysis
- Organizational analysis
- Performance appraisals
- Human resource survey

- **Training plans and Implementation.**

This area of the training process emphasizes the techniques and methods by which training is carried out. The objectives of training, budgets, and duration are allocated.

- **Training Evaluation and feedback**

Often, this turns to be the most critical part of the training process, focusing on the results achieved after training.

2.1.2.5 The effectiveness of training and development

Effective training and development programs aimed at improving the employees' performance. According to McKinnon et.al (2017), the emphasis is given to the need for training and development to be competitive in the market. Accordingly, if companies in developing regions want to keep up with international standards, they must complement the current emphasis on the core logistics skills in inventory, warehousing and transport management with training in the broader range of competencies needed to manage complex supply chains with high levels of digitalization and customer expectation. The administrative staff must develop their communication skills, and logistics supervisors and managers must acquire more leadership skills. The study concerns were also raised about the quality and utility of the training programs currently in place because it is a means for measuring the effectiveness of training. Many small companies in the logistics sector do not undertake a proper needs assessment of the employees to be trained and simply use pre-existing training materials, regardless of whether or not they are relevant.

Research finding by Emeti (2015) shows that comprehensive training activities are positively associated with productivity; reduced staff intention to leave and organizational effectiveness and also adequate training and staff development practices lead to cost reduction.

The effectiveness of any training program is determined not only by the successful acquisition of critical knowledge but also the ability to effectively transfer that

knowledge to the performance environment (Alkesander et.al, 2005). Employees should be evaluated by comparing their newly acquired skills with the skills defined by the goals of the training program. Any discrepancies should be noted and adjustments have to be made to the training program to enable it to meet specified goals. Many training programs fall short of their expectations simply because the administrator fails to evaluate its progress until it was too late. Timely evaluation will prevent the training from straying from its goals.

Ensuring that employee's at all organizational levels are continuously acquiring the needed knowledge and skills required to develop their performance, attitude, and quality of work. Therefore, based on the above-mentioned literature effective training and development enhance the capacity of employees.

Therefore, for this research purpose effectiveness of training and development means the meeting of the basic objectives of training design, training needs, trainer satisfaction with training and development program and training evaluation.

2.1.3 Reward and Compensation System

Armstrong (2009) defines the type of reward practices used by an organization play an important role in motivating employees to perform. This ultimately impacts the performance of the organization. An employee receives different kinds of benefits in the form of wages, salaries and pay. A total reward is a monetary and nonmonetary return provided to employees in exchange for their time, talents, efforts, and results. It involves the deliberate integration of five key elements that effectively attract, motivate, and retain the talent required to achieve desired business results. Reward makes an overall positive impact on performance when it contributes to the development of a high-performance

culture, one in which the values, norms and HR practices of an organization combine to create a climate in which the achievement of high levels of performance is a way of life.

According to Lawler (1995), reward management has the following aim; attracting and retaining employees, motivating performance, promoting skills and knowledge development, shaping corporate culture, reinforcing and defining the structure, and determining pay costs.

There are several principles for setting up an effective reward system in an organization; Give value to the reward system, employees must have a preference for the type of rewards being offered, many employees prefer cash reward. Some employees like to see their name in a company newsletter, others like the public recognition surrounding award ceremony, make the reward system simple to understand, and elaborate procedures for evaluating performance, filling out forms, and review by several levels of management lead to the conclusion (Lawler, 1995).

Reward management practice is one of the strategies used by human resource managers for attracting and retaining suitable employees as well as facilitating them to improve their performance. Therefore, human resource managers must design reward structures that facilitate the organizations' strategic goals and the goals of individual employees (Betty, 2014).

A research made by Aslam et.al (2015), shows that the most significant variable in the research is reward and compensation shown a great effect on the performance of employees and it boosts up the efficiency of employees. Once employees are satisfied their productivity also increased and in turn organizational performance also boosted.

Research conducted by Oluoch (2013), shows that it determines whether an individual will be satisfied with the rewards he or she receives from a situation. Satisfaction with reward is a function of both how much is received and how much the individual feels should be received. When individuals receive less than they feel they should receive, they are dissatisfied. When they receive more than they should, they tend to feel guilty and uncomfortable. People's feelings of satisfaction are influenced by comparisons with what happens to others. These comparisons are made both inside and outside the organizations they work in, and are made similar people. Individuals tend to rate their inputs higher than others.

In general, the service industry could potentially benefit more from bonus and incentive programs for employees. This type of compensation is useful as many firms would like to provide incentives to their employees with performance-based pay, but cannot do it as the performance of a sole employee is difficult to measure (Torres & Adler, 2012).

2.2 Empirical Study

Many researchers have examined the effectiveness of HRM practices on the deferent organization through empirical study (Huselid 1995; Mondy&Mondy 2014; Boselie 2005).

Huselid (1995) found, in a study of almost 1,000 firms, that HRM practices improved, not only employee turnover but also employee productivity and long-term company performance.

According to Pratibha & Katyayami, (2017), the effectiveness of human resource practices particularly employee selection procedures, performance appraisals, rewards,

and benefits management, and employee training and development (the matching model of HRM) often have a direct bearing on organizational productivity and performance. Empirical studies indicate there is a positive and significant effect of HR practices on the sales growth of the small-scale industries which in turn contribute to the overall development of the organization.

Terpstra and Rozell (1993), they used data from 201 US organizations in order to determine the influence of HRM on financial performance. On their finding, the degree of HRM effectiveness varied according to organizational type. High relationships were in the service and financial sectors; no relationships were found in the manufacturing and wholesale/retail sectors. Terpstra and Rozell comment that the service sector, in particular, has high staffing levels. So perhaps it is unsurprising that HRM practices are most effective where they are most needed—in organizations with high staffing levels.

A study conducted by Okeudo (2014), the HRM practices are found to explain about 88.1% of the total variance in the firm performance, which suggests that they are important factors which impact on firm performance (productivity) and LSC. Specifically, recruitment and selection, training and development, performance appraisal, compensation and benefits, health and safety incentives are all positively and significantly related to firm performance (productivity) and equally has a great impact on the LSC.

Veena & Mahadeva (2015), suggested on their finding, recruitment and selection are of prime importance to Bangalore Metro Rail Corporation Ltd (BMRCL) in order to get the best of employees, however, it faces lots of challenges in its quest to recruit its workforce. Despite these challenges, it was realized that measures effective recruitment

and selection of employees to a greater extent determines the performance of an institution and it is of greater importance if an organization wants to achieve their goals.

A study undertaken by Edward (2012) on HFC BANK LTD in Ghana, shows that factors such as work experience, academic qualifications, interviews, and tests used in selecting employees makes the selecting and recruitment practices very effective in selecting the best for the bank.

Employees are not satisfied with their organization recruitment policy and process as a result recruitment and selection processes are not implemented effectively (Tamrayehu, 2016; Feyisa 2016).

Muogbo & Chinenza (2018), recommend in their study on Zenith Bank Branches in Nigeria, organizations need to implement better reward strategies to influence the productivity and growth of an organization and implementing an effective reward system is the 'glue' that binds the employee and the employer together. In addition, they also argued that modern corporate organizations need to implement an effective compensation strategy for an employee as part of their corporate goal and objective.

In conclusion, the purpose of the present study was to explore the effectiveness of selected HRM practices in PAG. Furthermore, after exploring the degree of effectiveness of the three HRM practices in PAG, a recommendation was given.

CHAPTER THREE

RESEARCH METHODS

3.1 Introduction

This chapter sets out the methodology that was used for the study. It involved a blueprint for the collection, measurement, and analysis of data. Specifically, the following subsections were included; research design, data sources, sampling elements and sample size and sampling techniques, data collection, analysis, and presentation.

3.2 Research Approach

The aim of this study was to assess the effectiveness of three HRM practice at PAG. Therefore, for this study mixed research method approach was used.

According to Kothari, (2004) mixed research method is useful when the qualitative or quantitative approach needs to be used to have the best understanding of what the research problem is focused. The advantage of using mixed methods is that it enables to triangulate and support the data and result collected by questionnaire

3.3 Research Design

“A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data” (Kothari, 2004).

According to Kothari (2004), if the purpose of a study is to give an accurate description of a situation, accuracy becomes a major consideration and a research design

which minimizes bias and maximizes the reliability of the evidence collected is considered as a good design and the type of study need to be descriptive one. As a result, the study was incorporated a descriptive approach to assess the effectiveness of three human resource management practices at PAG.

