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**THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT
PRACTICE ON EMPLOYEE PERFORMANCE IN THE CASE OF:
AWASH BANK**

By

Seble Worku Beje

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Advisor: Asres Abitie (Ph.D.)

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Addis Ababa, Ethiopia

DECLARATION

I, Seble Worku, declare that the thesis entitled “the effect of strategic human resource management practice on employee performance in the case of Awash Bank” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Asres Abitie (PhD) in which any other contributors or sources used for the study have been duly acknowledged. Moreover, this study has not been submitted for the award of any degree or diploma program in this or any other institution.

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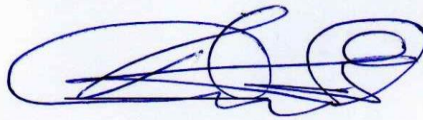


Signature

22/1/25

Date

Asres Abitie(PhD)



Signature

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APPROVAL SHEET

This is to certify that the thesis entitled “The effect of strategic human resource management practice on employee performance in the case of Awash Bank”. To Addis Ababa University for the award of Master degree in business administration (MBA Management) and is a record of bona fide research work carried out by Seble Worku Beje. Therefore we hereby declare no part of the thesis has been submitted to any other university or institution for the award of any degree or diploma.

Asres Abitie (Dr.)

Name of advisor



Signature

20-3-28

Date

Meskerem Mitiku (Dr.)

Internal Examiner



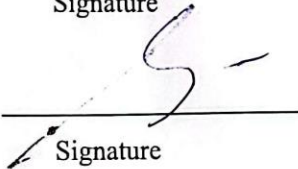
Signature

20-03-25

Date

Tariku Jebena (Dr.)

External Examiner



Signature

20/03/2021

Date

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Acronyms/Abbreviations

SPSS: Statistical Package for Social Sciences

RBV: A resource-based view

SHRM: Strategic human resource management

HR: human Resource

HRM: human resource management

HRP: human resource planning

CIPD: Chartered Institute of Personnel and Development

KSA: Knowledge, Skill & Ability

MIS: Malaysian skill institute

SHRMP: strategic human resource management practice

HEL: higher education institute

UK: United Kingdom

OP: operational planning

ABSTRACT

This study aims to analyze the effect of strategic human resource management practice on employee performance in the case of Awash Bank at head office and southern Addis Ababa district branches. The research adopts quantitative research approach in which both descriptive and explanatory research design are applied. For which stratified sampling techniques have been to select the study sample from the target population of the study. Out of the 152 of the bank employees approached for the study from Awash Bank at head office and southern Addis Ababa district 141 employees effectively responded to the research survey questionnaire. Both primary and secondary data sources were applied for this study. The secondary data was used to assess the existing processes, policies, procedures, and forms utilized by the HR department of the Awash Bank while the primary data was collected through a questionnaire that included mainly close-ended questions and some open-ended questions which were applied for respondents at managerial positions. Quantitative data obtained from the survey analyzed using SPSS software package. Statistical analysis techniques like correlation and regressions methods are used to examine the relationship between the dependent Employee performance in our case and independent variables which are SHRM practices such as career planning, training & development, performance appraisal, recruitment, reward management and employee performance. The outcome of the quantitative analyses is presented using bar charts, graphs, pie charts, and tables. Accordingly, quantitative assessment outcomes are presented in the form of frequency distribution tables and bar graphs. The findings of the Regression analysis revealed significant positive correlations between four of the SHRM practices (independent variables) and employee performance metrics. Particularly the reward management and performance appraisal practices had the most substantial impact on employee performance outcomes. While Training & Development and Selection & Recruitment are also expressed positive relationship with the outcome variable, albeit weaker. This study contributes to the understanding of the positive relationship between effective SHRM practices and employee's performance outcomes. Which in turn offers practical implications for HR strategies and practices in the banking sector.

Keywords: *Career planning, Recruitment and Selection, Training & development, Compensation/ reward management, Performance Appraisal and Employees' Performance.*

CHAPTER ONE

1. Introduction

1.1 Background of study

Many companies today recognize the importance of individuals in meeting their corporate business goals. Clearly, HRM encompasses a significant role in today's organizations. HRM must be forward thinking and balance two primary responsibilities: assisting the organization in its strategic direction and representing and advocating for the organization's employees. HRM must not simply react to what "management" states, rather it must take the lead in assisting management with the "people" component of the organization.

Moreover, an organization's employees can assist in gaining and maintaining a competitive advantage. Attracting and keeping such employees requires HRM policies and practices that they desire. Being a strategic partner also involves supporting the business strategy. This suggests working with administration in analyzing organizational designs, developing culture, establishing effective performance systems, and recommending and implementing changes where necessary (Robbins, 2011).

Strategy can be trace back to the Greek word "strategos" meaning military general. It emanates from root words "army" and "lead" (Legg, 1995). It is Miller, (1991) that link strategy to a market-oriented concept which is basically related to products and services and other practices that contributed towards organizational competitive advantage. Strategic human resource management (SHRM) is crucial in the management of people at work (Armstrong & Taylor). SHRM is a management approach that aims at the development and implementation of strategies to be integrated into organizations overall strategic objectives (Armstrong & Taylor, 2004).

Human Resource Management (HRM) is a strategic and coherent approach to the management of an organization's most valued assets that is the people working in the organization who individually and collectively contribute to the achievement of its objectives (Armstrong, 2006).

Strategic human resource management (SHRM) can be defined as the linking of organizations' strategy to the human resource management function of the organization. HRM teams, as a strategic partner to organizational growth contribute to the formulation and implementation of the organization's strategies through HR planning, recruitment, selecting, training and rewarding of personnel (Sinha, 2014).

SHRM is the practice of attracting, developing, rewarding, and retaining employees for the benefit of both the employees as individuals and the organization as a whole. The best outcome of the strategic human resource practices will be achieved when an organization's HR department interact with other departments within an organization in order to understand their goals and create strategies that align with those objectives, as well as those of the organization.

Without any doubt, in the current business world human resource management plays a vital role within organizations by setting up essential policies and practice. Strategic human resource management is one of the most important aspects of HRM practices that facilitates in implementation of HRM policies in relation to accomplishing organizational goals (Mathis and Jackson, 2008).

Human Resource Management (HRM) is critically important in that it ensures human capital is well managed and that all issues relating to this resource are effectively dealt with. Human Resource Management can be described as a strategic, integrated, and coherent approach to the employment, development and well-being of the people working in organizations. These issues include compensation, recruitment & selection, performance management, organizational development, safety & wellness, employee motivation, communication, administrative support, and training, among others (Armstrong, 2010).

HR is a product of the human relations movement of the early 20th century which was initially dominated by transactional administrative work, such as payroll and benefits administration. However, this limited scope of the Human resource (HR) practice evolved over time and includes additional HR related tasks like selection, recruitment, training, and appraisal, and rewarding of employees.

Moreover, following the trends of globalizations massive changes also came as a challenge for human resource management, which required to be handled effectively for managing diverse workforce (Sunday and Nsobiari, 2016).

The intermediate linkages and processes through which SHRM affect organizational performance have challenged researchers to define and examine their rationale that opens the 'black box' between SHRM and organizational performance (Chuang and Liao, 2010).

According to Duke, j.i, and udono, E.N (2012), it is people who set the agenda, objectives, and strategies of the firm in order to attain operational and strategic goals of an organization. In most cases SHRM systems outline higher level objectives and plans relating to more specialized parts of people management, such as resourcing, learning and development, employee relations, as well as more general organizational considerations, like organizational effectiveness (Emmanuel, 2023).

Currently, the Ethiopian banking sector is passing through a lot of dynamism experiencing significant changes in its operations as well as with regard to the adoption of new technologies. As a result, the industry is facing intense competition nationally as well as internationally. These challenges led the industry to compete based on a competent workforce. Needless to say, the service delivery of banks depends highly on the quality of their work force which is directly related to the effectiveness of its human resources planning (Worku, 2016).

More organizations are turning to the practice of SHRM for sharing experiences and expertise, integrating and generating new knowledge. Motivating the workforce in the organization is the main aim of Innovative Employee Practices which places tremendous value on providing Quality, Service, and Innovation through employees possessing and exhibiting the right Attitude (Bowen D. and Ostroff C., 2004).

HRM is more important than other competitive resources because it is people who use other assets in organization and create competitiveness to realize organizational objectives. Although assessment results indicate that HR practices may have a positive effect on organizational

performance, most scholars underline the need for more conceptual and empirical work for clear understanding in this regard (Brewster 2004; Carden and Stevens, 2004).

Considering the evolution of the service sector, which is characterized by the intangibility of its product by nature, the importance of HRM in terms of HR performance planning and management has become evident in recent years.

This fact looks more evident when seeing the trend currently unfolding in the Private Commercial banking industry. Private Commercial Banks are currently feeling more pressure to deliver a service experience that fulfills customers' expectations. This has been heated up further; with an ever-increasing bargaining power of customers and a growing competitive rivalry among banks, often coming through technological advancement, innovative products, service quality and customer service battles (Hibret Bank, 2016/17).

HR planning involves the process that specifies the activities a firm must use in order to develop its human resources to improve its overall practices (Gatewood & Field, 2001). According to Wofford (2002), strategic planning and formulation of HR framework to align employees to corporate organizational plans and objectives are necessary. Strategic planning seeks to identify the organizational decisions and actions that yield the greatest advantage under various assumptions about the organization and its environment. Wofford emphasized the integration of HR in the organizational strategy as the basis for enabling the HR function to support and implement the strategic plan of an organization to achieve competitive advantages.

In Ethiopia the banking industry comprised over 35 Licensed local private banks as of 2024 (NBE, 2024). Hence, the professional conduct of bankers is critical for the strength of the banking industry and the country's economy. The government is also keen to open the banking sector for foreign banks and investors through the economic open up championed by the government under its home - grown economic reform process. This and the pressure from bank customers, which is reflected in terms of high-quality service requirements, intensifies the competition among local banks.

This in turn makes the competence of bank employees, their professional conduct, and their performance more critical for banks to thrive in the competitive financial sector ecosystem.

Yet, the central issue of whether SHRM guarantees positive employee performance outcomes, the effect of SHRM implementation on Firm performance, and whether employee retention mediates the relationship between SHRM and firm performance remains unresolved. Hence the subject matter of this study is highly critical in which its outcome will inform future HR related strategies and actions of the private and public banks in Ethiopia.

Therefore, this study is designed to examine the effect of strategic human resource management practice on employee performance in the case of Awash Bank at head office and southern Addis Ababa district.

1.2. Problem Statement

Aronson, Halawi & McCarthy, 2005 as cited in Lawrence E., and Kingsley O.O., (2018), argue the success of any business to sustain in the increasingly competitive global economy is no longer ingrained in organizations visible resources, but within firm's human resources. In line with this development HRM in general and SHRM in particular become the critical area to ensure firms competitiveness.

The global market shift and change of customer test has intensified competition this leads organizations to find sustainable competitive advantages.

This in turn underscore the need to sustain a competitive advantage a given business enjoyed from its existing manpower and through building the quality of its human resource through effective recruitment, capacity building and retention as well as through effective measures to protect its HR capital from diffusion and imitation (Corine B., Rory E., David P. L., and Paul B, (2018).

All the discussion above culminates into the need for the adaptation of a SHRM approach which is believed to contribute to the attainment of all short term operational as well as medium- and

long-term strategic objectives of a given business entity. This is expected to be realized by aligning and integrating the strategic human resource systems, procedures, and practices of a given organization with its overarching business strategy, mission, and vision (T.L. Sajeevanie, 2015; Pankaj T., 2022).

However, it is a failure to not effectively align the organizations HRM strategy and practice with the overarching corporate strategic goal can cause the incongruence between their business strategies and Human resource structure, workforce competences and attitudes as well as organizational culture which significantly undermine the competitiveness, growth, and sustainability of a given business (Sunday E. and Nsobiari F. A., 2016; Bhawna S. 2018).

The other limitation mentioned by researchers in the field is related to the over emphasis of studies on a single aspect of organizational performance, namely on the financial or market related outcomes. Zupan and Koše (2005) noted that most of SHRM studies measured organizational performance based on these outcomes despite the outcomes there are more balance indicators to assess organizational performance in holistic manner.

There is a lack of empirical evidence on the specific SHRM practice that contributes most significantly to employee performance in developing countries.

Moreover, Millmore, M. et al, (2007), argued that even though studies conducted to establish a positive correlation between SHRM and organizational performance were successful in showing such a relationship it provides little insight into why some HR practices can enhance organizational performance while others cannot (Kenani P. and Jackson P., 2022).

These existing challenges in the HRM field in general and in the relationship between SHRM and organizations performance and with employee's performance in particular together with the increasing competition the financial sector in Ethiopia expected to face following the already initiated liberalization of the financial sector necessitate the undertaking of further studies in the

field of SHRM and its relationship with business performance as well as employee's performance even more.

In this study, effort has been made to determine the relationship between strategic human resource management practices such as career planning, training & development, performance appraisal, recruitment and reward management of Awash Bank HQ and South Addis Ababa Branches and employees' performance and to identify the relative contribution of individual SHRM practices on employees' performances.

In line with the intention mentioned above and based on the review of literature conducted the following research questions are proposed for the study.

1. What are the effects of Strategic career planning on employee performance?
2. What are the effects of Strategic training and development on employee performance?
3. What are the effects of Strategic performance appraisal on employee performance?
4. What are the effects of Strategic recruitment and selection on employee performance?
5. What are the effects of Strategic Reward management on employee performance?

1.3. Objective of the study

1.3.1. General Objective

The General objective of this study is to examine the effect of strategic human resource management practice on employee performance in the case of Awash Bank at head office.

1.3.2 Specific Objective of the Study

Specifically, this study focused on the following objectives.

1. To investigate the effect of Strategic career planning on employee performance.
2. To establish the effect of Strategic training and development on employee performance.
3. To examine the effect of Strategic performance appraisal on employee performance.
4. To determine the effect of Strategic recruitment and selection on employee performance.
5. To examine the effect of Strategic Reward management on employee performance.