3.4 Sampling Technique Procedure and Sample size

3.4.1 Sampling Population

The target population of this research was the total number of 167 staffs in the company. This study was carried out in four different branch office of PAG, located in Addis Ababa. Employees at Operation department (Operation managers, operation Directors, Air Cargo Manager, Transistors), Marketing department (marketing and sales manager), all employees from finance department, Transport and Data Administration Department, HR managers, department heads, Executives and Packing Supervisors. The researcher had experience in which he happened to be an employee of freight forwarding sector, as a result, this familiarization helped him to obtain relevant data in a cost-effective manner. So, it was essential for the researcher to focus on those employees to identify the effectiveness of HRM practice at PAG.

3.4.2 Sampling Technique

According to Kothari (2004), sampling is the process of selecting a few (sample) from the population. Kothari argued that, since every member of the population has a known and each of them have an equal chance of being selected, random sampling technique were used for this research. Finally, the researcher obviously argued that to study the effectiveness of HRM practice in the organization; employee response from those departments was contributing more.

3.4.3 Sample Size

According to Kothari (2004), determining sample size varies for various types of research designs and there are several approaches in practice. If the sample size ('n') is too small, it may not serve to achieve the objectives and if it is too large, we may incur a huge cost and waste resources. As a general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small.

Kothari (2004) give below formula to find the sample size for finite population:

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + z^2 \cdot p \cdot q}$$

Where;

p= proportion of getting response (success) 90 %

q=proportion of getting non-response (failure) 10 %

n= required sample size

z= confidence level 1.96 from normal distribution table at 95 % confidence interval

e= standard error 5 %

N= total population 167

Thus, the total number of selected respondents in this study was 76 respondents.

3.5 Data Collection

The main tools for the study were primary data source and it use well-designed questionnaire and interview as the best tool to get relevant information. The questionnaire was adapted from previous research design (Shiferaw, 2013; Waltrers, 2006).

A close-ended questionnaire was distributed for employees from nine departments. The main part of the questionnaire was answered in five-point Likert scales (Strongly disagree, Disagree, Not sure, Agree and Strongly Agree).

An open-ended interview question was presented to managers to respond and they forward their perception and ideas for improvement.

For the purpose of this study, 44 structured questions were prepared and organized into two sections. Section one consisted of 7 questions which has details of respondents' age, years of service within PAG, marital status, qualification level, the department they work, career level and gender.

Section two was designed to assess employee's perception about HRM practice and level of effectiveness at PAG. Five-point Likert Scale was used in this section of the questionnaire to measure the effectiveness of HRM practice at PAG. 14 questions were asked to test the effectiveness of recruitment and selection, 14 questions to test training and development, and 9 questions to test compensation and reward.

The main part of the questions was grouped as follows:

- Questions related to recruitment and selection practice at PAG;
- Question related to training and development practices at PAG
- Question-related to reward and compensation practice at PAG.

Finally, interview question was conducted with managers to achieve the employees' own view of certain HRM activity effectiveness at PAG.

Further, secondary data was collected from company HR manuals, books, journals and articles related to the topic on the effectiveness of HRM practice at PAG.

Data were gathered from 76 PAG staff members using closed-ended questionnaires. The procedure for the data that was collect using questionnaires was distributed to each participant by appreciating their participation and devoting their precious time for the research. The questionnaires were collected by rechecking the completeness of the data.

Regarding the interview, the researcher interviewed Training department manager, HR manager and Finance Executive Director and record their perceptions of HRM practice at PAG.

Raw data were cleaned, sorted and condensed into systematically comparable data. The study used SPSS for Windows (Version 20) to analyze the quantitative data collected from the questionnaire. This program was used to obtain descriptive data in form of percentages, mean and frequency, since it was a five Likert questionnaire and this, help give the general response towards each question in the Likert scale through the mean values.

While qualitative data were used to support the quantitative findings and further clarify the effectiveness of those HRM practice. Response obtained through the interview was analyzed and presented in the form of a summary.

3.6 Validity and reliability of Data

Kothari (2004), define validity as it is the extent to which a test measures what we actually wish to measure. It is the degree to which results obtained from the analysis of the data actually represents the phenomenon under study. Therefore, validity looks at how accurately represented are the variables of the study. The study was adopted content validity which is the degree to which data collected using particular instruments represents a specific domain of indicators or content of a particular concept. To ensure

content validity of instruments the researcher constructed the instruments with all the items that measure variables of the study. A questionnaire, which is the major source of data, were drafted from different works of literature and reviewed and edited by various HR professionals. Some questionnaires were administered colleagues for proper guidance after which the researcher was pre-tested the instruments and after pre-testing ambiguous questions were removed or polished so as to remain with the finest data required.

Reliability is the degree of accuracy or precision in the measurements made by a research instrument. Kothari (2004) mentioned that the lower the degree of ‘error’ in an instrument, the higher the reliability. According to Kothari the two most important method of assessing reliability are stability and internal consistency test. For the purpose of this study internal consistency test was used because applying stability test is more time consuming and costly. The most popular test of inter-item consistency reliability is Cronbach's coefficient alpha which is used for multipoint scaled items. Cronbach's alpha can be considered as an adequate index of the inter-item consistency reliability (Sekaran, 2003).

Instrument of this study, i.e. questionnaire was found reliable with Cronbach’s alpha value of 0.736, 0.736 and 0.823 for recruitment and selection practice, training and development program, and reward and compensation practice respectively (Table 3.1).

Table 3.1: Reliability statistics for three HRM practice

Reliability Statistics		
Description	Cronbach's Alpha	N of Items
Recruitment and selection practice	.736	14
Training and development practice	.736	14
Reward and compensation practice	.823	9
Overall HRM practice	.839	37

Source: survey (2019)

3.7 Ethical consideration

Belmont Report (1974) mentioned that the three basic ethical principles relevant to research involving human subjects were respect for persons, beneficence, and justice. Secret or confidentiality of each respondent and concerned body was not being exposed to other parties. The researcher guaranteed complete anonymity by neither retaining nor publishing the names and personal details of the respondents.

CHAPTER FOUR

FINDINGS, INTERPRETATION AND DISCUSSION

4.1 Introduction

The discussion, interpretation and findings of data collected from employees and managers through questionnaire and interview are presented in this chapter. The first aim of this chapter is to discuss about the findings from data and fact collected from the field and next is interpretation and discussion of the findings.

The responses of the questionnaires were tabulated and represented in percentages to get a clear-cut picture about the responses.

Data collected from questionnaire contains two parts. The first part describes the demographic characteristics of the respondent and the second part contained questions on the three HRM practices in PAG.

4.2 DATA FINDINGS

4.2.1 Response rate and demographic data

In this study seventy-six (76) questionnaires were distributed across employees working within 9 departments at 4 branch office of PAG; namely Airport branch, Bole Lemi, Kaliti branch and Head Office. Hence all the questionnaires were answered and returned which form the basis for analysis of data in this study.

The general profile of the respondents is given in Table 4.1. Out of 76 respondents taken for the study 41(53.9%) of the sample size was male while 35(46.1%) were female, which implies that PAG follows a policy called “Equal Employment Opportunity Policy”. Meanwhile, 73(96.3%) of the respondents belongs to the age of 22-40 years. This indicates that majority of employees in PAG are young employees and can

be more productive if they are recruited and selected properly. Previous research also supported that the types of recruitment method the company implement helps to have more young employees, as a result, PAG use college recruitment method and research argued that college recruiting is especially appropriate for the recruitment of younger workers (Marchington and Wilkinson, 2002). Regarding qualification level, 62(81.6) % of the respondents belongs to the qualification above first degree. Moreover, 26(34.2%) of the respondents were married, while 50(65.8%) were unmarried. Regarding the years of work experience; 62 % of the respondents had worked between 1 and 5 years; while 28.9 % have put in between 6-10 years; 6.6 % have spent between 11-15 years and 2.6 % spent more than 15 years above. Study suggested that increased tenure in an organization is positively related to employee well-being and employee performance (Pfeffer, 1993). But from the report 62 % of the respondent has less than five years of working experience, which shows that employees are not happy to stay longer at PAG. It is, therefore, reasonable to surmise that employees are having less experience and training will help them to perform job effectively. As can be seen from table 4.2, the study involved participants from different departments within the organization. Notably, the employee from the organization's Operation department represented the largest proportion (39.5%) of respondents. Finally, 15.8 % of the respondent career level grouped under Management group, 15.8 % under middle manager and 68.4 % are grouped under normal staff.

Table4.1: Demographic Information

Gender			
	Frequency	Percent	Valid Percent
Male	41	53.9	53.9
Female	35	46.1	46.1
Total	76	100%	

Educational level			
	Frequency	Percent	Valid Percent
Certificate	1	1.3	1.3
Diploma	13	17.1	17.1
Degree	54	71.1	71.1
Master's Degree	8	10.5	10.5
Total	76	100%	

Age			
	Frequency	Percent	Valid Percent
22-30	45	59.2	59.2
31-35	20	26.3	26.3
36-40	8	10.5	10.5
41-45	2	2.6	2.6
46 and above	1	1.3	1.3
Total	76	100%	

Marital status			
	Frequency	Percent	Valid Percent
Married	26	34.2	34.2
Unmarried	50	65.8	65.8
Total	76	100%	

Work Experience			
	Frequency	Percent	Valid Percent
<=2 Years	24	31.6	31.6
3-5 Years	23	30.3	30.3
6- 10 Years	22	28.9	28.9
11-15 years	5	6.6	6.6
>15 Years	2	2.6	2.6

Working Department			
	Frequency	Percent	Valid Percent
Operation	30	39.5	39.5
Data Administration	5	6.6	6.6
Finance	13	17.1	17.1
Marketing	13	17.1	17.1
Training	2	2.6	2.6
Transport	6	7.9	7.9
Packing & Moving	4	5.3	5.3
IT	3	3.9	3.9
Total	76	100%	

Position			
	Frequency	Percent	Valid Percent
Management Group	12	15.8	15.8
Middle Manager	12	15.8	15.8
Normal Staff	52	68.4	68.4
Total	76	100%	

Source: survey questionnaire (2019)

4.2.2 Recruitment and selection practice in PAG

In this section, recruitment and selection practice evaluated by means of conducting frequency, percentage, and mean analyses that analyze the methods of recruitment and selection applied in the company, the effectiveness of recruitment and selection method, fairness and policy of recruitment process. The responses given by the respondents to the issues are described separately as follows;

Table 4.2: Recruitment and selection practice

Questions	Rating										Mean
	Strongly agree		Agree		Not sure		Disagree		Strongly disagree		
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	
PAG places the right person in the right job	2	2.6	29	38.2	10	13.2	34	44.7	1	1.3	2.96
Job Vacancies at PAG made open to the general public	10	13.2	40	52.6	14	18.4	11	14.5	1	1.3	3.62
Recruitment and selection process of PAG is quite rigid in terms of eligibility criteria	7	9.2	43	56.6	16	21.1	8	10.5	2	2.6	3.59
The recruitment and selection process in PAG are fair and transparent	13	17.1	42	55.3	17	22.4	3	3.9	1	1.3	3.83
When vacancies occur, existing employees are considered	8	10.5	41	53.9	9	11.8	12	15.8	6	7.9	3.43
External recruiting brings out more desirable employees than internal recruiting	4	5.3	64	84.2	7	9.2	1	1.3	0	0	3.93
Job responsibilities and job description are clearly defined	0	0	28	36.8	7	9.2	38	50.0	3	3.9	2.79
The recruitment process of PAG focuses more internally	5	6.6	23	30.3	13	17.1	31	40.8	4	5.3	2.92
PAG has equal opportunities for all potential candidate	9	11.8	40	52.6	8	10.5	18	23.7	1	1.3	3.5
The recruitment process of PAG focuses more externally	2	2.6	61	80.3	9	11.8	4	5.3	0	0	3.8
Selection tests administered to fill vacancies are related with the job	5	6.6	54	71.1	13	17.1	4	5.3	0	0	3.79
HR provide an adequate pool of quality applicants	6	7.9	51	67.1	17	22.4	1	1.3	1	1.3	3.79
Job hiring through employee referral gives a competitive advantage for PAG	14	18.4	53	69.7	5	6.6	4	5.3	0	0	4.01
PAG has effective recruitment and selection practice	6	7.9	56	73.7	11	14.5	3	3.9	0	0	3.86

Source: Survey questionnaire, 2019

As shown in table 4.2 the results regarding Recruitment and Selection practice presented as follows:

With respect to placing the right person in the right job, from Table 4.2, majority of the respondents (44.7%) disagree, that employee at PAG place on the right job. While,

(38.2%) revealed that they agree with the perception on the right employee take the right place. Employees are not fully agreed with the opinion PAG places the right person in the right job with the mean value (2.96), implies that medium level of effectiveness.

40 % of respondent agreed for the first time when they join PAG they heard the vacant post at University. Respondents are not fully agreed that when there is vacant job advertisement is not posted publicly and it is reflected by mean value (3.62), which is medium level of effectiveness.

56.6 % of the respondent agreed that recruitment and selection process of PAG is quite rigid in terms of eligibility criteria and 21.1 % of the responds are not sure on the process. Even though the majorities were agreed the mean value showed 3.59, which is the medium level of effectiveness.

Majority of the respondent (55.3%) agreed that the recruitment and selection process of PAG were fair and transparent. It was also supported by the mean value 3.83, which is the highest level of effectiveness.

From the above table 4.2, majority of the respondent (53.9%) agreed that they are invited to apply for the vacant before it went to external advert. But a response from HR manager revealed that it is difficult to get a qualified staff from internal to fill the vacant and as a result they went to search external candidate. Even though it shows medium level of effectiveness with mean value 3.43, respondent agreed that when vacancies occur, existing employees are considered.

Out of 76 respondents, 84.2 % of the respondent agreed that external recruiting bring desirable employees than internal recruiting because, external recruitment can have the chance of getting skilled, experienced and competent candidate from the labor

market. But the mean value (3.43), revealed the respondent agreement because the value shows the medium level of effectiveness

The finding from table 4.2 shown that 50 % of the respondents said that they were not aware of the job role and responsibilities before joining the company, 36.8 % of the respondent said they were made aware of job role and responsibilities before joining the company.

40.8% of the respondents are disagreeing on the premises PAG recruitment process focus more internally. Therefore, we can say that PAG recruitment process focus more externally. While, 30.3 % of the respondents agreed that the recruitment process of PAG give more attention for internal process. Mean value 2.79 shown medium level of effectiveness.

With regard to PAG has equal opportunity for all potential candidates the majority of respondents (52.6%) were agreed and (11.8 %) strongly agreed. On the other hand (23.7%) of them were disagreed. The rest few numbers (10.5%) and (1.3%) of respondents were not sure and strongly disagree respectively.

Majority of the respondent (80.3%) agreed that PAG focus external recruitment process to have highly competitive candidate. According to the interview conducted this premises supported by the HR managers currently the company focuses on external recruitment method.

The survey from table 4.2 depicts that 71.1% of the respondent agreed that selection tests are related with their jobs while 17.1 % of the respondent are not sure with the premises.

67.1% of the respondents “agree” that HR provides an adequate pool of quality applicants, 22.4% of the respondent are “not sure” that HR provides an adequate pool of quality applicants, and 7.9% of the respondents are “strongly agree” that HR provides an adequate pool of quality applicants, 1% of respondents are “disagree”, and 1% of respondents “Strongly Disagree” that HR provides an adequate pool of quality applicants.

69.7% of the respondents “agree” that the job hiring through employee referral gives competitive advantage in selecting applicants for PAG and 18.4% of the respondents “strongly agree” that job hiring through employee referral gives competitive advantage in selecting applicant for PAG. While, 6.6% of the respondents are “disagree” that job hiring through employee referral gives competitive advantage in selecting applicant for PAG and 5.3% of the respondents are “strongly disagree” that job hiring through employee referral gives competitive advantage in selecting applicant for PAG.

73.7% of the respondents “agree” that PAG has effective recruitment and selection practice, 14.5% of the respondents “not sure”, 7.9% of the respondents “strongly disagree”, and 3.9% of the respondents are “disagree”.

4.2.2.1 Interview response on recruitment and selection practice

The researcher conducted interview for HR manager of the organization and got the following result:

❖ In your opinion, please explain the recruitment and selection policy of employees at PAG?

According to the HR manger, recruitment and selection Policy has been framed with the view of recruiting and selecting people who have a strong desire to achieve the company’s vision, and who will assist in achieving the business results. In filling any

vacancy, a systematic recruitment and selection process will be followed to ensure the most cost-effective and efficient deployment of PAG current and potential employees.