1.4. Significance of Study

Some of the major significances of the study are shown as follows,

- The study would provide organizations with a holistic view on the extent to which training, reward systems, recruitment and career planning would aid organizational productivity, profitability, competitive advantage and development to Awash Bank and other business and non-business organizations.
- Provide scientific and reliable information about the interplay of SHRM elements and employees performance in the case of Awash Bank and identify the critical SHRM elements with significant implications on employees' performance.
- The findings from the study would help to highlight those areas where there are problems in SHRM practices, on employee performance and enabling them to take the necessary action in order to improve the overall organizational performance of Awash Bank.
- In the short run, the study outcome is believed to enable organizations to effectively refine their HRM strategy and support its effective implementation. These in turn support the bank to be in a better position to attract, develop, and retain top talent, which is key to maintaining a competitive advantage in the market.
- The study would enable the governments, more specifically, the Ministry of Education, to develop and implement HRM practices that are tailored to enhance performance.
- This study put the way for other researchers in this field towards identifying areas for further research. The study would also add to the increasing body of theoretical knowledge in the human resource management field, in particular, it would enrich Strategic human resource practices in relation to firm performance among others.

1.5. Scope and Limitation of the study

The scope of the study concentrates on three major areas. This comprises of the contextual, methodological, institutional, and geographical scope of the study. Contextually, the research would emphasize the effect of strategic human resource management practice on employee performance. There are numerous and emerging factors of strategic human resource management practice with impact on employee performance. However, this study tries to see five factors of SHRM namely Career planning, training & development, performance appraisal, recruitment & selection. Reward management and performance appraisal.

In terms of institutional and geographical scope, this study focused on Awash Bank among all the private and public banks in Ethiopia and assess the employees at Awash Bank HQ and South Addis Ababa District Office.

There were methodological scopes in which the study target population determined. In this study, the whole target population were not considered due to the time and cost implication to manage all the population in the study area. Accordingly, a sample of 152 Awash Bank Employees were approached for the survey out of which 142 individuals responded the survey as required.

Strategic human resource management practice and employee performance are very broad concepts that require a significant investment in resources and expertise to conduct a study. Due to lack of resources, the studies were geographically delimited to these concepts by taking samples only from the employees of Awash Bank at head office.

The second major problem that employees may not be willing to fill out questionnaires with due care and return them on time. On the other hand, researcher's lacks prior experience in conducting systematized research will be one of the limitations.

The findings might not be described as a reflection of the general state of affairs of the bank. The research is also limited only to pieces of information that the respondents are willing to disclose

1.6. Organization of the paper

The study contains five chapters. Of which, Chapter one is the introductory chapter that covers the background of the study, problem statement, objectives of the study, scope and limitation of the study. The second chapter is devoted to the review of related literature that covers Definition of terms, Theoretical literature, Relation between Business Strategy, Employee Performance and Organizational, approaches and components of SHRM, empirical literature and conceptual framework of the study.

Chapter and four are reserved for the discussion of Research Methodology and Data presentation, analysis, and interpretation, respectively. Chapter three topics like research design, population of the study, sampling techniques, sample size, data collection instruments, the data collection procedures and data analysis approach utilized were dealt with. While under Chapter four the findings of the descriptive statistical analysis, correlation and other statistical tests, regression analysis, and hypothesis testing were presented and described in reasonable detail.

Finally, the last section, i.e., Chapter five is devoted to the Summary of findings, conclusion and recommendations not to mention the discussion made on future research direction.

CHAPTER- TWO

2. RELATED LITERATURE REVIEW

2.1. Definition of terms under Strategic Human Resource Management

Strategy

In its simplest conception, the strategy is regarded as a unifying idea which links purpose and action (Meyer, 1998). In an intelligent treatment of the subject, strategy is a course of action for achieving an organization's higher- level goals and/or purposes. According to Alfred Chandler (1962), a pioneer in modern business strategy theorist, defined strategy as “the determination of the basic long-term goals and objectives of an enterprise, also it is the adoption of courses of action and the allocation of resources necessary for those goals”.

Although still not complete as a definition, it is possible to consider strategy as “a coordinated series of actions which involve the allotment of available resources to which one has access for the achievement of a given objective” (Alfred Chandler 1962).

As implied above, strategy therefore combines the articulation of human goals and the organization of human activity and resources to achieve those goals. Organizational/ business goal determination involves the identification of opportunity and potential course of action i.e., strategy that enables business/ organizations to translate perceived opportunity into successful outcomes, by means of intentional action sustained over an extended period of time (Macmillan, 2004).

The same writer also describes strategy as a clear intent aimed at attaining specific objectives by deliberate action involving the use of resources to which one has access. He also underlines the fact that strategy may or may not reflect a fully self-conscious, deliberate and systematic

approach to the setting of objectives and their achievement rather it may be an implicit or unconscious activity (Macmillan, 2004).

Human Resource Management

The task of human resource management for a company consists of recruiting, training and motivating the workforce of the organization so that it can achieve its goal. It also involves solving problems that arise between the employees and the organization.

In simple words, a Human Resource Department in any organization deals with the relationship between employees and the organization and focuses on smoothly managing any issue between the two. Even though the production of goods and services by any organization requires the availability of various production inputs like machinery, capital, raw material, technology, and a smooth production process or operation, an organization cannot produce its final product or services without the involvement of the necessary workforce required for the production process. Manpower is the most influential element in the production/ manufacturing of any good and services by any business as well as public enterprises (Huselid, et al, 2015).

To realize the final product and services organizations exercise different types of HRM practices or styles. Some organizations manage their lower-level staff or workers in the same way they deal with their higher-level staff even though each group is recruited differently and selected using different criteria. Moreover, different employees required different types of knowledge and skills and required different compensation packages as per their level of skill set and knowledge plus their value addition for the attainment of organizational business/ operational objectives.

For companies which are mainly engage in customer service provision, they need to build the customer service skills and behaviors of their employees. This implies that different organizations need different HRM strategy and practice depending on their product and services and the level of engagement their employees have with service and product clients (Torrington, et al, 2011).

Therefore, the HRM practice of a given organization shall be well aligned with the type of the company, its business & mission objectives. This alignment between the HRM and overall organizational mission objectives enables the effective collaboration of different functional units and work processes and facilitates the proper & efficient use of available resources which are critical for the productivity and growth of a given organization (Marvel, 2011).

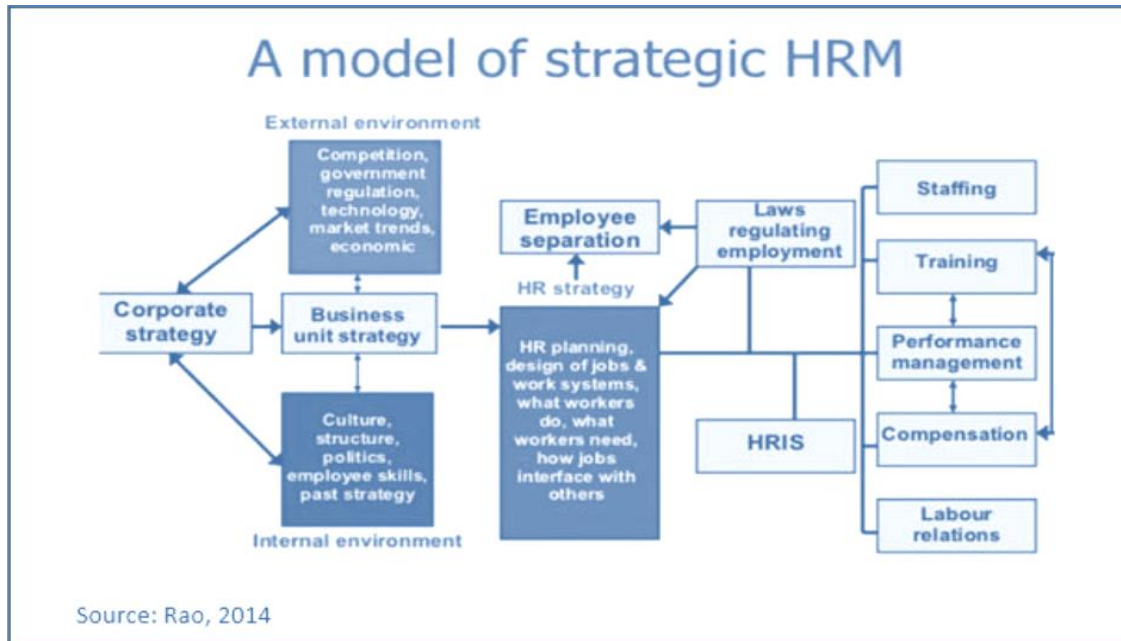
Strategic Human Resource Management

Strategic human resource management (SHRM) is a rather new human resource management practice which is concerned with the role of human resource management systems in business efficiency, with a specific focus on human resource coordination as a way to enhance competitive edge (Allen, 2016).

The Chartered Institute of Personnel and Development (CIPD) defines “Strategic human resource management (strategic HRM, or SHRM) as an approach to the management of human resources that provides a strategic framework to support long-term and macro-concerns of Organizational goals and outcomes. The basic aim of SHRM (strategic human resource management) is to get strategic capability by ensuring that the organization has skilled, committed, and well-motivated employees which has to achieve sustained competitive advantage (Armstrong, 2006).

Companies are now becoming mindful that functional human resource practices in various aspects such as efficiency, reliability, and financial performance of the organization can boost performance.

Figure 1: A Model of Strategic HRM



(Source: Rao, 2014 Vol. 14, July 2020, 53 – 60)

Strategic human resource management is directed to enhance productivity by lifting employees' competency and motivation. Furthermore, it involves the use of holistic methods for creation of a well-functioning HR management practice and workforce that are vertically integrated with the business strategy. Such approaches describe general organizational issues, goals and objectives like organizational efficiency and other aspects of people's management such as learning and development, resourcing and employee relationship (Su, 2015)

The strategic human resource management practice of an organization can be more successful when it enables us to identify, recruit, and maintain the correct number of people with the right attitudes, the necessary skills and the required degree of motivation. Strategic human resource management is the development of the required alignment between the overall strategic goals of the organization and the competency, behavior, and motivation of its workforce (Armstrong, 2016).

The other contribution of a SHRM practice which cannot be overlooked is its role as a liaison between a company and its staff, particularly given today's extremely competitive environment in the job market. Human resource planning has now become an important part of the

company's strategy in which the four-step HR plan to determine HR ability, predict potential needs, identify gaps and align the plan with the organization's strategy becomes essential to any organization's success. For all these reasons, it becomes evident that the success of a company operating efficiently and thrives in the increasingly competitive business environment depends heavily on their ability to adapt and proactively operate in the marketplace (Noe, 2017). There are a number of HRM theories which support this view among which a resource-based view is one.

A resource-based view (RBV) of a firm explains the ability of a given firm to enjoy a sustainable competitive advantage in the competitive business environment when resources are managed and utilized to produce goods and services which cannot be imitated by competitors, which ultimately creates a competitive barrier (Mahoney & Pandian, 1992). According to available literature around RBV, firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and their scarcity to be easily bought, transferred, and/ or copied (Barney, 2001).

The highly skilled workforce is one of such rare resources in today's competitive job market and they require attractive wages and benefits to attract them at the required level. The lucrative wage and benefit prevalent in the tech industry at global and national level is a good example that supports the statement above. Moreover, in the present business environment employees look beyond how much they can be paid by a business, and what a company stands for above and beyond the compensation package. This in turn necessitates a different HRM strategy and practice to attract and retain a high-quality workforce.

For the reasons discussed above a more successful organizations at present focus on their people, and more importantly work to establish goodwill and brand by formulating and introducing a groundbreaking HR strategy to attract and retain high quality workforce (Collings, 2018). For example, organizations have the initiative of putting up recognition for "employee of the month" where this would motivate the employees to increase their productivity and motivate them to further be the best they could be for the organization.

The contribution of a strategic human resource management practice for business success cannot be exaggerated (Mayo, 2012). As suggested by Campbell and Moyers (2013), since human beings are the driving force behind any business success organizations must be able to implement well-planned and well-thought out strategic human resource approaches/ practices that will be effective to channel the human capital of the organization into increased productivity.

According to Torrington, et al, (2011) a concrete human resource strategy will allow a business to have a good understanding with its employees and to ensure a peaceful work environment for its workforce. Research works to determine the relationship between strategic human resource management practice and productivity has influenced the academic and industry debate for more than three decades. However, most research and publications in the field of human resource management mainly focused on the contribution of SHRM practice on individual attitudes and performance (Noe et al. (2007).

Employee Performance

Employees Performance is defined as how well a person executes his/ her job duties and responsibilities. In addition, employee performance is defined as a manner that helps to achieve results. According to Michael A. (2014) it's possible to enhance performance management through helping people to know what good performance holds and by providing the necessary reward management practice.

Employee performance typically includes different factors like productivity, quality of work, timely delivery of outcome/ result, communication skills, and adherence to company policies and procedures. Others also expand the concept of employee's performance to encompass the contribution of employees for effective organizational change process through adoptive change management practice and for sustainability of the business in the competitive business environment (Armstrong, 2009).

Performance is the accomplishment of a given task measured against known standards of accuracy, completeness, cost, and speed. Employee's performance is the contribution of employees for the achievement of organization objective. Employees are expected to meet acceptable standards and managers are responsible for following up and evaluating the performance of employees and their contribution to attain the stated objective of an organization (Armstrong, 2009).

Employees Performance and Reward Management

Performance is anxious with how well something is completed, and the reward is with how people should be recognized and compensated for their outstanding performance. In other words, performance management influences performance by helping people to know what good performance means and by providing the data needed to enhance it. Reward management influences performance by recognizing and rewarding good performance and by providing incentives to boost it (Michael Armstrong, 2014).

Performance management and reward management are closely associated in which the latter play a vital part in achieving key individual and organizational goals and establishing a high-performance culture in a given organization.

There is one key aspect of employee performance management which we've yet to touch upon. This is related to understanding how organizations can use performance management to support team performance in addition and beyond individual performance. HRM teams in a given organization are expected to be mindful in their objective setting/ development, review and reward process, to balance individual, team, and organizational level performance goals and ensure their complementarity (Torrington, 2008).

The other area human resource and performance management practice shall take into consideration is the need to balance the resource and attentions to be allocated for two or more seemingly competitive individual and/ or team objectives. Moreover, HRM practices shall take both the business/ job and human (family, social, psychological) element of the workforce to

build an effective team which is capable of attaining higher level organizational goals (Torrington, 2008).

In line with the objective of this research work, the following section of this paper is devoted to giving some theoretical background for the research work by dealing with contemporary literature in the field of SHRM in general and on the effect of SHRM practices on the performance of individual employees in particular.

2.2. Theoretical literature

As already discussed in the previous section Strategic Human Resource Management (SHRM) is the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. As such, SHRM adopts systems with a view to examine the effects of a bundle of HR practices, which differentiates strategic HRM from more traditional functional views of HRM practices (Ali Razouk, 2016).