The recruitment and selection policy of PAG follows the following procedures;

- When a vacancy arises, the HR manger, area manager and CEO along with the relevant Line Manager will determine whether there is a vacancy by considering if there is still a requirement for the work to be carried out, or whether there are any alternatives to recruitment, such as transfer of duties or re-arrangement of work load.
- Identifying the open position and the skills and qualifications required to fill it. Need for new staff request comes from department manager submitted to area manager and the area manager forwarded to HR department. Finally, HR manager discuss the need for additional staff with CEO and executive finance manager, once they approve the request
- Advertising and recruiting—both internally and externally—to encourage the right candidates to apply for the open position. All vacancies will be advertised internally via the Intranet; most of the time it is difficult to get candidate from internal, as a result HR manager looks for external by using referral or universities/college recruitment method;
- HR department collect resumes and follow initial screening. In this stage, the important task is to select the eligible resume and deselect the unqualified resume. This initial screening is being conduct based on the company’s requirement. Company looks for the several requirements; say for example, educational background, work experience, academic performance. Candidates who fail to

- demonstrate that they meet the requirements for an essential criterion would not normally be considered for interview;
- A decision to shortlist or not to shortlist will take no account of the candidate's age, personal circumstances such as marital status, sexual orientation or other potentially discriminatory related reasons. Screening potential candidates once resumes are received;
 - It is normally expected that between six and eight people will be shortlisted for the initial interview;
 - Candidates will be interviewed by a committee contained HR Director, Department Heads, Area Managers, Operation Executive Director, Finance Executive Director and CEO;
 - Following shortlisting, successful candidates will be invited to attend an interview the format of which could take a number of formats (example: presentation and competency-based interview, written exercise);
 - Interviews and/or assessments must be scored by each assessor fairly and consistently. Scores must be recorded on an interview scoring sheet. Each assessor must comment on the candidate's performance in relation to the criteria being assessed.
 - Upon conclusion of the interview stage, the successful candidate(s) will receive a formal offer of employment. The offer made will be subject to satisfactory references and medical clearance.

❖ ***In your own opinion, do you think the recruitment procedure at PAG effective?***

Yes, currently the recruitment procedure was more effective.

❖ *What are the major barriers which hinder the effectiveness of recruitment and selection of candidate at PAG? And what are your recommendation concerning the improvement of the recruitment and selection process at PAG?*

- Shortage of qualified candidate with respect to logistics and freight forwarding knowledge
- Lack of training center which give certification courses for fresh graduate related with practical freight forwarding and logistics knowledge
- Competition for the same applicants from competitors
- Difficulty in getting competent candidate internally

❖ *Does the Human Resource Management Department have a significant influence on the recruitment and selection decision?*

According to HR manager response HR department has significant influence on recruitment and selection decision. Because, decision starting from the very begging of identifying the open position and the skills and qualifications required filling it to the final decision of placing the right candidate is a mandate for HR department. HR department needs to keep in touch with the skilled workers so that whenever the need arises for labor, they can be easily recruited without facing the problems of training employees from the start. Then everyday labors are leaving their job and new people are being recruited, so the issue of recruitment is always active. So, we can see that HR department have significant influence in recruitment and selection decision.

❖ *Do you think that the HRM department has enough capacity to discharge its function of recruitment and selection effectively?*

The interviewer argued that HR department has the capacity to emancipate the function of recruitment and selection effectively. The managers argued that recruitments provide opportunities to departments to align staff skill sets to initiatives and goals, and for departmental and individual growth. Proper planning and evaluation of the need will lead to hiring the right person for the role and team and this is a duty for HR department to have a pool of candidate. In addition, HR department need to produce well-written position description because position description is the core of a successful recruitment process. It is used to develop interview questions, interview evaluations and reference check questions. At last not the list HR department need to develop carefully structured recruitment plan maps out the strategy for attracting and hiring the best qualified candidate and helps to ensure an applicant pool. Finally, the respondent argued that HR department of the PAG has sufficient executive authority and power to exercise its function in an appropriate way.

❖ ***What selection criteria are mostly considered for the selection of employees?***

The manager responds that the criteria for selection of employees are;

- Academic qualification
- Interview process
- Previous work experience
- Personality test
- Skill test
- Background checks
- Reference check

4.2.3 Training and Development Practice in PAG

Perception of employees toward training and development practice is studied covering various dimensions like types of training provided, training policy of the company, content and methodology of training, training needs, training design, training evaluation and satisfaction with training programs.

Table 4.3: Training and Development practice

Questions	Rating										Mean
	Strongly agree		Agree		Not sure		Disagree		Strongly disagree		
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	
Extensive training programs are provided for employees at PAG	15	19.7	24	31.6	21	27.6	14	18.4	2	2.6	3.47
There is well designed and widely shared training policy at PAG	8	10.5	31	40.8	16	21.1	19	25.0	2	2.6	3.32
The resource used the training program is satisfactory	4	5.3	39	51.3	15	19.7	15	19.7	3	3.9	3.34
Selection for training is based on a proper need assessment	3	3.9	25	32.9	13	17.1	33	43.4	2	2.6	2.92
There is a department assigned to follow up training and development program in PAG	33	43.4	21	27.6	17	22.4	3	3.9	2	2.6	4.05
Top management give due attention for training and development programs for employees in PAG	26	34.2	36	47.4	8	10.5	5	6.6	1	1.3	4.07
PAG provides formal training to promote skills to new hires as well as to promoted or existing employees	20	26.3	38	50.0	10	13.2	6	7.9	2	2.6	3.89
Available training matches with my job	19	25.0	47	61.8	8	10.5	2	2.6	0	0	4.09
I was evaluated after taking each training program	3	3.9	25	32.9	13	17.1	34	44.7	1	1.3	2.93
The contents and methodology used in the training program are always relevant to the changing needs of our jobs and our business	15	19.7	43	56.6	12	15.8	6	7.9	0	0	3.88
PAG carries out an induction program for every new employee to give them appropriate knowledge	38	50.0	34	44.7	2	2.6	2	2.6	0	0	4.42
The training and development programs are well planed	9	11.8	35	46.1	8	10.5	20	26.3	4	5.3	3.33
Training makes me to work better with job satisfaction	18	23.7	53	69.7	4	5.3	1	1.3	0	0	4.16
The overall training and development programs at PAG are effective	10	13.2	54	71.1	11	14.5	1	1.3	0	0	3.96

Source: Survey questionnaire, 2019

As illustrated in Table 4.3 the findings regarding Training and Development practice presented as follows;

The majority of respondents (31.6%) agreed, thus implying that PAG provide extensive training program for employees. The second highest majority of respondents (27.6%) are not sure that the company provide extensive training program to them, whilst the third (19.7%) highest group consisted of respondents who could strongly agree to a certain extent that PAG provide extensive training program for its employees. In addition to those that strongly agreed, the second lowest majority, (18.4%) disagreed with the opinion whilst a small fraction (2.6%) of respondents were strongly disagree with the provision of training provided by the company. The researcher identified that Training and Development contributes in such a way that employees can enhance their dexterity because of these at the time of this study PAG provide more than 35 training packages for employees both in-house and external training to equip its staff.

From the table 4.3, we can see that 40.8% of the respondents are agreed with the perception of PAG has a well-designed and widely shared training policy, but 25 % of the respondents are disagreed on the perception and 21.1% are not sure. 10.5% of employees are strongly agreed and 2.6% are strongly disagreed on the policy of training program.

Respondents were asked again if they think that the resource used the training program is satisfactory, and half of the respondent 51.3% agreed the idea; equally 19.7% of the participants are disagreed and not sure on the idea and 5.3% of respondents expressed their powerful agreement on resource used for training program.

Regarding proper need assessment for training selection, 43.4 % of the respondents disagreed, 17.1% of individuals are not sure and 32.9 % of the respondents

agreed that selection for training is based on proper need assessment. In addition to this, the interview result also shows that there exists subjective decision during selection which the training department is troubled about. As the figure is enormous, the organization is required to investigate the issue further and bring some solution to minimize the problem.

43.4% of the respondent strongly agreed that there is a department that follows training and development program and also 27.6 % of the employees are agreed, whereas 22.4% of the employees are not sure on the existence and functionality of the department.

Finding from table 4.3, shown as 34.2 % of the respondent strongly agreed that PAG management give due attention for training and development program and also 47.4 % of the respondents share the opinion of 26 staff. Unlikely, 10.5 % of the respondent are not sure whether top management give attention for training and development program need, whereas, 6.6 % of the respondents disagree on the idea.

On the other hand, respondents were asked if the company provides formal training to promote skills to new hires as well to promote or existing employees and almost 76% of the respondents have agreed with the idea, 13.2% of them are not sure and the remaining 10% of the respondents are not accepting the idea. It can be inferred that the program can fully support and enable employees to promote and implement on their job.

We can observe that 25% of respondents strongly agreed that the training provided is very much relevant to the job and majority 61.8% are agreed while 10.5% of the respondents are not sure either it matches with their current job. And 2.6% of the respondents are disagree and they accept as it is irrelevant.

Table 4.3 depicts that, 44.7% of the respondents disagreed with the opinion that they were evaluated after they take training program, but 32.9% them have agreed that they were evaluated after taking training program. Similarly, 17.1% of the respondent are not sure they were evaluated carefully, only 3.9 % of them strongly agreed on the opinion and another 1.3% of the respondent are strongly disagree.

56.6% of the respondents agreed that the content and methodology used in the training program is always relevant to the changing needs of their jobs and important for the business to exist. Although, 19.7% were strongly agreed with the opinion while 15.8% responded they are not sure with the training methodology and content. 7.9 % they are disagreed with the opinion. The contents and methodology used in the training program are always relevant to the changing needs of our jobs and our business and there was high degree of effectiveness with mean vale (3.88).