Strategic HRM is related with thinking of an organization's workforce as its strategic resource to gain a competitive advantage (Cania, 2014). On the other hand, (Krishnan, 2011), SHRM is a set of processes and activities shared by HR departments and line managers to solve personal business problems. According to (Ismail, 2018), Strategic HRM focuses on actions that differentiate the company from its competitors. Furthermore, according to (Iqbal, 2019), strategic human resource management is key for successful corporate performance by creating seamless alignment or coordination between an organization's business and human resource strategy.

One of the major problems in the field of SHRM is the difficulty of differentiating SHRM from HRM or a tendency to consider the two concepts as one and the same (Hamid Z. M., 2020). However, as different literatures imply these two concepts are different despite their close relationship one to one.

One of the main differences between strategic human resource management and the traditional conceptions of human resource management is the degree to which HRM is incorporated within the strategic decision-making processes in a given organization (Guest, 2011).

Globalization, increased competition, and continuous change in technology and the market are the main reasons for the change in human resource management approaches and practices. The emerging strategic functions for human resource management have been governed by the increasingly competitive and volatile worldwide business environment (Beer, 2007).

Traditional HR ideas emphasize mainly manual skills; training that covers exact responsibilities; functional and sub-functional specialty and concern for individual efficiency. The traditional approach did not put prominence on people but rather on tasks at the cost of people and their improvement. However, SHRM ideas emphasize the overall performance of organizations or businesses in holistic manner by focusing on overall effectiveness and cross-functional integration across different functional units of a given organization (Ragui, 2013).

In the past, unlike conservative assets, strategic human resources as rational or organizational capital are mostly unseen and, consequently, do not become visible on the organization's balance sheet (Tomer, 2007; Karami, 2009). However, according to Pfeffer (1994), through time varying market circumstances which have been rendering many of the traditional sources of competitive advantages, such as economies of scale, patents, market regulations, and access to capital, become less important than they have been in the past.

On the other hand, the role of human resources in a given organization becomes more apparent with the development of knowledge economy which is highly rely on technological innovation and advancement. The indispensable nature of a well-trained, motivated, and flexible labor force, and an enabling HRM system for the effectiveness and sustainability of a given business become more apparent over time. Intellectual capital therefore nowadays represents a growing fraction of many organizations' total assets, hence making the strategic role of the HRM system more significant. Ulrich and Lake (2009) suggest that such an HRM system is a source of organizational capabilities that allow firms to learn and take advantage of fresh opportunities.

SHRM implies a managerial orientation that ensures the effective utilization of the organization's workforce to the achievement of organizational goals and missions. The notion of SHRM evolved in the 1990s with an amplified prominence on a proactive, integrative, and value-driven approach to human resource management (Schuller, 2002). Prior to this development, ideas of standardization, paternalism, collectivism, job security, the aspiration to be a model employer and developmental humanism, are the principles supporting the administration of people (Lupton & Shaw, 2001).

SHRM focuses on many issues such as the fit between human resource management practices and organizational strategic goals in one hand and a number of other practices like the participation of human resource role in senior management teams, and taking of strategic approach to employee compensation, selection, performance appraisal and the value that is added to the organizational performance (Schuller, 2002).

Modern organizations have continuously become aware of the importance of SHRM and catalyze the shift from the bureaucratic model of public services where administrative rules are determined by a national government and implemented by public organizations with comparatively minimum scope for strategizing at a local level to a more decentralized HRM approaches and practices which is common in recent days (Bach & Della Rocca, 2000).

According to (Selden, 2005), in a move mirrored by governments around the developed world, what were once supposed as best practice concepts of employee management, resulting from the private sector, were held up as standards to which the public sector should seek. Significant to this was the idea that HR functions could shift from their traditional administrative roles and become more strategically involved in their organizations than had previously been the case (Wood, 2006).

Following this paradigm shift in the field of human resource management, philosophy and practice change the discourse in this field and more investment has been made in research focusing on the relationship between SHRM practices and organizational performance.

Particular research in this area has been accelerated in recognition of the fact that accessing funds and equipment are becoming less efficient as they can be copied by rival firms without difficulty. Human resources on the other hand are seen to represent a critical asset that can be a source of competitive advantage because it is often difficult to duplicate by competing firms and hard to substitute even within the same firm. SHRM can, therefore, be used by organizations to acquire and develop this valuable capital (Muraga, 2015).

An issue that has featured prominently in the discussion of the interactions between SHRM and organizational performance is whether the correlation between SHRM practices and measures of organizational performance is universal or contingent. Universalistic observation suggests that some HRM practices are more valuable than others. Firms that use modern hiring systems should on average have a more efficient, competent, and resourceful labor force than firms that employ traditional systems (Kaufman, 2010).

The contingency view, on the other hand, suggests that the effectiveness of SHRM practices depends on other factors such as organizational climate and culture among others. According to the proponent of this view, organizational culture influences human resources management practices in that when employees understand and internalize the organizational culture, they choose a strategy and behavior that fits their personality and matches the main routines of the organization's activities. Hence, if HRM practices are not in conformity with the organization's values that are shared by employees, then the employees will feel unsatisfied, uncomfortable, and uncommitted, thereby resulting in low performance because their values are different from the company's expectations (Shipton, 2020).

In line with this point of view, Chuang & Liao (2010) and Bowen & Ostroff, (2004) also argue by saying that "the contribution of SHRM practices to organizational performance is determined not only by the choice of SHRM but also by features of SHRM practices". Therefore, according to them the HR department needs to create SHRM practices that are perceived as distinct, consistent, and unambiguous by employees. If SHRM practices possess these features, it will create a strong SHRM culture which facilitates the strong relationships between employee's retention and individual performance which contributes to organizational performance.

Given the proposed definition of SHRM, it is possible to examine some theoretical models that are relevant to the field. As previously discussed, HRM writers have complained about the lack of sufficient theoretical foundation for describing the HRM function in organizations (Butler et al, 1991; Ferris, 1991).

However, there are some known HRM related theories and frameworks like Resource Based View theory, behavioral perspectives theory, cybernetic systems theory, and agency/ transaction cost theory which are commonly used by HRM academicians and practitioners. These theories are briefly discussed below to give readers some background on these HRM analytical frameworks.

2.2.1. Resource-based view of the firm

The most recent entry into the theoretical discussions of strategic human resource management comes from the organizational economics and strategic management literature and has been coined as the resource-based view of the firm (Barney 1991; Conner, 1991; Penrose, 1959; Wernerfelt, 1984).

Since the birth of strategy as a recognized area in the field of management, industrial organization strategists have relied primarily on a single framework i.e., SWOT (strengths, weaknesses, opportunities and threats) to structure their research (Barney, 1991). Major contributions to strategy literature put this externally focused analytical framework of competitive advantage model at their center of analysis (Porter, 1980; 1985).

Central to the understanding of the resource-based view of the firm are the definitions of competitive advantage and sustained competitive advantage. Barney (1991) describes a competitive advantage as "when a firm is implementing a value creating strategy not

simultaneously being implemented by any current or potential competitors". A sustained competitive advantage exists only after efforts to replicate that advantage have ceased (Barney, 1991). In addition, the need to integrate human resource practices in the formulation stages of a firm's strategy seems paramount for the continuing study of SHRM.

The resource-based approach provides a framework for examining the pool of human resources that may be either able or unable to carry out a given strategy during the formulation phase of strategic management. Thus, the resource-based view may demonstrate the fact that strategies are not universally implementable but are contingent on having the human resources (i.e., personnel) base necessary to implement them.

Despite the availability of a number of other theories and models in this respect, majority of SHRM practitioners and gurus adopt the resource-based view perspective, which tends to ignore contextual variables, particularly competitive strategies, which influence organizational performance.

2.2.2. The behavioral perspective

One of the original and more popular theoretical models used in SHRM literature is the "Behavioral Perspective" (Jackson, Schuler, & Rivero, 1989; Schuler, 1991; Schuler & Jackson, 1987). behavioral perspective approach has its roots in contingency theory (Fisher, 1989). The theory focuses on employee behavior as the mediator between strategy and firm performance. It assumes that the purpose of various employment practices is to elicit and control employee attitudes and behaviors. The specific attitudes and behaviors that will be most effective for organizations vary among organizations depending upon various characteristics of organizations, including the organizational strategy.

Thus, in the context of SHRM, different roles in an organization require different behaviors that shall be addressed by the HRM practices of that organization in order to elicit and reinforce those required behaviors. An additional aspect of the Schuler and Jackson (1987) model was to stress the need for congruence across the many HRM practices. These authors note that HRM practices can be considered as a menu of options for HR executives, from which they can choose

the practices that promote the most effective role behaviors consistent with the organizational strategy and aligned different HR practice in a way that make them congruent with other HR practices.

2.2.3. Cybernetic systems

Another set of popular theoretical models being applied to SHRM research is the use of cybernetic systems models (Boulding, 1956). Cybernetic models vary in their treatment of the system. Some models focus on closed systems (much like the behavioral perspective) that seek to set up mechanisms to buffer the technological core from the environment (e.g. Thompson, 1967).

Other models treat systems as being open to exchanges with their environment (Katz & Kahn, 1978). Open systems models are based on the general systems models (von Bertalanffy, 1950), and hold that organizations can be described as input, through, output systems involved in transactions with a surrounding environment.

According to Katz and Kahn (1978), organizations consist of a pattern of sequential activities of individuals which aimed at some common output or outcome. These activities can be characterized as consisting of the energetic input into the system, the transformation of energies within the system and the resulting product or energetic output (i.e., the final product). Central to open systems models is the idea of a negative feedback loop that informs the system that it is not functioning effectively, thereby allowing for changes in order to reduce any discrepancies.

Mowday (1983) was one of the first HRM researchers to apply the systems model to HRM practices. He discussed strategies for reducing turnover by relying on the input-throughput-output model of how organization's structure and control behavior. He used this model to generate alternative programs that would manage the turnover process in a given organization. This model also emphasizes the need for coordination across various HRM policies and practices. In addition, this model goes beyond most other models by explicitly recognizing the imperfect nature of decision making in SHRM due to bounded rationality and/or uncertainty.

Most models tend to implicitly assume that environmental and strategic contingencies like the exact competencies and role behaviors necessary to achieve the strategy and the proper HRM practices to elicit these competencies and behaviors are perfectly known. Which is they can be put in place on a timely basis and can be quickly revised as required.

2.2.4 Agency/ transaction cost theory

The other popular theoretical model in the strategic management literature that has recently been applied to the HRM function is the exploration of transactions as a means of controlling employee behavior and hence their performance (Williamson, 1975).

An agency/ transaction cost theory approach examines the problems of human resource management practice based on concepts and theories originated in the fields of finance and economics. The approach seeks to identify the environmental factors together with a set of related human factors that explain why organizations seek to internalize transactions (as opposed to transacting in the marketplace) as a means of reducing the costs associated with these transactions.

The approach identifies bounded rationality and opportunism as the two human factors that serve as major obstacles to human exchange. Bounded rationality is the term used to refer to the fact that people are subject to information processing limits (Simon, 1957). Opportunism refers to the fact that people will act with self-interest and mainly pursuing their own personal goals (Williamson, 1975).

2.3. Relation b/n Business Strategy, Employee Performance and Organizational Performance

In today's business environment Firms need to continuously improve their business strategy in order to compete in the market. And strengthening human resource management is considered as one of the solutions to promote organizational performance. (Katou, 2010; Chang and Huang, 2005).

Organizational success is among the most widely utilized dependent factors in organizational research today and yet remains one of the most inaccurate and vaguely defined concepts at the same time (Warrick, 2016). Organizational quality was conceptually characterized as a comparison of a company's value with the value owners supposed to receive from the organization (Armstrong, 2016).

Organizational HRM focuses specifically on incorporating organizational change and the organization's skill base to ensure that the company will be able to thrive successfully in the increasingly competitive market environment (Osabiya, 2015). SHRM encourages the growth of human resources that meets the needs of a competitive business strategy in order to achieve organizational goals and mission.

Human resource management strategy is an important part of a corporate strategy which aims toward the achievement of higher-level corporate business goals. Therefore, strategy is a collection of alternate courses of action in which each course of action constitutes the best course of action for the existing situation faced in a marketplace. It is probable that a lot, if not most, of the strategy of an organization appears over time in a flow of action (Shehadeh, 2012)

Different authors reviewed the linkage between business strategy and HRM and agreed that their positive effect to each other. For example, Andersen et al. (2007), Muduli (2012) and Katou and Budhwar (2010) in one or another way argued about the positive relationship between strategic HRM practice and overall organizational business performance.

Therefore, both these researchers and others like Xinyue (2023) underlined the importance of strategic management in general and strategic HRM practice in particular for the operational efficiency of any organization. According to them it is undeniable that employee performance is inseparable from the system, culture, structure, and other aspects of the enterprise, and is an indispensable part of enhancing the competitiveness of the enterprise in the competitive business ecosystem.

Others like P. Phanwattana and V. U-on (2017), on the other hand argue about the multi-dimensional aspect of organizational performance while others theorized the intermediate linkages and processes, through which SHRM affects organizational performance and have challenged researchers to define and examine their rationale that opens the ‘black box’ between SHRM and organizational performance (Richard et al., 2009; Chuang and Liao, 2010).

Bowen and Ostroff (2004) introduce the construct ‘strength of the SHRM’ and describe the main features of SHRM that result in a strong organizational climate in which individuals share a common interpretation of what behaviors are expected and rewarded. This in turn leads to organizational performance at the collective level.

According to Chuang & Liao (2010) and Bowen & Ostroff (2004), the contribution of SHRM practices to organizational performance is determined not only by the choice of SHRM practices but also by the features of the practices adopted. Therefore, the HR department needs to create SHRM practices that are perceived as distinct, consistent, and unambiguous by employees. If SHRM practices possess these features, the likelihood of the SHRM practice to facilitate better employee’s retention, to enhance individual performance and contribute to better organizational performance will be higher.

In analyzing the impact of HRM on organizational performance, each of the HRM performance linkage models developed and adopted so far complements the others by adding constructs, variables or relationships rather than reinventing the whole model like the situation in some other cases (Alcazar, Fernandez, & Gardey, 2005).

One of the serious limitations that recent reviews of the literature point out from available alternative models is that the link between SHRM and organizational performance is considered like a ‘black box’, i.e., lack of clarity regarding ‘what exactly leads to what’ (Gerhart, 2005). It was further argued that it is important to consider the intervening steps in the SHRM-performance relationship, or to consider the variables mediating or moderating the endpoint variables (Becker & Gerhart, 1996, Katou, 2008).

2.4. Approaches of SHRM

Companies normally adopt their own unique SHRM approaches to stay competitive and overcome the intense pressure they face from other competitors in their industry. If the human resources are managed properly, they can contribute to the company's success. Effective management of human resources is possible through the implementation of sound SHRM practices Mst. Momena Akhter¹, Md. Nur-E-Alam Siddique², Md. AsrafulAla(2013).

It could be easy to imitate and follow other firms by duplicating or imitating their product and technology to some extent, but it is impossible or highly difficult to imitate the practice of human resource management of a given firm because these factors are unique and individualize resource developed through a relatively long period of intentional HRM actions.

Strategic HRM with a resource-based perspective results in human resource advantage. The main aim of Strategic HRM is to develop strategic capability. There must be a strategic fit between resources and opportunities so that these resources can add value to the firm by thinking and acting strategically on the key strategic issues and these actions are in alignment with the business goals of the organization. Human resources are the key element in the effort of a given business entity in its effort to maintain its competitive advantage and to thrive in a fiercely competitive market in the long run (Pankaj T., 2022).

There are different human resource management practices in an organization, depending on the situations and objectives of that organization. Some commonly known recruitment policies, management practices are reward and benefit management, employee training and development, employee performance management, employee health and safety practice, employee recruitment and selection system, employee relationship management and others (Sayfedin S.Y et al. 2023)

A lot of empirical studies have been conducted to assess the relationship between SHRM elements and individual and business performances to the extent that most of them imply a positive relationship between the independent variables (different SHRM practices) and the dependent variables individual and/ or business performances.

Collins et al., (2005) investigated the small businesses and concluded that effective HR practices impact employee outcomes significantly. Guest, (2002) has argued that the Impact of HRM on performance depends upon worker's response to HRM practices, so the impact will move in direction of the perception of HRM practices by the employee. If the perception is positive the impact will be positive and if the perception is negative the impact will be negative (Akhter, M., Siddique, M. N. E., & Alam, A. (2013).

According to Wright et al., (2003) an employee will exert discretionary effort if proper performance management system is in place and is supported by compensation system linked with the performance management system. Marwat et al., (2009) explored contribution of human resource management practices in telecom sector on perceived employee performance in telecom sector in Pakistan. Results highlighted that all the tested variables are positively correlated but correlation of compensation and training are highest respectively (Akhter, M., Siddique, M. N. E., & Alam, A. (2013).

In another study that had been conducted by Shahzad et al., (2008) among university teachers in Pakistan, the study finding implied a positive relationship between compensation, promotion practices and employee perceived performance while performance evaluations practices are not significantly correlated with perceived employee performance (Akhter, M., Siddique, M. N. E., & Alam, A. (2013).

2.5. Component of Strategic Human Resource Management/ SHRM Practices

SHRM practices are those decisions and actions which concern the management of employees at all levels in the business, and which are related to the implementation of strategies directed towards sustaining competitive advantage (Dimba, 2010).

Even though advancement in the direction of identifying precisely which HR practices are linked with better organizational performance has been unsatisfactory, it is recognized that there are four main areas in which human resources strategies may be developed. These include recruitment, training, compensation, and performance management (Armstrong, 2002; Foot & Hook, 2009).

According to Shaukat (2015), the domain of HRM covers the acquisition, development, reward and motivation maintenance and departure of employees whereas typical areas of concern not mentioned here include HR planning and capability audits, selection & recruitment of employees, training & skill development, career progression, performance appraisal, compensation and reward. Most of these HRM practices are common in most organizations irrespective of whether the firm is in the public or private sector.

On the other hand, in terms of the SHRM practices to be assessed Gould W. (2004), suggest, SHRM practices to be considered in such studies based on factor analysis, and then attempt to impose some theoretical justification based on existing literature. Whereas other researchers such as ALDamoe, (2012), argued that some HR practices like selecting & recruiting, performance appraisal, reward management are normally superior to others and that all organizations ought to adopt them.

ALDamoe (2012), further argues that increased utilization of 16 human resource management practices, for instance, selective recruitment, incentive pay, employment security, employee participation, performance management, training, and promotion from within, results in increased output across organizations. Likewise, Shaukat (2015) noted that several modern work practices, such as job rotation, job design, total quality management, and quality circles, resulting in efficiency in organizations.

However, based on the literature review discussed so far, a total of 29 SHRM practices categorized under five SHRM practices namely Selection & Recruitment Practice, Training & Development, Reward & Compensation Management, Performance Appraisal & Management, and Career Planning are identified and their relationship with individual performances is assessed. For some background about these five groups of SHRM practices please see the following sections between Subtopics 2.5.1 – 2.5.5.

2.5.1. Selection and Recruitment Practices

Ensuring that the right people are in the right place at the right time is a critical factor in gaining and maintaining a competitive advantage. Recruitment, which involves the process of generating

a pool of capable people to be considered for employment by an organization and selection of the appropriate individual with the required qualification and behavior is one major role of a Human Resource team in a given organization. In this process, recruiters or managers use specific instruments to choose from a pool of applicants. Effective recruitment relies on the degree to which overall management philosophy supports and strengthens an approach to HRM that focuses on the deployment and development of new employees once they have gained entry to an organization.

Organizational performance was measured through financial stability and productivity, but when we have to relate human resource planning with Organizational performance, then we consider some of other variables like efficiency and effectiveness, employee motivation, job satisfaction, trust on employees, etc. (Cho et al., 2005)

Recruitment and selection are the process that consists of four different stages that are defining requirements, planning recruitment, attracting candidates and selecting candidates (Armstrong, 2010). An organization has two sources of labor supply, the internal and the external labor market. Internal recruitment involves word-of-mouth, recommendation or noticeboard advertisements. In contrast, recruitment from the external labor market may follow different approaches and practices like advertising, job centers, employment agencies, walk-in and professional associations (Sisson and Storey, 2000).

Recruitment and selection have become ever more important as organizations increasingly regard their workforce as a source of competitive advantage. It was often claimed that selection of workers occurs not just to replace departing employees or add to the number but rather aims to put in place workers who can perform at a higher level and demonstrate commitment (Ballantyne, 2009). This function of HR is presented as a planned rational activity made up of certain sequentially linked phases within a process of employee resourcing, which itself may be located within a wider HR management strategy.

2.5.2. Training and Development

A formal definition of training and development is any intentional attempt to improve a current or future employee by increasing an employee's ability to perform a given set of roles through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge. While training is seen to be the process of imparting specific skills, development is said to be the learning opportunities designed to help employees grow.

According to (Armstrong, 2010) training is the formal and systematic modification of behavior through learning, which occurs because of education, instruction, development and planned experience. Training has a distinct role in achieving organizational goals by aligning the interests of the organization and the workforce (Stone, 2002).

Pool & Pool (2007) argues that for training to have a better effect on performance, its design and delivery should be well executed. The organizational commitment or "the relative strength of an individual's identification and involvement in a particular organization" depends on effective training and development programs. Training and education have been shown to have a significant positive effect on job involvement, job satisfaction, and employees' performance (Karia & Asari, 2006).

As supported by literature, training and development is an essential function in human resource management and it plays a key role in giving employees an opportunity to improve their performance, and to gather more understanding of their organization's expectations and future directions. The importance of training and development planning and execution is to identify an organization's skill gaps (i.e., the gaps between the skills set possessed by existing employees and the skills set which is required to effectively satisfy the need of the organizations customers) and organize the required training program to equip the organization's staffs with the necessary set of skills and knowledge to fill the gaps identified (Holland & Cieri, 2006).

Training and development help the organization's workforce to meet the expectations from the side of their management and clients (Nel et al., 2008). The purpose of training and management development programs is to improve employee performance and organizational capabilities. The

return of investment for staff training and development is expected to be attained in the form of more Productive and effective workforce/ team. Training and development programs may be focused on individual performance or team performance. The creation and implementation of training and management development programs should be based on training need assessment.

Staff training and development programs of a given organization may take different forms namely, informal training, classroom training, internal training courses, external training courses, skills training, product training just to mention but a few, all these are some of the available to use and apply to individual training needs and organizational training needs (Teo et al., 2008).

2.5.3. Performance Appraisal and Management

Performance appraisal is systematic planning and evaluation of employees' performance. Since its potential for development, it needs to evaluate an employee's performance during a certain period of time relative to a given performance standard and/ or performance plan by supervisors or others who are familiar with their performance standards (Dessler, 2010).

The performance appraisal process contains interrelated steps: like defining the job purpose, setting key performance indicators, track performance, appraise performance, and provide feedback. Appraising performance means comparing the subordinate's actual performance to the standards that have been set and/ or performance plan set at the beginning of the planning period. Third, performance appraisal usually requires one or more feedback sessions. Here the supervisor and subordinate discuss the subordinate's performance and progress and make plans for any developmental action required (Dessler, 2010).

However, there has been a great realization that it is more important to focus on defining, planning and managing performance than merely appraising performance (Pareek & Rao, 2006). The increased competitive nature of the economy and rapid changes in the external environment has forced many organizations to shift from reactive performance appraisals to proactive performance management systems that aim to boost productivity and improve organizational performance (Nayab, 2011). Prasad (2005) defines performance management as the process of

planning performance, appraising performance, giving feedback, and counseling an employee or teams to improve performance.

Sharing information about the employee individual performance in the practice is a means of enhancing communication between the two parties, thereby it will effectively lead to the openness of organizational communication. The transparent nature of all the HR management practices that have been described so far, particularly the performance planning and appraisal process, can increase employee trust in the company and contributed for enhanced organizational level performance (Zerbe et al., 1998). It cannot be denied that the practice of an effective performance planning and appraisal system can assist the company in improving the company progress and can even assist the company resilience in the business activities undertaken.

2.5.4. Compensation /Reward Management Practices

According to Jackson et al., (2012), the other SHRM related practice that is critical to enhance the performance of individual employees, functional teams and hence an organization is related to the strategic compensation and reward practice adopted by an organization. Having a transparent and fair compensation and reward system which is fully merit base that depends on the contribution of employees for higher organizational outcomes/ results is one key aspect of an effective compensation and reward management system.

Organizations are required to institute a clear and persistent compensation and reward management system in order to effectively motivate its workforce to thrive for excellence. Bratton and Gold (2000) mentioned that reward management is “central to the regulation of the employment relationship and is one of the central pillars of effective HR management”.

Compensation is anything that is given to an employee as a reward or return for his\her services or capabilities. Compensation practices have a significant direct relationship with an employee’s performance (Hashim & Sarfaraz, 2017). It is concerned with both financial and non-financial rewards and embraces the strategies, philosophical plans and processes employed by organizations to develop and maintain a reward system.

Reward and compensation systems are important HR practices that contribute to the performance of individuals and organizations. There is a positive correlation present between employee performance and compensation practices (Shehzad et al., 2008; Singh, 2004). The relationship between the compensation system and employee's performance leads to an overall performance of organization, so employees should be given incentives, rewards and benefits to encourage them for the betterment of their performance (Durbin, 2008).

2.5.5. Career planning

The fifth and last aspect of SHRM practice assessed in this study is related to career planning and its relationship to individual employees' performance and through that for organizational business performance. Within the realm of a strategic human resource management process career planning aims to identify needs, aspirations and opportunities for individuals' career and the implementation of developing human resources programs to support that career progression. According to Edgar Schein, E.H. (1971), career planning is a continuous process of discovery in which an individual slowly develops his own occupational concept as a result of skills or abilities, needs, motivations and aspirations of his own value system (Manolescu, 2003).

Career planning is seen as a very systematic and comprehensive process of targeting career development and implementation of strategies, self-assessment and analysis of opportunities and evaluating the results. The career planning process involves both the organization and the individual employee under consideration. Thus, individuals must identify and communicate their aspirations and abilities, while organizations through their management and supervisors assist the career advancement of their employees through the provision of appropriate mentorship and coaching supports. Not to mention the need to facilitate appropriate on and off the job trainings as required.

Therefore, career planning must link individual needs and aspirations with organizational needs and opportunities, evaluating, advising and informing its staff on career planning, individual development efforts with training and development programs. Most often this match is not done. Organizations paying differential attention to their employee career development and those who effectively manage this process are likely to be successful in their business endeavor compared to other those who lack these practices (Popescu N., 2003).

2.6. Empirical Literatures

This section summarizes the outcome of various research works conducted in different countries mainly focusing on determining the relationship between SHRM practices and employee performance.

Mohammad et al. (2014) examined the effect of HRM practices towards employee performance in Malaysian Skills Institute (MSI). It investigated the effect of recruitment, selection and compensation on employee performance in MSI. The results of this study indicated that the independent variables significantly correlated with the dependent variable which imply the need to explore ways to improve strategic human resource management practices for achieving stable and viable growth of organizational competitiveness.

The findings of another study conducted by (Nassazi, 2013) also imply the positive contribution of human resource training and development on the performance of employees. However, the study doesn't consider other factors such as recruitment and selection compensation, performance management and the likes of the area.

The practice of human resources proved to have a positive impact towards work outcome. Research conducted by Kehoe and Wright (2010) shows that HR practices contribute positively to employee performance. This is in line with Hassan (2016) demonstrating that HR practices such as Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement play an important role in improving the performance of employees in their regular tasks.

Several other studies that examine the role of HR practices on performance such as Mahadevan and Mohamed (2014), Munjuri (2011), Qudah and Qudah (2014), Sattar et al (2015) also suggest the importance of keep on improving HR practices to improve employee performance in an organization. In addition to influencing performance, HR practices also seem to have a positive psychological effect on employees through enhancing their job satisfaction which can be

considered as one important mediating factor for the positive impact of SHRM practices in employees' performance.

Research conducted by Tzafrir et al (2004), Rahman et al (2013) found that good SHR practices can create employee trust in their organization and superiors. It is therefore important for organizations to keep on improving HR practices to create a high level of trust. Several other studies that examine SHRM practices show that SHRM practices within an organization are also capable of increasing employee job embedment (Bambacas and Kulik, 2013; Ghosh and Gurunathan, 2015).

According to (Makhamara, 2017) strategic recruitment and selection, implementation of strategic training, reward and compensation system, all influence employee performance majorly, in health sector in Kenya, However, this study does not consider the implication of factors like individual skill & experience as well as the role of performance management system on employee performance.