It is identified that induction program is the powerful method for every new employee to give them appropriate knowledge in PAG. It is found 50 % of the respondent strongly agreed that induction is the necessity condition for new employee to have basic knowledge about the organization and 44.7 % of the respondent also agreed on the opinion. While a small percent (2.6 %) of the respondent are not agreed.

Question regarding to planed training and development program 46.1% of the respondent argued that training and development program at PAG is well planned and 11.8 % of the respondent strongly agreed with the issue while 26.3 % of the respondent disagreed. Respectively, 10.5 % of the respondents are not sure that provided training program followed as planned and 5.3% strongly disagreed. The study found that training

and development programs at PAG are not well planned and shown as medium level of effectiveness with mean value (3.33).

69.7 % of the respondents agreed that training makes them to work hard and their job satisfaction were increased; 23.7% of the respondents also strongly disagreed to it. This indicates that on-the-job training especially for operation managers how to use current customs system (ECMS, IFFS) help them to familiarize the system and which makes them to love their job.

Regarding the overall effectiveness of training and development programs offered by PAG to its employees, 71.1% of respondents agreed that the company provide an effective training and development program and 13.2 % also strongly agreed with the opinion. While 14.5 % of the respondent not sure the overall effectiveness of training and development provided by the company. Small percent only 1.3 % of the respondent disagree on the opinion.

4.2.3.1 Interview response on Training and Development practice

❖ *Please describe your training and development needs assessment procedures? Is it implemented effectively?*

For employees within the organization managers are expected to discuss training and development needs with each of their staff at least annually as part of the Performance Review and Planning process. Finally, area managers include their total planned training need with their annual plan and the training departments collect from each branch annual plan report.

For new employees once they take placement on-the-job training given to employees who assigned for any position. Senior staff trains new hire on customs system,

IFFS, the process of container interchange, on line booking and transit work without need assessment. The manger argued that for new staff who assigned as “Operation Manager”, they may take 40 hours external training on customs policy and other customs related issues.

❖ What kind of training provided by PAG? Are they effective in meeting the desired goal?

Currently PAG provide more than 8 training packages internally (on-the-job) and 35 external training packages in collaboration with external vendor for its staff, said the manager. Accordingly, the manager argued that currently the department organizes training for staff at Beherawi and can set up specific sessions to meet identified needs for a department or section group of departments, or occupational group. Even though it is short period of time since the department established, they plan to meet the desired goal within short period of time.

❖ How do you select an employee for training and development program? How do you decide what training is appropriate for a specific staff member?

For external training depending upon the nature of the course and the time frames, previously nominations may be sought by the HR Director and CEO. But currently Director of Training department consult the management committee who need to take the training. The type of training decided be the current market nature and some trainings are sponsored by external bodies. The intention behind sponsoring staff from company budget may be expected to pass on the knowledge and skills gained to a wider group once after they received the training.

❖ *How do you ensure that a staff member who attended a specific training is applying what he/she has learned?*

Training which aim to shaping the behavior of individual is difficult to measure after they took the program. But training provided to Operation manager, Marketing officer, cargo manager and OPA are easily evaluated by their performance after taking the training. Familiarity with the system, number of amendments per operation and performing each operation as per the KPI are the measurement tools for controlling staff after taking training.

❖ **In your opinion how effective training and development programs provided by PAG?**

According to my perception currently training and development program provided in PAG are effective, said the Director.

4.2.4 Reward and Compensation Practice in PAG

Table 4.4: Reward and compensation practice

Questions	Rating										Mean
	Strongly agree		Agree		Not sure		Disagree		Strongly disagree		
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	
PAG Executive management makes a compensation decision	36	47.4	28	36.8	7	9.2	3	3.9	2	2.6	4.22
The focus of compensation and reward is to attract, and retain employees in the organization	6	7.9	28	36.8	26	34.2	16	21.1	0	0	3.32
The reward and compensation schemes provided by PAG are sufficient	7	9.2	35	46.1	16	21.1	16	21.1	2	2.6	3.38
I am satisfied with the current salary and other benefits I earn in PAG	7	9.2	43	56.6	8	10.5	13	17.1	5	6.6	3.45
Pay increments offered by PAG are satisfactory	6	7.9	36	47.4	11	14.5	17	22.4	6	7.9	3.25
PAG follows the policy of matching pay with performance	9	11.8	32	42.1	16	21.1	16	21.1	3	3.9	3.37
Rewards and incentives are fairly distributed in our organization	9	11.8	40	52.6	14	18.4	11	14.5	2	2.6	3.57
Rewards in our organization are strictly linked to employee performance	12	15.8	49	64.5	11	14.5	4	5.3	0	0	3.91
I am given an annual financial bonus based on the individual performance of the year	13	17.1	41	53.9	13	17.1	7	9.2	2	2.6	3.74

Source: survey questionnaire, 2019

Based on the above table 4.4 data findings regarding Reward and Compensation practice explained as follows:

47.4% of respondents strongly agreed that compensation decision is controlled by executive management and also 36.8% agreed while 9.2% of the employee are not sure that compensation decision decided by executive management. The study indicates that PAG Executive management makes a compensation decision and it shows high level of effectiveness with mean value (4.22) and reward and compensation decision highly influenced by good-wellness of the management body.

Employees were asked regarding compensation and reward program aimed to retain and attract employees. Out of the total respondent almost 36.8 % of the respondent were agreed that the aim of reward and compensation program at PAG is mainly to retain and attract employees. In contrary 34.2 % of the respondent are not sure the primal focuses of reward and compensation program while 21.1 % of the respondents were disagree. From the data the researcher found the focus of reward and compensation scheme in attracting and retaining employees were not effective and can easily show as mean vale (3.32), which is medium level of effectiveness. These indicate that the focus of reward and compensation program is not clearly identified by the company to its employees.

Related with sufficiency of reward and compensation schemes provided by PAG, 46.1 % of the respondents agreed that the company provide a sufficient reward and compensation scheme and 9.2 % of the respondent also strongly agree while 21.1 % of the respondents are not sure and 21.1% disagree respectively on the opinion. Finally, 2.6% of the respondent strongly disagree that the reward and compensation scheme

provided by the company is not sufficient. The study found that reward and compensation schemes provided by PAG are not sufficient and shows medium level of effectiveness with mean value (3.38). This indicate that even though, some of the respondent agreed the sufficiency of reward and compensation scheme provided by the company, there is still a room to improve the reward and compensation scheme in order to satisfy majority if the employees.

Associated with question “I am satisfied with the current salary and other benefits I earn in PAG”. 56.6 % of the respondent agrees that they are satisfied with their current salary and benefit received and 7 % of them also strongly agreed. Whereas 17.1 % of the respondent disagree that they were not satisfied with their current salary and benefit received in addition to this 10.5 % of the respond are not sure and 6.6 % also strongly disagree.

When the respondents were asked whether pay increment offered by PAG are satisfactory, 47.4 % of the respondent were agreed that the company offered a satisfactory pay increment while 22.4 % of them were disagree and 14.5% of the respondent are not sure whether the pay increment is satisfactory or not. Equal portion of the respondent (7.9%) strongly agree and strongly disagree, respectively. From the finding we can conclude that even though the companies offered satisfactory pay increment all staff is not satisfied with the pay increment.

Based on the above table 4.4, 42.1% of the respondents agreed that the company has policies which match individual pay with their performance while the remaining, 21.1%, 21.1%, 11.8% and 3.9% disagree, not sure, strongly agree and strongly agree respectively. Despite employees are agree the study shown that medium level of

effectiveness with mean value (3.37) shown with respect to policy matching pay with employee performance. These indicate that the company has strong policy which attached employee with high performance get better pay and vis-verse.

With regards to statements asked respondents agreement on fair distribution of reward and incentive the results in table 4.4 shows that 52.6% of the respondents were agreed on the statements “reward and incentives are fairly distributed in PAG”, 18.4% indicated they were not sure ‘, 14.5% indicated disagree ‘, 11.8% strongly agree and 2.6% indicated strongly disagree.

When employees were asked about the linkage between reward and individual performance, about 64.5% said they agree, 15.8% said they strongly agree, 14.5% said not sure and 5.3% said they disagree. This implies that majority of the respondents were accept rewards in PAG are strictly linked to individual employee performance.

Finally, employees are asked to give their opinion on they received annual financial bonus based on the individual performance of the year. 53.9% of the respondent agree on the opinion, 17.1% associated with strongly agree, 17.1% associated with not sure, 9.2 % associated with disagreement and 2.6% associated with strong disagreement. This implies, employee’s annual performance evaluated strictly and as per the organization policy 10% of the profit distributed to its employee based on their performance evaluation.