A study conducted on 18 Pakistan companies (out of which seven are banks, two are audit firms and the rest nine are different private businesses) attempted to explore the effect of Human Resource Management on employees' performance. This study dealt with HRM practices including selection, training, career planning, compensation, performance appraisal, Job definition and employee participation on perceived employee performance. The major findings of this study are that all variables were statistically significant relationship with the dependent variable employees' performance (Shaukat et al., 2015).

According to Morris (2018) recruitment and selection practices affect employee performance, specifically a competitive hiring process and proper placement has a bearing on timely delivery of services, the nature of products and services, and meeting set production targets. The outcome of this same study also implies the positive contribution of training and development practices in an organization in improving the skills and knowledge of employees as well as their motivation,

all of which have a positive implication on the level of productivity and quality of activity outcomes.

Chiyere, (2021) assessed 82 respondents and explored the influence of SHRM practices on employees and operational planning. Quantitative, descriptive, and Pearson's correlation methods were applied to determine the relationships that influence the institutional management decision-making process on the adoption and full implementation of SHRMP and the impact of SHRMP on performance management within the IT industries in Nigeria. The study outcome implies a strong association between SHRMP and performance management.

Sheikh, et al., (2022) investigated the relationship between performance measurement and management in the British higher education sector. The study aimed to resolve performance management-related issues in British higher education by strategically linking these practices to HELs in the UK. A qualitative study technique was employed in the examination of the views of HR practitioners on the performance measurement systems in UK universities. The study revealed an association between performance measurement and performance management in the respondents' institutions.

The study conducted by Amanuel (2017) found that employees of Ethiopian Revenues and Customs Authority have an average performance level since they were not satisfied with the present design and delivery of the training program. Based on the result of correlation coefficient analysis, there is a highly significant linear correlation between employee performance and training design and delivery through improving employee skill, knowledge, and ability.

In general performance management systems practices were found to help employees meet their set targets, provide a measure of employee performance as well as increase employee competency.

2.7. Conceptual Framework

From the SHRM literature we can see a number of HRM activity groups sometimes reached up to ten groups (namely: Career planning, Training & development, Performance appraisal &

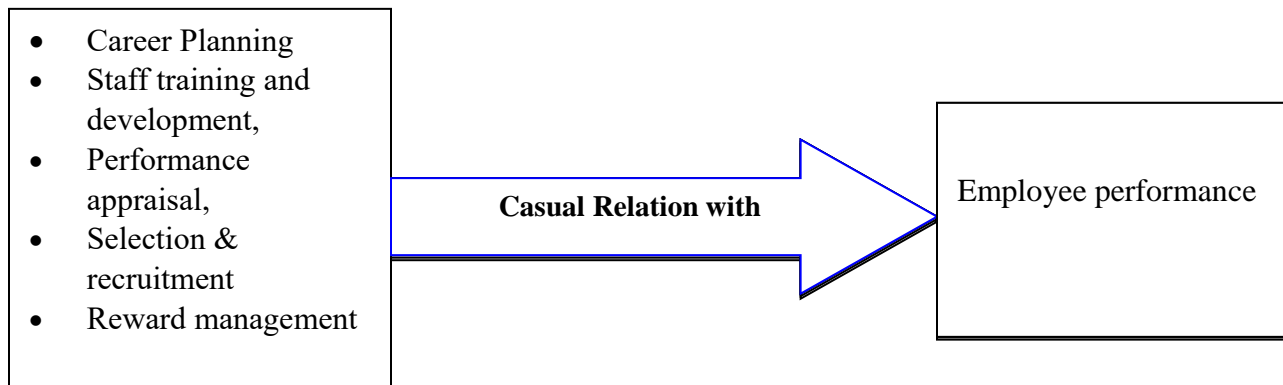
Management, Selection & recruitment, Reward management practices, Human Resource Planning, Employees relation practice, Efficiency of HR process, Measuring HR, Employees welfare, etc.). However, as somewhat implied in the discussion so far research usually focused on the five or six most important SHRM practices in their assessment of the relationship between SHRM and Employees performance.

Accordingly, based on the literature reviewed for this research work five most common SHRM practices are identified and assessed namely: Career Planning, training & development, performance appraisal, Selection & recruitment, and Reward management). Under these SHRM activity groups a total of 29 specific HR indicators were identified and their implication on employment performance were assessed. This includes five HRM indicators for Career planning and Selection & recruitment, six each indicator for Performance appraisal and Career planning practices and seven HR indicators for Staff Training & developments were identified and assessed.

The conceptual framework presented below shows the study dependent and independent variables in a clear manner.

Independent variable

Dependent variables



CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter provides the research design methodologies that were used in order to achieve the research objective. The research design, population and sampling techniques, types of data and data collection instruments, procedure of data collection, methods of data analysis, and finally the ethical consideration considered are presented in this chapter.

3.1. Research Design

Among numerous alternative investigation methodologies available for the undertaking of this study, the researcher used descriptive and explanatory research design. Based on Glass & Kenneth (1984), the descriptive survey research design is found appropriate because of its utility to deliver answers to the research question and its contribution in reducing the bulky volume of data to manageable form (Glass & Kenneth 1984).

This kind of research was used to obtain information concerning the current status of the phenomena to describe what exists with respect to variables or circumstances. Both descriptive and explanatory research design were used because descriptive research involves describing a problem, context or a situation of research variables and explanatory design enables us to explain the relationship between factors of Strategic Human Resource practices and employees job performance.

3.2. Research Approach

For the determination of this study, both quantitative and qualitative data gathering methods are employed. The investigator has selected a quantitative research method for its convenience on labeling a research problem through an explanation of styles on the designated population. The quantitative research method avails the chance for collecting numeric data from the target population using tools with preset questions and responses.

Qualitative technique helps with the in-depth understanding of an individual's insight and their suggestions, but the quantitative approach assists the reader to comprehend improved as it delivers numerical data that can be observed and associated. The use of a mixed method is expected to be the utility of the research outcome by enabling readers to get chances to find and gain in-depth evidence and answer to the elevated issue or research question (Tashakkori and Teddlie, 2003).

3.3. Target population

Target population is a set of individual units in a population including those in the sampling frame about which the research inferences and generalization is made. The selection and inclusion of potential participant samples determined by several factors such as the research questions, design and the availability of adequate number and type of participants (Geoffrey et al., 2005).

The target population for this study are employees of Awash Bank at head office. The researcher used a total population of 245 employees of Awash Bank. The target populations for this study were focused on only clerical employees, which are: managers, officers and bank trainees.

3.4. Sampling Techniques and Sample Size

3.4.1. Sampling Techniques

The study used Stratified sampling technique to select specific individuals to be assessed among the total number of employees of Awash Bank head office and South Addis Ababa Area Branches. At the initial stage of the sampling process twelve homogeneous groups indicated below were identified from which a sample of 152 individuals were randomly selected from this stratum. Stratified sampling is dividing the sampling frame or the population into several different homogenous groups called strata. To ensure that each stratum is equally represented, an equally sized randomized sample is obtained from each stratum separately Kotari, (2004).

Following the research design this study considered different departments based on Stratified sampling technique. Accordingly, a total of 12 departments (strata) were identified and assessed.

(Please see the information on table 3.4.2. below for detailed information about the departments covered and number of individuals assessed from each of these departments)

The selection of such a number of departments covering representative respondents from each department helped in getting a variety of perspectives from employees of Awash Bank working in different departments and hopefully improved the quality of the research outcome.

3.4.2. Sample Size

Based on Yamane (1967) and taking the nature of the study and the total population in the Awash Bank at head office into consideration the sample size for the research work is determination using the formula presented below.

$$n = \frac{N}{1+N(e)^2} = \frac{245}{1+245(0.05)^2} = \frac{245}{1+0.6125} = \frac{245}{1.6125}$$

$$n = \underline{\underline{151.93 \sim 152}}$$

Where: -

n is the sample size,

N is population size,

e is the error of 5 percentage points and a confidence coefficient of 95% are assumed for this equation.

Hence by utilizing the above formula, the calculated sample size is 152. Therefore, Proportional sample determination formula is used to decide the sample size from each stratum:

$$\text{Sample size from strata 1} = n \frac{(\text{strata 1})}{\text{total no. of strata}} = 152 \frac{37}{245} = 23$$

The sample determination for the remaining strata also follows the same procedure. The sample size for each branch (strata) covered under this research work is summarized on the following table.

Table 3.4.2. Sample size determination

No	Department	No. of Employees	Sample Size
1	Human Resources	37	22
2	Finance	29	17
3	Quality Management & Control Manager	19	16
4	Digital Banking Officer,	15	9
5	Risk management	17	11
6	Procurement	14	9
7	Information System	18	11
8	Resource & Credit Management	15	9
9	International Banking	18	11
10	Strategy Management & Business Development	23	14
11	Director of customer account payment	28	17
12	IFB	12	6
TOTAL		245	152

3.5. Data Sources and Types

In order to achieve the study’s objectives both primary and secondary source data were used. The secondary data obtained from the assessment of published and unpublished documents of the bank like HR related policies, processes, and procedures and other documents which are linked with the strategic human resource management practice and employees performance. The primary data is collected through the administration of questionnaire that include close ended questions for all respondents and some open ended questions for staffs working at managerial positions.

The questionnaire were standard questions and some adaptation made by the researcher. In first section of the questionnaire basic information about respondents like demographic information and basic employment records were asked. In the second section of the questionnaire a total of 29 survey questions categorized under the five SHRM practices selected were included and eight questions utilized as a proxy for employees’ performance measure included.

The questionnaire is designed with five alternative Likert scale measures to assess the employee’s perception about the level of SHRM practices included in the survey questionnaire. In addition, respondents were also asked to give their perception about their performance level using eight proxy indicators. The last part of the questionnaire includes open-ended survey

questions which are meant to collect additional qualitative information about the practice of SHRM by their employer and the implication of these actions on employees' performance.

3.6. Data Analysis Method

Descriptive analysis is used to identify the background of respondents in the aspect of age, gender, years of experience, and qualification. In order to analyze the quantitative data obtained through questionnaire, first the data were tabulated, analyzed and interpreted by using the appropriate statistical tools for descriptive statistical analysis and inferential statistics. Accordingly, frequencies, mean, correlation analysis, and regression analysis were conducted with the support of an SPSS software package.

Descriptive statistics like mean, frequency, and percentage are used to profile sample characteristics and major patterns emerging from the data. Whereas Inferential statistics using Pearson's correlation and regression analysis were employed in order to explain the relationship between the variables, dependent (employees' performance) and the independent/ explanatory variables namely: career planning, training & development, performance appraisal, Selection & recruitment and reward management. Pearson's correlation allows us to know how well variables are related; their strength and direction of the linear relationship and regression analysis would conduct factors of strategic human resource management on employee's performance.

Other statistical tests like reliability and validity tests, Normality, Multicollinearity, and Linearity tests are also conducted using appropriate statistical test procedures.

3.7. Model specification with variables

The researcher used Regression model with SPSS (Statistical Package for the Social Sciences) to define mathematically the relationship between independent and dependent variables. The following linear regression equation was used for this study.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

Where:

Y is employee's performance,

$\alpha = \alpha$ is the regression constant,

X1 is Career Planning, β_1 = slope (regression coefficient) for variable X1,
X2 is training and development, β_2 = slope for variable X2,
X3 is performance appraisal, β_3 = slope for variable X3,
X4 is recruitment and selection, β_4 = slope for variable X4,
X5 is Reward management, β_5 =slope for variable X5,
 ε = error (or residual) value.

Generally, the co-efficient were found using the SPSS 27 version and further result showed in the data analysis part of study.

3.8. Reliability and Validity

Reliability is the degree to which what researchers measure is free from random error (Mooi and Sarstedt, 2011) and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Marczyk et al. 2005).

In order to improve the clarity and responsiveness of the questionnaire, before the actual data collection the researcher distributed 25 questionnaires for non-sampled staff as a pilot test and the questionnaire is modified based on the outcome of the pilot test. Moreover, following the actual data collection Cronbach Alpha reliability statistics are used to check the reliability of the instruments and the coefficient of the reliability of Alpha.

Validity refers to whether we are measuring what we want to measure (Mooi and Sarstedt, 2011). This test is mainly related to the effectiveness of the research methodology because its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible. This allows for greater confidence in the findings of any given study (Marczyk et al. 2005). To enhance validity of the researcher outcome the researcher applied scientific research procedures in which every data collected from appropriate information providers and the collected data checked and verified using the appropriate Cronbach's Alpha test.

Table 3.8. Reliability Test Result

Variables	No. of Items	Cronbach's Alpha if Item Deleted
Career planning	5	.881
Training and development	7	.876
Performance appraisal	6	.849
recruitment and selection	5	.840
Reward management	6	.857
Employee performance	8	.854
Total	37	.881

Source: SPSS result of Survey Data, 2024

As Tavakol (2001) stated that, there are different reports about the acceptable values of alpha, ranging from 0.40 to 0.881. Hence, the Cronbach 's alpha coefficient of all the above variables fell within the stated range and it is possible to conclude by saying that there is consistency among each question in the questionnaire.

3.9. Ethical Considerations

In order to satisfy the ethical requirement for similar studies effort is made to maintain the confidentiality of organization level and individual level information. Accordingly, the organization's code of ethics is considered without significantly compromising the findings of the study.

In addition, a policy of secrecy for the employees and managers is adhered to as various confidential data is accessed by the researcher. As the researcher indicate in the questioner at the top of the heading respondents are informed to not include their name, address, branch working in order to make sure they don't have any doubts on their identities being exposed so it can help in getting the required and honest information.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter is dedicated to the discussion of the final results of the research work and the process through which the results were obtained. In addition to this, background information of respondents is also presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation and regression analysis found using SPSS (Statistical program for social science) (Version 20) are presented in reasonable detail.

4.1. Response Rate

In line with the sample design and determination a total of 152 questionnaires were prepared and distributed to the study respondents out of which 141 questionnaires were fully completed and returned to the researcher. This implies approximately 93% response rate which is acceptable for such type of studies.

Table 4.1. Response Rate

Description	Respondents
Target population	245
Sample size	152
Questionnaire Distributed	152
Questionnaire Returned	141
Response Rate (%)	93%
Usable Response	141

Source: SPSS result of Survey Data, 2024

4.2. Demographic characteristics of respondents

The demographic characteristics for which data collected and analyzed include information about Gender of respondent, Marital Status, Work Experience, Educational Background, Current position, and Place of assignment. The table below shows the details of background information of the respondents.

Table 4.2a. Demographic characteristics of respondents

No	Variable	Category	Frequency	Percent
1	Sex of respondents	Male	95	67.4
		Female	46	32.6
		Total	141	100.0
3	Marital Status	Married	65	46.1
		Un married	74	52.5
		Widowed	2	1.4
		Total	141	100.0
4	Work Experience	Less than 2year	33	23.4
		3-5 years	71	50.4
		6-10 years	28	19.9
		11-15years	6	4.3
		16 and above years	3	2.1
		Total	141	100.0
5	Educational Background	Diploma	1	0.7
		Bachelor's Degree	75	53.2
		Masters	64	45.4
		PhD and above	1	0.7
		Total	141	100.0
6	Position	Junior officer	44	31.9
		senior officer Management staff	87	62.4
		Chief Officer	10	5.7
		Total	141	100.0

Source: SPSS result of Survey Data, 2024

The demographic section of the document presented in the table above provides crucial insights into the characteristics of the surveyed workforce, which can help contextualize the survey results. Accordingly, from the gender distribution given in the table above the predominance of male employees is evident with 67.4% male respondent compared to 32.6% of females those complete and return the survey questionnaire. This gender imbalance may influence workplace dynamics and perceptions of human resource practices.

The marital status of employees provides insights into their potential work-life balance concerns and organizational engagement, which can influence employee performance. Among the respondents, 52.5% are unmarried, representing the largest group, followed by 46.1% who are married, and a small proportion of 1.4% are widowed.

From a SHRM perspective, this distribution suggests that the organization might need to implement diverse strategies to address the distinct needs of these groups. For married employees, initiatives that promote work-life balance, such as flexible working hours and family support programs, can enhance job satisfaction and performance. For unmarried employees, opportunities for career development, social engagement, and skill-building may be more appealing to foster long-term organizational commitment. By tailoring HR practices to these demographic insights, the organization can better support employee well-being and improve overall performance.

In terms of work experience, the majority of employees (50.4%) have 3–5 years of experience, with fewer having less than 2 years (23.4%), with an additional 19.9% having 6–10 years. This suggests a workforce that is relatively mid-level in tenure, combining a balance of fresh perspectives and accumulated organizational knowledge. However, only small percentages (6.4%) have over 11 years of experience, which could indicate a gap in retaining employees for a long-term period.

SHRM emphasizes the importance of leveraging diverse experience levels to foster mentorship, career development, and institutional knowledge transfer, which are key factors in sustaining employee performance.

The educational qualifications and work experience of employees play a crucial role in shaping their performance and aligning with the strategic human resource management (SHRM) framework. In this study, the majority of employees possess advanced educational qualifications, with 53.2% holding a bachelor's degree and 45.4% having a master's degree. Additionally, diploma and Ph.D. holders were equally represented, each contributing 1.4% collectively.

This high level of education reflects a workforce that is likely to be knowledgeable, skilled, and capable of adapting to organizational strategies aimed at enhancing employee performance. According to SHRM principles, a highly educated workforce contributes to better alignment between individual competencies and organizational goals, driving innovation, productivity, and overall performance.

The assessment presented in the table above provides a comprehensive overview of talent distribution within a department, focusing on its implications for employee performance and alignment with the principles of the Society for Human Resource Management (SHRM).

The table also reveals a clear organizational hierarchy, with Junior Officers (44 employees, 31.2%), Senior Officers (87 employees, 61.7%), and Chief Officers (10 employees, 7.1%). This structure fosters accountability and provides mentorship opportunities, which are essential for career development and reflect SHRM’s focus on employee growth.

In terms of the distribution of respondents across various departments and functional units HR departments sat at the top of the list with 14% of respondents completed and return the survey questionnaire. While Finance, Quality Management & Control, Strategic management & Business development departments took the following three positions with a respondent rate of 11%, 10%, and 10%, respectively. The remaining departments together constituted 54.6% of the respondents contributing between 3%-9% respondent each.

Table 4.2b: Distribution of Survey Respondents by Department

No	Department	No. of Respondents	Sample Size
1	Human Resources	20	14%
2	Finance	16	11%
3	Quality Management & Control	14	10%
4	Digital Banking Officer,	9	6%
5	Risk management	11	8%
6	Procurement	9	6%
7	Information System	11	8%
8	Resource & Credit Management	9	6%
9	International Banking	11	8%
10	Strategic Management & Business Development	13	9%
11	Director of customer account payment	14	10%
12	Interest Free Banking	4	3%
TOTAL		141	100%

Additionally, the presence of a dedicated Training and Talent Development Directorate learnt from the discussion made with the bank’s HR team highlights the organization’s commitment to continuous learning of its employees. Investing in employee development not only enhances individual performance but also strengthens the organization’s adaptability to changing market conditions.

Overall, the data illustrates the existence of a strategic approach to human resource management at Awash Bank that aligns with SHRM principles, facilitating the cultivation of a skilled and motivated workforce crucial for long-term organizational success.

4.3. Descriptive Statistics of strategic human resource management practice and employee's performance

HRM practices have to perpetually justify their functions in the organization. When the organization finds itself in a sound financial position, it can easily justify expenditure done on the employees' training programs, new recruitments, expenditures on lucrative employees' compensation package, rewards and employee involvement systems. On the contrary, when business go down and an organization faced financial difficulties, the first thing the top management of an organization do is to cut short HR related expenses.

For all the reasons stated above both the top management and the Human Resource Departments of a given organization shall work hand in hand to introduce an effective Strategic human resource management (SHRM) system and an innovative practice which is helpful to enhance the productivity of the workforce. By doing this the HR department of an organization may create an opportunity to exhibit the value of the department in general and the SHRM approach in particular for the high level of performance of the organization.

However, such claims and efforts shall be supported by the outcome of empirical studies in order to gain widespread buy in by corporate business leaderships around the globe. The purpose of this study also to support this claim about the contribution of a SHRM practices for organizational business performance in general and to assess the relative contribution of different SHRM practices for the overall organizational business objectives in the Ethiopia Banking Industry in general and that of Awash Bank in particular.

This section of the research report attempted to present the relationship between the independent variables of the analytical model namely: career planning, training and development, performance appraisal, selection and recruitment and reward management with the dependent variable i.e., employees' performance using descriptive statistics parameters.

Accordingly, the means and standard deviation of the dependent and independent variables are summarized here below. Thus, the mean indicates to what extent the sample group averagely agrees or does not agree with the different statements. The lower the mean the more the respondents disagree with the statements. The higher mean the more the respondents agree with the statement. On the other hand, standard deviation shows the variability of an observed response from a sample mean for that particular variable (Marczyk et al., 2005).

Table 4 .3 Standard for this descriptive statistics summary

Mean score	Standard
below 3.39	Low
From 3.40 up to 3.79	Moderate
Above 3.8	High

Source: own survey questionnaire, 2024

According to Zaidation and Bagheri (2009), the mean score below 3.39 is considered low, the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

Table 4.3.1. Descriptive Statistics analysis related to Career planning

NO	Indicators	N	Mean	Std. Deviation
1	The bank attracts and retains employee's talent by offering careers.	141	3.71	1.025
2	Career planning use human resources effectively and achieve greater productivity.	141	3.76	1.027
3	The implementation of career planning at the bank reduces employee turnover.	141	3.74	1.005
4	The organization improves employee morale and motivation through career planning.	141	3.57	0.951
5	Career planning meet the immediate and future human resource needs of the organization on a timely basis	141	3.7	0.992
	Agregate of Career planning		3.69	1

Source: own survey questionnaire, 2024

From table 4.3.1 above the respondents' perception about the effective practice of different career planning practices by their employer is perceived moderately positive. The average mean score for the undertaking of effective career planning practices is 3.69, reflecting a generally positive perception among employees. Given the moderate range of the mean, employees likely think that the career planning practice in their organization is beneficial but

still could be made even better through more personalized or aligned with long-term organizational goals.

The other way to interpret the assessment outcome for career planning is that the organization is currently utilizing career planning moderately effectively as its strategic tool to align individual aspirations with organizational needs. However, there is still room for further improvement to improve the contribution of career planning related tasks to further enhance employees' effectiveness and organizational performance.

Career planning is crucial in retaining talent, reducing turnover, and fostering employee loyalty. When employees see a clear path for advancement, they are more likely to stay engaged and committed, ultimately benefiting the organization through enhanced performance.

Table 4.3.2. Descriptive Statistics analysis related to Training and development

NO	Indicators	N	Mean	Std. Deviation
1	The organization utilizes formal training programs	141	4.05	0.936
2	Managers consider employee learning as an investment and not an expense	141	3.68	0.944
3	The organization provide employees with training opportunities	141	4.09	0.751
4	Traning & development is aimed at management succession	141	3.99	0.761
5	Training is related to both personal and organizational needs	141	4.01	0.793
6	The organization aims at attracting qualified trainers	141	3.98	0.823
7	The quality of training and development is highly related to firm performance	141	3.92	0.957
	Agregate of Training and development		3.96	0.85

Source: own survey questionnaire, 2024

From table 4.3.2 above the utilization of Staff Development and Training by Awash Bank is found to be very successful and effective according to the perception of the assessment respondent. Accordingly, the SHRM tasks related to staff training and development are strongly favored by employees with a mean score of 3.96. This indicates that the organization prioritizes employee growth through intentional training and staff development opportunities. Training programs are considered an area of strength with high agreement that they are

aligned with organizational goals, improve employee performance, and prepare employees for the highly competitive financial market.

Out of the seven Training and human resource development tasks assessed three of the namely: facilitation of training opportunities for staff, utilizes formal training programs, and the relevance of the training programs for personal and organizational needs are the three indicators rated higher between 4.01 – 4.09. While the remaining for Training and Human development activates rated between 3.68 – 3.99.

This overall higher rating of this SHRM practice emphasizes the relatively higher commitment of Awash Bank to enhancing employee skills using intentional training and capacity building actions. Effective training not only boosts individual performance but also contributes to overall organizational success by creating a more competent and adaptable workforce.

Table 4.3.3. Descriptive Statistics analysis related to performance appraisal

NO	Indicators	N	Mean	Std. Deviation
1	The Bank has an effective performance appraisal system	141	4.12	0.914
2	Performance management system used in our organization helps employees meet the set targets	141	3.95	0.905
3	Corrective measures are undertaken to improve staff performance after every appraisal period	141	3.67	0.931
4	I receive specific & accurate feedback from my supervisor on my performance following every appraisal process	141	3.64	1.037
5	My pay, commission, promotion and other benefits are purely based on performance appraisal results	141	3.63	1.003
6	Performance management system leads to employee becoming more competent	141	3.84	0.968
	Agregate of Performance appraisal		3.8	0.95

Source: own survey questionnaire, 2024

As shown in the table above the third independent variables included in the regression model if performance appraisal which is rated highly by assessment respondents with the average mean value of 3.80. This rating suggests that employees recognize the effectiveness of performance appraisal system of the bank which is a good indication for the staff appraisal system contribution on employees' confidence and motivation.

Out of the six SHRM tasks grouped under staff performance appraisal respondents rate three of the above 3.8 with the confidence of the respondents about the effectiveness of the staff appraisal

system ended at the top with a rate of 4.12 while the contribution of the appraisal system in supporting employees to meet their performance target and the contribution of the appraisal system for the overall competency of employees followed with a rating of 3.95 and 3.84, respectively.

All the remaining assessment proxy indicators under this category namely the timeliness of appraisal result communication for corrective action, the specificity and accuracy of appraisal feedback, and the reflection of the organizations remuneration and compensation package of the organization the appraisal result found to be somewhat moderately rated with an average score between 3.63 – 3.67.

Table 4.3.4. Descriptive Statistics analysis related to recruitment and selection

NO	Indicators	N	Mean	Std. Deviation
1	Job performance is highly emphasized as a condition for internal selection	141	3.65	1.153
2	Recruitment in the organization aims at attracting a high number of highly talented applicants	140	3.80	1.016
3	The recruitment process of getting highly qualified personnel is aimed at increasing organizational competitiveness and hence performance	141	3.71	1.028
4	The bank Select employess skills based on the job specification and job description	141	3.78	1.122
5	Free Vacant positions in the organization filled by selection and recruitment department.	141	3.71	1.125
	Agreagats of the Selection & recruitment process		3.73	1.08

Source: own survey questionnaire, 2024

The other aspect of the SHRM practice that has been assessed is related to the bank’s recruitment and selection processes. As depicted in the table above, the overall rating of this HR practice is somewhat moderate at the average score rate of 3.73. The only proxy indicator with a relatively high rating i.e., 3.8 or above is the indicator related with the Banks attempt to attract high quality workforce as much as possible.

Otherwise, all the remaining four indicators related to the significance of job performance for job promotion internally, the intentionality of recruiting high quality workforce to become more competitive in the banking industry, the effectiveness of the recruitment process to effectively match the knowledge and skill of its new recruitment with the requirement

specified on the job specification and description, and the timeliness of vacant post filling process rated moderately between 3.68 – 3.78.

Generally speaking, the rating of the survey respondents about the Selection and recruitment process can be considered reasonably well that employees believe the recruitment process helps improve the organization's competitiveness. However, there may be still inconsistencies in the quality of different staff selection and recruitment processes which imply the existing room for improvement.

Table 4.3.5. Descriptive Statistics analysis related to reward management

NO	Indicators	N	Mean	Std. Deviation
1	our organization has a clear and effective reward management system	141	3.56	1.15
2	I am rewarded based on my performance	141	3.48	1.119
3	The reward and compensation practices implemented in the organization have increased my motivation	141	3.65	1.077
4	I am recognized and rewarded appropriately in this organization	141	3.48	1.125
5	Reward systems in my organization has affected the quality of my service	141	3.42	1.154
6	My pay check communicates the extent to which the organization values me as an employee	141	3.48	0.961
5	Agregate of Reward management		3.51	1.098

Source: own survey questionnaire, 2024

The last independent variables considered in this study are related to the existing compensation and reward management system and its contribution for staff motivation and performance. Unlike the other independent variables, the perception of survey respondents is found somewhat different compared to the remaining four variables discussed above.

To be specific, the average rating for this SHRM element is 3.51 which is lower than all the other SHRM activity groups discussed so far. None of the proxy indicators under this group manage to achieve a higher rating. This outcome clearly implies the need for revisiting the compensation and rewards management system of Awash Bank by its HR department and its strategic leadership team if the bank is meant to retain its high quality workforce in the future.

Effective rewards management is crucial for motivating employees and enhancing job satisfaction, which has an implication both the staff performance and retention. For this reason, the Bank may be required to work to clearly linking its reward system the banks staff appraisal system so that the two SHRM system elements could be reinforcing each other and enhance individual and organizational level performances.