4.2.4.1 Interview response on reward and compensation practice

❖ In your own opinion, please explain procedures to reward and compensate employees?

The interviewer gives his opinion by emphasizing on need for rewards and recognition in building the reputation of the company. He argued that reward and recognition play an important part in motivating employees and improving performance. A carefully designed reward system can greatly enhance an organization's effectiveness and productivity. Accordingly, PAG implement two type of rewarding scheme; one on six-month base which is to give recognition for those outstanding employees twice a year and the second performance appraisal made on annual base to measure all employees' performance within the budget year.

The process of appraisal describes as follows:

- For six months award the HR department send Six-month performance appraisal form either by e-mail or hard copy. One of the strong parts of the company in regarding performance appraisal selection for six-month award is they implement a system call Integrated Performance Appraisal System, which is filled electronically and selection analysis based on computer. All employees are requested to give rate for a highly performed outstanding staff from each department and finally the management will give recognition to 8 award winner a certificate and money for their best performance.
- For Annual performance appraisal it different from the six-month award, which is One-To-One evaluation system. The HR department sends the Appraisal form to all employees and Department heads. Appraisal form sent to employees consists of three main parts: the first parts the employee evaluate himself what he/she done within the budget year. Second part the employee distributes their questioner to his colleagues from different department to evaluate him what he performs within the budget year.

Finally, there is one page which his line manger fills and evaluate his performance. The appraisal form submitted to HR department before end of the year, which is end of the second week November.

The next step each line managers (department heads) evaluate their staff based on different criteria and submit the appraisal form to HR department.

Finally, all filled appraisal form distributed to all area managers and to CEO. The one-to-one evaluation system start on December for the budget year, all area mangers and CEO will start to evaluate the employee's performance. One-to-one evaluation system is a mechanism by which employee states his/her strong and weakest part them face within the budget year and managers give positive feedback regarding their work and give some recommendation to eliminate the weakest part.

The management team give rate based on the filled appraisal form and there one-to-one fed back. The rate from management team is a base line for employee to get bonus, salary and grade increment, and promotion to next level.

Regarding compensation package even though employees are working over the standard working hour they are not properly compensated for that, rather they will receive annual bonus to compensate their over-time work, said the respondent.

❖ ***In your own view, how do financial & non-financial rewards procedure implement at PAG? Are they effectively implemented?***

As stated in the above question the procedure for implementing both financial and non-financial rewards is clear. Response from interviewer also argued that rewards should be given for significant outstanding performance that advances unit goals and should be tied to a specific accomplishment. In accordance with this PAG

follows proper procedure for implementing these types of reward scheme. In addition to that, in PAG rewards designed to reflect the unique nature of the unit's work culture and organizational structure. Finally, the respondent agreed that the company effectively implement both financial and non-financial reward scheme.

❖ *How effective are the reward and compensation system in meeting company objective?*

All employees at PAG know what they should do to support the business priorities and that this support leads to rewards. There is an effective two-way communication between employees and management bodies which helps how employees understand the link between goals and rewards. Providing rewards that are attractive ensures that employees will be motivated to meet goals. As a result, PAG shows a consistent growth since its establishment. Finally, the respondent concludes that reward and compensation system at PAG meet its business objective and effective.

4.3 Data Interpretation and Discussion

4.3.1 Effectiveness of three HRM Practice in PAG

Effectiveness measurement scale in this research adopted from (Hild & Anis, 2018). Accordingly, the mean value of (1-2.33) indicates low effectiveness level, mean vale of (2.34-3.67) indicates medium effectiveness level and the mean value of (3.68-5) indicates a high effectiveness level.

Table 4.5: Mean value of three HRM practice

	N	Mean
Recruitment & selection	76	3.7143
Training & Development	76	3.7030
Reward & Compensation	76	3.5775
Valid N (listwise)	76	

Source: survey question (2019)

Table 4.5 has clearly shown effectiveness of the three HRM practice (recruitment and selection, training and development, and reward and compensation) at PAG. The mean response of implementation ranged from 3.57 for compensation to as high as 3.71 for recruitment and selection.

Objective 1: To assess the effectiveness of recruitment and selection practice at PAG and identify the various area where there can be scope to improve

The finding of this study from table 4.5 shown there is high level of effectiveness for recruitment and selection practice at PAG with the overall mean value (3.71).

Discussion regarding individual mean value for all statements pertaining the effectiveness of recruitment and selection practice in PAG presented under table 4.2 shows some question are falls under medium level effectiveness (mean < 3.67) and other shows high level effectiveness (mean>3.68).

Breugh et al, (2000), mentioned that employee referrals have very active impact on the applicant's response as compared to newspaper advertisement. The finding from current study shows that Job hiring through employee referral gives a competitive advantage for PAG with the mean value of (4.01). Current study support *Breugh et.al*, findings.

Carless, (2007) has argued that if the recruitment process is not effective to bring enough pool or applications, then it is very difficult for the organization to make effective selection for a specific job. Current study also supports previous finding by showing that HR provide an adequate pool of quality applicants with mean value (3.79).

Fairness has remained one of a most important aspect of the effective recruitment and selection procedures because this helps the organizations to generate a large pool of applicants on which effective selection depends which has been supported in an earlier research by (Harris, 2000), that the organizations which have higher procedural fairness perception among the applicants are able to generate a large pool of applications for selection. This study also finds out that the recruitment and selection process in PAG was fair and transparent with the mean value of 3.83, which is high level of effectiveness. From the finding PAG HR department ensure that recruitment and selection processes were designed fair and free from biases which help them to select best candidates, regardless of their background or other irrelevant factors.

Researchers have stressed the fact that the recruiters should be more observant towards the first phase of the recruitment process as it can prove to be very crucial in terms of selecting the right people to do the job (*Barber, 1998; Rynes, 1991*). In contrary to this literature the current finding with the mean value (2.96) shows that PAG has

medium level of effectiveness in putting the right person for the right job, which indirectly implies that PAG face problem in getting the right candidate from the labor market. From the data we can summarize that right employees at PAG are not taking the right place. Finally, the finding shows that in getting the right person for the right position PAG face difficulty and in some position qualified staff are not taking the position and as a result experienced employee were leaving the company.

Previous literature by Ivancevich (2004), mentioned that external recruiting is an important method to seek competent and high-quality candidates. The findings from this study also shown that external recruitment brings fresh ideas to the company and also response from interviewer argued that getting qualified staff from existing employees for some position like OP, cargo manager is difficult, so external recruitment method was selected. Outsiders are not enmeshed in organizational politics, making them less susceptible to unproductive influences by peers and subordinates. Finally, external hiring fills one vacancy without creating another, whereas internal hiring creates a cascade of new vacancies along the job hierarchy.

Objective 2: To study effectiveness of Training and Development practice in PAG

Training evaluation measurement is one of decisive tool for identifying the effectiveness of training and development program.

According to Alvarez et al. (2004), training effectiveness focuses on the learning system as a whole thus providing a macro view of training outcomes whereas, training evaluation focuses only on the learning outcomes therefore it provides a micro view of training results. In supporting Alvarez et.al finding this study finds out that training and

development practice are effective with mean value (3.7), while it contradicts with training evaluation aspect.

Alkesander et.al (2005), on their finding employees should be evaluated by comparing their newly acquired skills with the skills defined by the goals of the training program. Current study revels with the previous finding, 44.7% of the respondents disagreed with effective training evaluation while 32.9 % of the respondents agreed that training is effectively evaluated in the company. 17.1% of respondents are not sure that trainings are evaluated effectively and 3.9 % are strongly agreed that training evaluation exist after they take a training program. This indicates that even-though the mean value for the overall training and development program of PAG effective, there is scope to improve the effectiveness of training evaluation which is a very important component in the program.

According to Longenecker and Fink (2005) training leads to better performance; ineffective training creates problems; training must be a managerial priority; managers must create a system for training that is tied to actions that ensure effective outcomes and educating workers to see the big picture is paramount. They mentioned that in all the organizations, the people in charge of the employees is very keen to make training available to their people and make it an absolute necessity. By doing so, the company can achieve great results and thus gain competitive advantage over the rival firms. The finding from current study supports the literature, by showing high level of effectiveness with mean value (4.07). The respondent argued that top management give due attention for the type of training and development programs provided for employees in PAG.

Objective 3: To study effectiveness of Reward and Compensation system in PAG

The study indicates that reward and compensation system in PAG has medium level of effectiveness with mean value of (3.57).