Table 4.3.6. Descriptive Statistics analysis related to Employee performance

NO	Indicators	N	Mean	Std. Deviation
1	I believe my organization has an effective performance management system.	141	3.61	1.12
2	My performance is often well in performance appraisal of the organization	141	3.6	1.152
3	I am always motivated to do my job in the organization	141	3.56	1.167
4	My organization continuously motivate me to get my maximum effort	141	3.66	1.034
5	Human resource practices of the organization makes me perform well and productive	141	3.6	1.006
6	I have common goals with my organization that facilitates my performance	141	3.84	0.99
7	I perform well because I felt valued by the organization	141	3.74	1.078
8	I am usually present on time	141	4.31	0.80
	Agregates of Employee performance		3.74	1.04

Source: own survey questionnaire, 2024

The other side of the coin in this research study is the assessment of Awash Bank employees' performance which has been made using eight performance proxy indicators. The mean average score for employee performance is 3.74, which is moderately positive given the cutoff point of 3.8 for high performance rating.

Out of the eight performance proxy indicators survey respondents' rate two of them relatively highly. This is the 4.31 rating given for the timely reporting of staff for their regular duty on consistent manner and the 3.84 rating they gave for the alignment of their individual goal with the overall business goal of the bank. For all the remaining six proxy performance indicators survey respondents gave a rating between 3.56 and 3.74 which are claimed to be moderate according to the verdict of Zaidation and Bagheri (2009).

This outcome may suggest that employees believe they are performing well but may feel that factors like motivation, recognition, or career development could further enhance their performance. Employee performance may be influenced by positive practices in areas like training and career planning as well.

As implied in the discussion so far, the descriptive analysis of the dependent and independent variables highlights the interconnectedness of the SHRM practices namely career planning, training and development, performance appraisal, recruitment and selection, rewards management, and employee performance. Organizations that effectively integrate these elements into their strategic human resource management process are likely to foster a motivated, skilled, and high-performing workforce. Continuous improvement in these areas will enhance employee satisfaction and contribute to achieving higher level organizational business objectives.

4.4. Correlation Analysis

Correlations are perhaps the most basic and most useful statistical measure of association between two or more variables (Marczyk et al., 2005). As per the same source correlations of .01 to .30 are considered small, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large.

The correlation analysis was done to analyze the relationship between SHRM practices such as Reward management, Training and development, Career planning, Performance appraisal, recruitment and selection which are independent variables in our model and employee performance i.e., the dependent variable. To examine the relationship among these variables, Pearson correlation coefficients were calculated. In this section results of this analysis is presented in brief manner.

As clearly depicted below the five independent variables in our model i.e., the SHRM practices are all positively correlated with each other and the dependent variable that is employee performance. The Pearson correlation coefficients among these independent and dependent variables vary between 0.455 and 0.701 and all are found to be significant.

Table 4.4. Correlation between dependent and independent variable

Pearson Correlation	Career planning	Training & development	Performance appraisal	Selection & Recruitment	Reward management	Employee performance
Career planning	1					
Training & development	.488**	1				
Performance appraisal	.494**	.614**	1			
Selection & recruitment	.635**	.473**	.611**	1		
Reward management	.516**	.435**	.535**	.719**	1	
Employee performance	.455**	.506**	.630**	.635**	.701**	1

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

Source: own survey questionnaire, 2024

As per the assessment outcome presented above, the two highest correlation coefficients obtained are 0.719 and 0.701 which indicates the correlation between reward management and staff selection & recruitment and between Employees performance and reward management, respectively in which both are significant at 0.01 level which is between correlations of .70 to .90 are considered large.

The large level of correlation between these variables implies the effectiveness of the Bank’s in effectively recruiting high performance workforce which together with the effective reward management practices help the bank to ensure higher level of performance of its employees.

On the other hand, for all the rest independent variables the correlation coefficient among themselves and with the independent variables reward management and selection & recruitment as well as with the dependent variable employee’s performance is found to be moderate ranging between 0.435 and 0.635. Within this range the correlation between Reward management and Training & development is the lowest standing at the correlation coefficient of 0.435 while that of Selection & recruitment and Career Planning and between Selection & Recruitment and Employees performance are found at the end of the spectrum with 0.635 Pearson Correlation. The correlation coefficient for all the remaining dependent variables and the independent variables falls between these ranges.

Generally speaking, from the analysis above it is noted that all the five independent variables which are the five elements of SHRM practices are positively correlated with employee performance. With regard to the direction of the relationship both variables have a positive sign that dictates a positive change in the independent variable can result in a positive change in the dependent variables. The correlation between the independent variables and the dependent variables are found to be significant as witnessed by p values, which is $p = 0.01$ level (2 tailed).

4.5. Regression Test of Assumption

Before directly proceeding to the model specification and regression analysis of our model there is a need to undertake some statistical tests namely: Multicollinearity, linearity, Normality, and Homoscedasticity tests which are critical to determine and/ or ensure the quality of our regression model.

The undertaking of these tests is expected to enhance the utility of our regression model in terms of outcome reliability, model efficiency, and predictive power, among others. For some detailed information in these regards please see the sections between 4.5.1. & 4.5.4 below.

4.5.1. Multicollinearity test

Multicollinearity is a statistical issue that occurs when two or more independent variables in a regression model are highly correlated. It can lead to incorrect or misleading results, making it difficult to interpret the regression coefficients. The researcher has used the Variance Inflation factor (VIF) to check the Multicollinearity among the independent variables. If there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multicollinearity (Kothari C.R., (2004).

Multicollinearity analysis is the computation that is used to identify whether there is occurrence of more than one variable in a multiple regression model that are found to be highly interrelated (Zikmund et al., 2010). Multicollinearity can be assessed by examining the tolerance and variance inflation factors (VIF) which are the two Collinearity diagnostics factors.

According to Pallant (2010), tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model, whereas VIF is the inverse of the tolerance effect. The larger the VIF above 10 and the lower the tolerance below 0.1 indicate the presence of multicollinearity (Pallant, 2010).

Table 4.5.1 Multicollinearity test

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Career planning	.547	1.828
	Training and development	.575	1.740
	Performance appraisal	.483	2.070
	recruitment and selection	.354	2.826
	Reward management	.463	2.161
a. Dependent Variable: Employee performance			

Source: own survey questionnaire, 2024

In this study, bivariate correlation matrix was computed using Pearson’s correlation. The results of the correlation matrix presented in Table 4.5.1 suggested that none of the bivariate correlation was above 0.90 (Tabachnick and Fidell, 2007; Hair, et al., 2010) for independent variables.

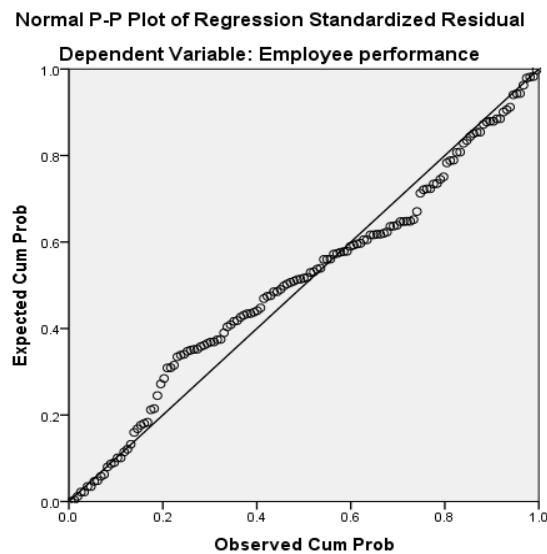
The VIF and tolerance effect were computed using multiple regression procedure with collinearity diagnostic option. As shown in Table 4.5.1 above, the variance inflation factor (VIF) value ranges from 1.740 –2.826 and tolerance value ranges within 0.354-0.575. Accordingly, the VIF values are less than 10, which revealed the absence of multicollinearity among the independent variables and the tolerance values of above 0.1 for all the variables indicated the absence of multicollinearity.

4.5.2. Linearity Test

A linearity test in regression model helps to determine whether the relationship between a dependent variable and an independent variable is linear or not. If the relationship between the variables is not linear, predictions to be made based on a linear model will be biased and the regression line won't be able to represent data points used for the analysis well.

In other words, linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between dependent variable (i.e., Employees Performance) and the independent variables (i.e., Reward management, Training & development, Career planning, Performance appraisal, Selection & recruitment). a linear plots of the regression residuals through SPSS software had been used. As depicted in the figure 4.5.2 below there is linear relationship between the outcome variable and the independent variables of our model.

Figure 4.5.2 Linearity Test



Source: own survey questionnaire, 2024

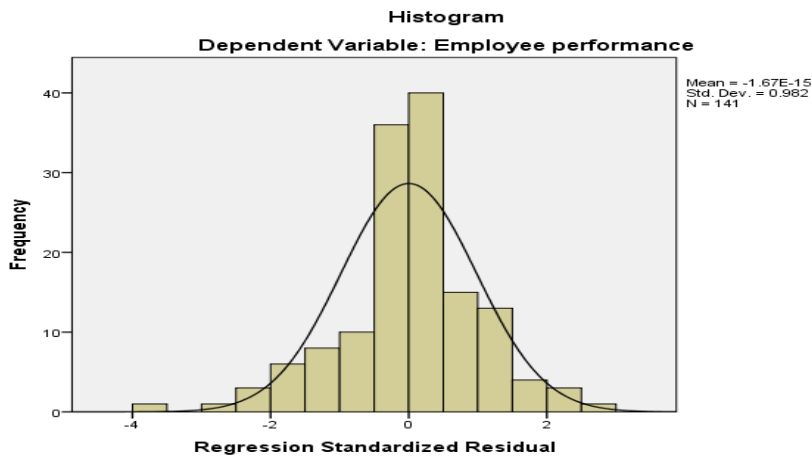
4.5.3. Normality Test

A normality test in regression analysis is a statistical test used to determine whether the residuals in a regression model are normally distributed or not. The normal distribution of the residuals is a key assumption for the validity of statistical tests and for the accuracy of model predictions. Normality is a basic assumption for the validity of many statistical tests like for Student's T-test and ANOVA. According to Hair, et al. (2010,), normality can be easily assessed by examining the shape of data distribution for an individual metric variable (i.e., the residual values in our case) and its correspondence to the normal distribution, the benchmark for statistical methods.

An SPSS 25 software package is used to determine the normality of our regression model for which the outcome of the assessment is presented in Figure 4.5.3 below. As clearly depicted in

the figure mentioned, the frequency distribution of the standardized residuals of our model is compared to a normal distribution curve. The closer resemblance of the histogram of the residual values of our model to a bell-shaped normal distribution curve it imply the normality of our model even though there are some residuals that are relatively far away from the curve (Osborne and Waters, 2002). Thus, the result assured that the distribution is normal for this study.

Figure 4.5.3: Frequency Distribution of Standardized Residual



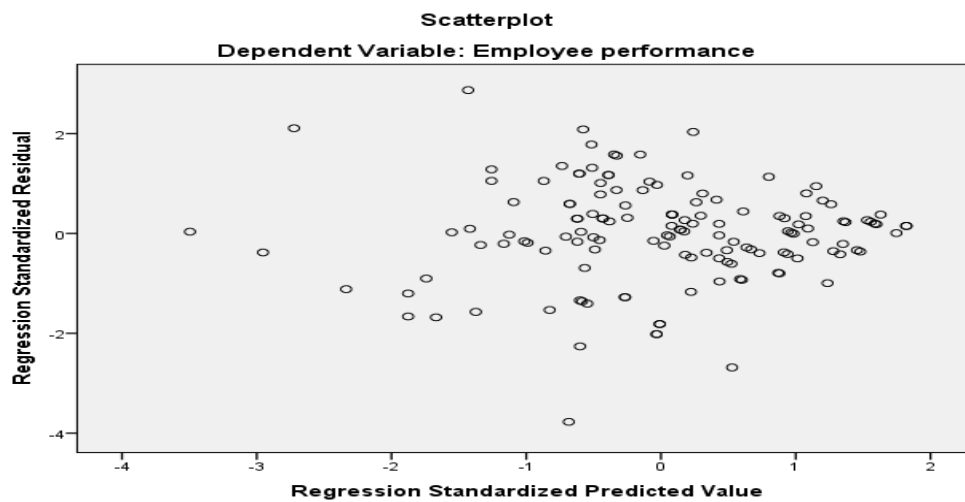
Source: own survey questionnaire, 2024

4.5.4 Homoscedasticity

The assumption of Homoscedasticity, which is also known as homogeneity of variance refers to equal variance of errors across all levels of the independent variables. The assumption is critical to ensure unbiased test results in our regression analysis (Osborne & Waters, 2002).

Ideally, residuals are randomly scattered around 0 (the horizontal line) providing a relatively even distribution. This means that the error terms are spread out consistently between the variables (Keith, 2006). As depicted in the figure below, the spread of the residuals in our model are fairly distributed at each point of the predictor variables (or across the linear model).

Figure 4.5.4 Homoscedasticity



This scatter plot reveals a linear relationship between X and Y which imply for a given value of X, the predicted value of Y will fall on or closely around the regression line. The plot further reveals that the variation in Y about the predicted value is about the same (+ or - 2 units), regardless of the value of X. Statistically, this behavior of a residual distribution is referred to as homoscedasticity.

Such homoscedasticity is an underlying assumption for regression and its violation leads to parameter estimates with inflated variances and biased model estimates. If the data are homoscedastic, then the regression estimates give us unbiased estimates which increase the utility of our analytical model.

4.6. Regression Analysis

The discussion so far was focused on establishing a theoretical framework for the study by summarizing the outcome of the literature review conducted for the research work and to present the outcome of the descriptive statistics and correlation analysis.

The following section of this report is devoted to the presentation of the regression analysis outcome which aimed to determine the level of strength of the relationship between independent variables and the dependent variable in a way that help for modeling of the future relationship between them.

Accordingly, the relationship between the five SHRM system variables (namely: Reward management, Training & development, Career planning, Selection & recruitment, and Performance appraisal) and the independent variable i.e., employee’s performance determined using a linear regression analysis model and the result is presented here under.

Table 4.6.1 Model Summary

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772 ^a	.595	.580	.620

a. Predictors: (Constant), Reward management, Training and development, Career planning, Performance appraisal, recruitment and selection

b. Dependent Variable: Employee performance

Source: own survey questionnaire, 2024

From table above, “R” is a multiple correlation coefficient between dependent (outcome) and independent (predictors) variables of the study (Field, 2005). In our case R has a score of 0.772^a, representing the strong correlation between the dependent variable Employees job Performance and the independent variables Reward management, Training & development, Career planning, Performance appraisal, and Selection & recruitment.