According to Lawler (1995), reward management has the following aim; attracting and retaining employees, motivating performance. The current study supports the literature by arguing that the focus of reward and compensation scheme in PAG is to attract and retain employees, but in terms of effectiveness level this scheme doesn't meet the required target as a result we can recapitulate that reward and compensation scheme at PAG were not effective in attracting and retaining employees with mean value (3.32).

Oluoch (2013) maintained in his finding that individuals were satisfied by the reward they received from the organization. In contrary with the previous study, the current finding shows pay increment made by PAG was not satisfactory and employees are not fully satisfied with the current salary and other benefit they received from the company. As a result, medium level of effectiveness achieved with mean value of (3.25 & 3.45) respectively.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 SUMMARY

This section presents the summary of the most significant findings from the results and discussion section.

- Majority of the respondents and selected managers said that PAG recruit competent candidate directly from Universities/colleges and it is one of a recruitment strategy/channels currently the company follows. In comparing with other medium level effectiveness response, in PAG job responsibilities and job description are not clearly defined before candidate are recruited and it has a lower medium level of effectiveness at (2.79) mean value;
- When we come to source of recruitment; even though PAG use both internal and external source of recruitment to find the best candidate, the recruitment process at PAG give less emphasis to internal source of recruitment with a mean value 2.92 while Job hiring through employee referral gives a competitive advantage for PAG and it was shown easily by a mean value 4.01.
- Fairness in recruitment procedures has been directly influencing the fairness of selection procedures, with respect to this premises the recruitment and selection process in PAG are fair and transparent mean of 3.83.
- In bringing competent and desirable candidate, external recruiting was more desirable than internal recruiting. From the finding high level of effectiveness with mean value 3.93 achieved and respondent conclude that PAG recruitment process give more due

attention for external recruitment expressed in terms of mean value 3.8 as higher level of effectiveness.

- As reported under interview question response the criteria for selecting candidates are academic qualification, candidate analytical and communication skill during interview process, background and reference check. In supporting interview response, selection tests administered to fill vacancies are highly related with the job and shown at mean value of 3.79, which implies that selection test for new jobs, were highly effective. The researcher finds out that during selection process both oral and written interview method are used to select qualified candidate. Written exam which mainly highlighting the service nature of the company and how far the candidate understand and act to achieve the required criteria from the company.
- Respondents argued that for effective recruitment and selection process HR need to provide an adequate pool of quality applicants which can be shown easily by mean value 3.79 and indicate high level of effectiveness.
- Regarding extensive training program provision, medium level of effectiveness achieved with mean value (3.47). According to training manger response for the current budget year more than 25 training package both on-the-job as well external training package were provided for employees. Extensive training package by itself doesn't show the effectiveness of training and development program rather need assessment effectiveness measure the effectiveness level. Training to be effective proper need assessment of selection must be assured, otherwise it creates dissatisfaction among employees and the company incurs additional cost. The finding

- from the study shown selection of employees for training is not following proper need assessment which can be shown as mean value (2.92) medium level of effectiveness.
- Mean value (4.05 & 4.07), respectively shows there is a department assigned to conduct and provide training program and Top-level management gives attention for the proper implementation of training program. As a result, overall effectiveness level can be strongly supported by this finding. In addition to this, employees strongly agree that the type of training they received match with their current job, induction program are relevant for them to acquire new knowledge regarding the nature of work activity takes place in the company, and training program improve their job satisfaction which is supported by the mean value of (4.09, 4.42 & 4.16), respectively at the highest level of effectiveness.
 - From the interview the finding shows that PAG provide on-the-Job and external training for new hire especially for Marketing Position, OPM and OPA. The types of training for OPM are ECMS and IFFS. ECMS training program is provided by external vendor called FKL, aim to familiarizing new hire with the new customs system and IFFS provided internally to equip them with company internal system. The finding from collected questionnaire also support that PAG provides formal training to promote skills to new hires as well as to promoted or existing employees and it is effective with mean value of (3.89)
 - The effectiveness of any training program is determined not only by the successful acquisition of critical knowledge but also the ability to effectively transfer that knowledge to the performance environment, but the finding from current study shown as employees are not evaluated properly after they were taken any training program,

which can be shown by a mean value (2.93). The implication behind the finding states that if training program were not properly evaluated the effectiveness of the program is in question. Thus, still there are rooms which training department needs to improve for better success.

- Pay increments are a type of extrinsic reward which important to motivates employees in developing their skills and competence which is also an investment for the organization due to increased productivity and performance. The study found that pay increments offered by PAG are not effective as expected and it can be shown with mean value (3.25). In addition, employees were asked whether or not they are satisfied with the current salary and benefits received from PAG. The study indicates that employees were not satisfied enough with current salary and benefit package provided by the company and the mean value shown as (3.45) medium level of effectiveness. Related to fair distribution of rewards and incentives, the study found that fair distribution of rewards and incentives are not effective to meet the desired target and can be shown with mean value (3.57). Despite the above fact one of the finding shown that employees were received an annual financial bonus based on their performance evaluation and the mean value (3.74) shown as high level of effectiveness.

5.2 CONCLUSION

This paper aims to evaluate the effectiveness of three HRM practice (recruitment and selection, training and development and reward and compensation) in PAG. Foregoing from the findings from this study, the researcher made the following conclusions;

For every organizational success, the quality of human capital is a determinant factor. To develop the freight forwarding sector in Ethiopia, the right person should be placed for the right position and this can be achieved through by implementing a sound recruitment and selection policy at all private freight forwarding companies. The interviewees emphasized that the number of people holding a logistics degree is currently adequate on paper, but unfortunately, graduates do not possess the skills or the knowledge required in practice. As a consequence, positions are held by unqualified staff or left vacant despite a large number of applicants. Effective implementations of the recruitment and selection process are important for human resource management and are crucial in affecting PAG future success. From the analysis, effective recruitment and selection is a primary concern to PAG in order to get the best of employees, however, it faces lots of challenges in its hunt to recruit its workforce. Despite these challenges, it was realized that effective recruitment and selection of employees extend determines the performance of the company to achieve its goals. Placing the right person for the right position can motivate employees by avoiding dissatisfaction and it maintains a better work environment. Finally, job satisfaction rises and high labor productivity maintained, as a result, it becomes easy to retain a professional employee.

The recruitment process of PAG currently gives strong emphasis to external recruitment method (i.e, candidates those have high academic qualification are recruited directly from Universities) and employee referral method. Even though the recruitment process is strict in eligibility criteria, newly hired employees observed that employees were not placed in the right position, as a result, they were forced to leave the company. Currently, in addition to those problems; increasing demand for professional logistics staff from the sector makes difficult to retain experienced employees.

Finally, from the discussion, the researcher finds out that PAG has equal employment opportunity policy and intent to hire and provide all staff with the opportunity to grow, develop and contribute fully to the company success without regard to race, color, religion, sex, sexual orientation, gender identity, disability, marital.

Training is a key element for improved performance; it can increase the level of individual and organizational competency. It helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of work performance.

Even though the establishment of training department is at infant stage with long-run strategic vision, currently it incubates competent staff within a short period of time to alleviate professional manpower shortage in the market and also to become a pool for logistics professional. Because of the very dynamic nature of the sector, effective training to employees enhances skills, competency, ability and ultimately worker performance and productivity in organizations. It followed that organizational success relied on the skills and abilities of their employees, and this means that organizational success depends to an extent on considerable and continuous investment in training. This would ensure an

adequate supply of staff that is technically and socially competent and capable of being developed into specialists for the relevant departments or management positions. In PAG there is a continual need for the process of staff development, and training fulfills an important part of this process. The success of PAG depends on the competency of its employees and building the capacity of employees was a strategic decision for the company. The training department shoulders a responsibility to improve the quality of workers and provide an appropriate training program for their future growth. Not only the training department, but top management also give due emphasis for periodic evaluation of pre and post training program for continuing the high level of effectiveness.

The purpose of the training was to overcome the performance deficiency of employees. PAG has a dedicated training department which aims to provide and conduct all training package effectively. The response from employees shows that the type of training provided by the company is directly related to the job they perform as a result they were satisfied and their performance becomes improved. Therefore, we can summarize that the training and development program in PAG was effective but to have continual effectiveness level the department needs to prepare and develop a better evaluation method after employees taking the training. Even though the company provides an extensive training program, needs assessment for training lags behind the expected level of effectiveness, so strong need assessment be a necessary condition for implementing effective training and development programs.

Effective implementation of compensation system control labor cost, improve employee productivity and boost service quality. Although, effective compensation and reward system are essential for attracting, retaining and motivating employees in today's

business environment towards the achievement of freight forwarding companies. As a result, evaluating the effectiveness of reward and compensation scheme play vital role in enhancing organizational effectiveness; not only that rewarding and recognizing high performer individual play an important part in motivating employees and improving performance. Based on the present study, the company develops a recognition program for high performer employees every six months which focus on both monetary and non-monetary reward for employees, like the employee of the year.

According to Irshad (2008), compensation plays an important role in the recruitment and retention of talented people. He also argued that attracting the best people and pulling staff from competitors require better compensation. The research finding in this study shows a medium level of effectiveness and staffs were not fully satisfied with the current reward and compensation scheme provided by the company. The company policy states that employees are not compensated for their overtime work immediately; rather they were getting an annual bonus based on their performance. But employees are not fully satisfied by the amount they get and it makes them see other opportunities.

Finally, we can summarize that the PAG compensation program rewards strong performance and its training programs help overcome weaknesses and underperformance of its employees. PAG also emphasizes employment development through on the job learning and training.

5.3 RECOMMENDATION

In view of the above conclusions drawn from the findings, the following recommendations were made to contribute to the effectiveness of three HRM practice in PAG. The essential benefits of the effectiveness of three HRM practice cannot be overlooked; nevertheless, the following recommendations must be well noted.

❖ **Related with recruitment and selection Practice**

- With respect to the first finding, it is recommended that, for the success of PAG as well for freight forwarding company in Ethiopia right person should take the right position.
- Although PAG uses both internal and external recruitment method to recruit employees. From the finding employee referral and college recruit are the two widely methods used by PAG. To make employee referral effective PAG need to prepare a referral bonus for current employees and, this helps motivation and, also increases the current database of potential candidates, which inevitably increases the talent pool; It also led to lower staff turnovers by recruiting and retaining top talent. Finally, with respect to college recruitment channel PAG were effective in recruiting employees but it is not diversified as a result the company should modify the vacancy announcements channel to get more experienced candidate.

❖ **Related with Training and Development Practice**

- Even though PAG provide extensive training and development program. Evaluating training effectiveness helps employees to effectively transfer that knowledge to the performance environment. After the completion of the training program training department should take feedback from candidates about training.

That will help PAG to organize training more effectively in the future. Therefore, it is recommended that evaluation of training programs should be done regularly to keep a check on the limitations and drawbacks and ensure the success of training programs effectiveness. Although, the training programme should be planned so that it is related to the trainee's previous experiences and background. Finally, the identification of the training needs should be done in view of fast changing technology and cost-effective way.

❖ **Related with Reward and Compensation System**

- The study found reward and compensation scheme in PAG is not effective as a result, PAG management should design, formulate and implement effective compensation and reward strategy objectively in order to attract and retain high talent employee.
- The compensation system should evaluate on an ongoing basis to ensure that it is accomplishing the desired objectives in a fair and cost-effective manner, in addition, special allowance such as overtime pay and sales commission should be provided to employees to motivate them to meet business goal.
- Finally, PAG management should carry out a market survey to determine what demands most to the employee in order to know the type of reward and compensation suitable for their employees.

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APPENDICES

Addis Ababa University School of Commerce

MA Program in Human Resource Management

APPENDIX 1: Questionnaire for Employees

Dear respondent

I am requesting you to fill this questionnaire, which is aimed at collecting data on the effectiveness of selected human resource management practices at Panafric Global PLC.

Your opinions on the effectiveness of the HRM Practice at PAG, are important to the business and also to the success of HR service delivery. The information gained in this survey will be used for research purposes and to guide us in developing strategies for corrective action.

Please participate in this survey and answer all questions honestly and objectively. You have been selected to be one of the respondents in this study. The information provided will be treated with strict confidentiality and shall not be used for any other purpose except for academic purposes. Thank you very much for your cooperation.

Thank You!

Respondents' background information (please tick your most right choice).

1. Gender of respondent

1. Male 2. Female

2. Education level

1. Certificate Holder 2. Diploma
3. Degree 4. Master's degree
5. Others specify.....

3. Age of respondents

1. 25-30 2. 31-35 3. 36-40 4. 41-45 5. 46-above

4. What is your marital status?

1. Married 2. Unmarried

5. How many years have you worked at PAG?

1. 1-2 2. 3-5 3. 6-10 4. 11-15 5. >15 years

6. Under which department are you working?

- | | | | |
|---------------------------|--------------------------|---------------------|--------------------------|
| 1. Operation | <input type="checkbox"/> | 6. HRM | <input type="checkbox"/> |
| 2. Data Administration | <input type="checkbox"/> | 7. Transport | <input type="checkbox"/> |
| 3. Finance | <input type="checkbox"/> | 8. Packing & Moving | <input type="checkbox"/> |
| 4. Marketing | <input type="checkbox"/> | 9. IT | <input type="checkbox"/> |
| 5. Training & Development | <input type="checkbox"/> | | |

7. Employee position in the Organization

1. Management group
2. Middle Manager
3. Normal Staff

SECTION A: Human Resource Management Practice

Please express how far these practices are implemented effectively in your organization by indicating your level of agreement/ disagreement on a five-point scale

1. Strongly disagree 2. Disagree 3. Not sure 4. Agree 5. Strongly Agree

No	Statement	Rating				
		1	2	3	4	5
Recruitment and Selection Practice						
1	PAG places the right person in the right job					
2	PAG has clear internal Policies and procedure on recruitment and selection of employees					
3	Recruitment and selection process of PAG is quite rigid in terms of eligibility criteria					
4	The recruitment and selection process in PAG are fair and transparent					
5	When vacancies occur, existing employees are considered					
6	External recruiting brings out more desirable employees than internal recruiting.					
7	Job responsibilities and job description are clearly defined					
8	The recruitment process of PAG focuses more internally					
9	PAG has equal opportunities for all potential candidate					
10	The recruitment process of PAG focuses more externally					
11	Selection tests administered to fill vacancies are related with the job					
12	HR provide an adequate pool of quality applicants					
13	Job hiring through employee referral is the best recruitment method for PAG					
14	PAG has effective recruitment and selection practice					
Training and Development practice						
15	Extensive training programs are provided for employees at PAG.					
16	There is well designed and widely shared training policy at PAG					
17	The resource used the training program is satisfactory					
18	Selection for training is based on a proper need assessment					
19	There is a department assigned to follow up training and development program in PAG					
20	Top management give due attention for training and development programs for employees in PAG					
21	PAG provides formal training to promote skills to new hires as well as to promoted or existing employees.					

22	Available training matches with my job						
23	I was evaluated after taking each training program						
24	The contents and methodology used in the training program are always relevant to the changing needs of our jobs and our business						
25	PAG carries out an induction program for every new employee to give them appropriate knowledge						
26	The training Process at PAG affect normal working hour						
27	Training makes me to work better with job satisfaction						
28	The overall training and development programs at PAG are effective						
Reward and Compensation System							
29	PAG Executive management makes a reward and compensation decision						
30	The focus of compensation and reward is to attract, and retain employees in the organization						
31	The reward and compensation schemes provided by PAG are sufficient						
32	I am satisfied with the current salary and other benefits I earn in PAG						
33	Pay increments offered by PAG are satisfactory						
34	PAG follows the policy of matching pay with performance.						
35	Rewards and incentives are fairly distributed in our organization.						
36	Rewards in our organization are strictly linked to employee performance						
37	I am given an annual financial bonus based on the individual performance of the year.						

Section C: Interview Guide

Interview with Area Managers, Human Resource Management Department Heads, and Department Heads at PAG.

a. Recruitment and selection

1. In your own opinion, please explain the recruitment and selection policy of employees at PAG?

.....

2 In your own opinion, do you think the recruitment procedure at PAG is effective?

Yes No

If your answer to question 2 above is no, please explain:

.....
.....

- 3 What are the major barriers which hinder the effectiveness of the recruitment and selection of candidate at PAG? And what are your recommendations concerning the improvement of the recruitment process at PAG?

.....
.....

- 4 Does the Human Resource Management Department have a significant influence on the recruitment and selection decision?

.....
.....

- 5 Do you think that the HRM department has enough capacity to discharge its function of recruitment and selection effectively?

.....
.....

- 6 What selection criteria are mostly considered for the selection of employees?

.....
.....

b. Training and Development

1. Please describe your training and development needs assessment procedures? Is it implemented effectively?

.....
.....

2. What kind of training provided by PAG? Are they effective in meeting the desired goal?

.....
.....

3. How do you select an employee for training and development program? How do you decide what training is appropriate for a specific staff member?

.....
.....

4. How do you ensure that a staff member who attended a specific training is applying what he/she has learned?

.....
.....

5. In your opinion how effective our training and development programs provided by PAG?

.....
.....

c. Reward and Compensation

1. In your own opinion, please explain procedures to reward and compensate employees?

.....
.....

2. In your own view, how do financial & non-financial rewards procedure implement at PAG? Are they effectively implemented?

.....
.....

3. How effective are the reward and compensation system in meeting company objective?

.....
.....