Again, R-squared which is equal to 0. 595 indicates the variation in data explained by the relationship between an independent variable and a dependent variable. It is also called the squared multiple correlation coefficient or the coefficient of determination.

Accordingly, this outcome implies that nearly 60% of the variation in the dependent variable explained by variations in the independent variables included in our regression model. In other words, approximately 40 % of the variation in Employees job Performance at Awash Bank cannot be explained by these five independent variables. So, there must be other factors which are relatively important but not incorporated in our analytical model to explain Employees job Performance of at Awash Bank.

The adjusted R-squared is a modified version of R-squared which adjusts for predictors that are not significant in a given regression model. Compared to a model with additional input variables, a lower adjusted R-squared indicates that the additional input variables are not adding value to the model.

4.6.1. ANOVA (Analysis of Variance)

The ANOVA table 4.6.2 below tells story about how the regression equation with the independent variables (Reward management, Training and development, Career planning, Performance appraisal, recruitment and selection) accounts for variability in the response variable, which is the dependent variable in our model (Employees job Performance).

Table 4.6.2 ANOVAa

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.438	5	15.288	39.723	.000 ^b
	Residual	51.955	135	.385		
	Total	128.394	140			
a. Dependent Variable: Employee performance						
b. Predictors: (Constant), Reward management , Training and development, Career planning, Performance appraisal, recruitment and selection						

Source; own survey questioner 2024

As depicted in the above table the Significance value 0.01 obtained from the ANOVA test is greater than the calculated value 0.000. This outcome reflects the statistically significant correlation between dependent variable and independent variable at 1% significant level. Which means the independent variables; Reward management, Training and development, Career planning, Performance appraisal, recruitment and selection has great contribution to improve Employees job Performance in the case of Awash Bank at head office and its branches under South Addis Ababa Districts. But it does not mean that all these factors have equal significant correlation with Employees Performance.

Regression Equation of the Research Model.

$$Y = .393 + -0.045X_1 + 0.166 X_2 + 0.335X_3 + 0.133X_4 + 0.461X_5$$

Table 4.6.3 Coefficients of Multiple Regressions

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.393	.348		1.129	.261
	Career planning	-.045	.084	-.040	-.535	.593
	Training and development	.166	.110	.109	1.510	.133
	Performance appraisal	.335	.098	.270	3.428	.001
	Selection and recruitment	.133	.095	.129	1.406	.162
	Reward management	.461	.085	.436	5.424	.000
a. Dependent Variable: Employee performance						

The Multiple regression analysis results from the above table provide insights into the impact of the various Strategic Human Resource Management (SHRM) practices considered in our regression analysis on employee performance. The result includes coefficients, standard errors, standardized coefficients (Beta), t-values, and significance levels (p-values) for each variable.

Starting with the constant term in the model, the unstandardized coefficient (B) is 0.393, with a standard error of 0.348, leading to a t-value of 1.129 and a p-value of 0.261. This suggests that the constant term is statistically significant, indicating that when all predictors are set to zero, the dependent variable would have a baseline value of 0.393, albeit this interpretation is largely theoretical in the context of regression analysis.

With respect to the influence of the independent variables on the dependent variable, Career Planning which is concerned with the career development of the bank staffs and aligning individual aspirations with organizational objectives found to have a coefficient of $B_1 = -0.045$.

The negative coefficient here is not in line with the hypothesis of this study which may suggest a potential misalignment or inefficiency in how career planning is implemented within the organization. This could indicate that employees perceive career planning efforts as disconnected from their immediate roles or the organization's strategic goals. For SHRM to be effective, career planning initiatives should focus on creating clear pathways that align employee development with organizational needs, fostering motivation and engagement.

Secondly, Training and Development, which can be considered as an investment in the human capital of any organization found to contribute positively for employee's performance as hypothesized initially. The positive coefficient ($B_2 = 0.166$) indicates that training and capacity building actions explain about 16.6% of improvement in employees' performance. Whereas the level of significance ($p = 0.133$) suggests that current training efforts may not be fully optimized to the level possible or strategically aligned.

In order to leverage the training and capacity development efforts of the bank's SHRM practice shall focus on identifying and addressing skill gaps which are more aligned with the organization's strategic priorities and introducing some management actions to ensure the effectiveness of training initiatives to be translated into tangible performance outcomes. This may be done through the introduction of effective monitoring and evaluation approaches and a knowledge management practice at different levels.

Thirdly, Performance appraisal system of the bank found playing critical role in enhancing the banks employees' performance. The significant positive relationship ($B_3 = 0.335$, $p = 0.001$) underscores its level of significance this practice has in driving employee performance. Effective appraisals provide a platform for feedback, goal alignment, and performance improvement, which are central to SHRM. Organizations in general and Awash Bank in particular shall work hard to further enhance the contribution of their performance appraisal systems for a higher corporate business objective.

Fourthly, Recruitment and Selection are fundamental SHRM practices that support source, attract, and retain the right talent for any organization. In this regard, even though the assessment outcome gave us positive coefficient ($B_4 = 0.133$), which reflects a beneficial contribution of this process to the employee's performance, its low level of significance ($p = 0.162$) suggests that the recruitment process may not be fully aligned with strategic objectives of the bank. To enhance the contribution of the selection and recruitment process to improve employees' performance the bank shall revisit the overall process of its staff selection and recruitment process further.

From the above table the last variable reward management is a cornerstone of SHRM, linking employee motivation to organizational performance. The strong and significant positive impact ($B_5 = 0.461$, $p = 0.000$) highlights its critical role in enhancing employee performance. By strategically designing reward management systems to recognize and reinforce desired behaviors and outcomes. Through such an effective reward management system organizations can create a motivated workforce aligned with their strategic vision.

4.7. Hypothesis Test

Hypothesis testing is a statistical procedure used to test assumptions or hypotheses about population parameters. It involves formulating a null hypothesis (H_0) and an alternative hypothesis (H_a), collecting data, and determining whether the evidence is strong enough to reject the null hypothesis.

The primary purpose of hypothesis testing is to make inferences about a population based on sample data. It allows researchers and analysts to quantify the likelihood that observed differences or relationships in the data occurred by chance rather than reflecting a true effect in the population.

Table 4.7. Hypothesis Test

One-Sample Test

	Test Value = 0.05						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference		
					Lower	Upper	
Career planning	51.449	140	. 0 0 0	3.69	3.5	3.78	
Training and development	73.903	140	. 0 0 0	3.96	3.81	4.02	
Performance appraisal	57.804	140	. 0 0 0	3.81	3.63	3.89	
recruitment and selection	46.879	140	. 0 0 0	3.73	3.52	3.83	
Reward management	45.348	140	. 0 0 0	3.51	3.31	3.61	

The analysis of various organizational processes reveals significant insights regarding their impact on employee performance. For each independent variable namely Career Planning, Training and Development, Performance Appraisal, Recruitment and Selection, and Reward

Management the null hypothesis (H_0) proposed that the mean score was equal to 0.05, while the alternative hypothesis (H_1) suggested that the mean score differed from this benchmark.

The results showed that Career Planning had a mean score of 3.69, with a t-value of 51.449 and a significance level of .000, leading to the rejection of the null hypothesis. This indicates that effective career planning contributes positively to employee performance by providing clear pathways for growth and development. Similarly, Training and Development yielded a mean of 3.96, a t-value of 73, and a significance level of .000, suggesting that robust training programs enhance employees' skills and competencies, further driving performance.

In the case of Performance Appraisal, the mean score of 3.81, with a t-value of 57 and a significance level of .000, indicates that regular performance appraisal practice with a constructive feedback mechanism are perceived to significantly improve employee performance. The Recruitment and Selection process, with a mean score of 3.73, a t-value of 46, and a significance level of .000, highlights the importance of hiring practices that align with organizational goals, thereby fostering a high-performance culture from the outset. Lastly, Reward Management, with mean of 3.51, a t-value of 45, and a significance level of .000, underscores the role of appropriate recognition and rewards in motivating employees to perform at their best.

Overall, the findings discussed above suggest that the Strategic Human Resource Practices examined are crucial in shaping employee performance. The consistent rejection of the null hypothesis across all variables indicates that career planning, training and development, performance appraisals, selection and recruitment, and reward management systems are perceived as effective practices that significantly enhance employee performance and hence organizational corporate goals by extension.

From the discussion under different sections of chapter four above it is reasonable to argue by saying that organizations focusing on these areas are likely to see improved productivity, engagement, and overall employee satisfaction, ultimately driving organizational success.

CHAPTER FIVE

5. FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter aims at presenting the summary of findings and to align the research findings about the objectives of the study and illustrates the conclusions that have been reached. Recommendation that focuses on how the problem identified could be addressed is included.

5.1. Summary of the findings

The findings of the study are in line with strategic human resource management (SHRM) practices that have a significant positive impact on employee performance at Awash Bank. Key SHRM components, such as career planning, training and development, performance appraisal, selection and recruitment, and reward management, were shown to enhance employee engagement and retention. The study employs a mixed-method approach, combining descriptive and explanatory designs, to explore the relationship between SHRM practices and performance.

The findings suggest that when organizations implement effective SHRM practices, they not only improve employee satisfaction but also align their workforce capabilities with the strategic goals of the organization.

In terms of HRM practices, the findings reveal that employees view career planning positively (mean score of 3.69), highlighting its role in retention and engagement. SHRM posits that clear pathways for advancement can enhance employee motivation, leading to improved performance. Awash Bank shall invest in career development initiatives that align individual aspirations with the organization's objectives.

Training and development received a high mean score of 3.96, indicating employee appreciation for structured training aligned with organizational goals.

The higher score for performance appraisal (3.80) suggests a positive practice in the performance planning and appraisal adopted by Awash Bank. The implementation structured feedback framework.

The recruitment and selection process were perceived positively (mean score of 3.73), yet concerns about efficiency suggest room for improvement. SHRM emphasizes the necessity of strategic recruitment practices to attract top talent. Awash Bank should evaluate its strategies to ensure they effectively align with organizational values and performance expectations.

The area of reward management scored the lowest (mean score of 3.51), indicating employee dissatisfaction. This finding underscores the need for a transparent reward system that aligns closely with performance metrics. SHRM principles advocate for equitable reward systems that recognize and motivate employees based on their contributions, enhancing engagement and productivity.

Correlation analysis revealed moderate to strong positive relationships (coefficients ranging from 0.455 to 0.701) between strategic HRM practices and employee performance. These findings reinforce the significance of effective HRM practices in enhancing workforce effectiveness. The positive correlation suggests that improvements in areas such as training, career planning, and reward management directly contribute to higher employee performance, which is consistent with SHRM's literatures as well as the study hypothesis.

The outcome of the multiple regression analysis further supports these findings by indicating that specific contribution HRM practices in predicting employee performance. For example, Reward management and Performance appraisal are found relatively high compared to other independent variables with a coefficient value of .461 and .335, respectively. Whereas the contribution of Training and development and Selection and recruitment is found to be positive but still with relatively lower influence with a coefficient of 0.166 and 0.133 respectively.

However, in the case of career planning the regression analysis gave us a negative coefficient which is not in line with the hypothesis of this study, and this may suggest a potential misalignment or inefficiency in how career planning is implemented within the organization.

Generally, the findings of the study highlight the essential role of Strategic Human Resource Management in the driving employee performance at Awash Bank. By addressing demographic considerations, enhancing HRM practices, and utilizing need assessment studies to inform the training and capacity effort of the organization, the bank can foster a more engaged, competent, and motivated workforce. Implementing the recommendations derived from these findings will not only align with SHRM principles but also position Awash Bank for sustained success in a competitive business environment for private banks operating in Ethiopia.

5.2 Conclusion

Based on the above findings on each research objective, the next section gives the conclusions in relation to strategic human resource management and employee performance within the banking sector.

The study demonstrates that Strategic Human Resource Management (SHRM) practices, including career planning, training and development, performance appraisal, Selection & recruitment, and reward management are critical areas organizations need to focus in order to enhance employee performance.

By integrating SHRM practices with organizational objectives, organizations like Awash Bank can achieve significant improvements in productivity, employee satisfaction, and competitive advantage. The evidence both from the literature review and the quantitative data analysis of this research works implies that organizations that adopt comprehensive SHRM practices can significantly boost the motivation and effectiveness of their workforce, leading to improved organizational outcomes.

At Awash Bank, the successful integration of SHRM practices has the potential to provide a competitive edge in the industry. However, the research also points to the pressing need for

organizations to address the inherent challenges within their HR frameworks. Failure to do so may result a missed link between HR practices and organizational objectives, ultimately hindering overall performance.

5.3. Recommendation

Based on the findings and conclusions of the study, several recommendations are proposed to enhance the effectiveness of strategic human resource management system and practice at Awash Bank and similar organizations.

- It is essential to invest in comprehensive training and development programs. These programs should be designed to equip employees with the necessary skills and knowledge to excel in their roles, thereby improving overall performance.
- The organizations should establish clear SHRM policies that align HR practices with the broader strategic goals of the organization. This alignment will help ensure consistency and fairness in recruitment, training, and management processes.
- Implementing systematic performance planning and appraisal processes is crucial. Regular appraisals can provide employees with constructive feedback and recognition for their achievements, which is vital for maintaining motivation and high performance. It is equally important to address the existing challenges within HR practices, such as favoritism and bias.
- The Bank shall promote transparency and professionalism in its HR operations to attract high quality workforce and retain its qualified personnel by fostering a more equitable work environment.
- The organization should align its SHRM practices with the bank's long-term goals to ensure cohesive organizational growth.
- The bank shall introduce an effective knowledge management practice in order to identify the knowledge and skill gaps of its employees in an effective manner and to design and deliver properly tailored training initiatives to its workforce.
- The organization shall work to introduce clear career paths to motivate employees and reduce turnover rates.
- The bank shall revisit its new employee selection and recruitment process and introduce an effective onboarding system to ensure the selection of highly qualified/ competent and culture-fit candidates.

- The organizations should assess possibilities to promote and balance their financial and non-financial rewards mechanisms in order to maintain a high level of employee motivation and performance.
- The bank shall introduce reliable performance metrics to be used in its performance planning and appraisal process and with the necessary feedback loops to ensure high developmental effect of the performance measurement and communication process.

5.4. Future Research Directions

Future researchers in this field of study can expand the pool of knowledge by taking the following research directions

- This study is limited in scope and incorporated five of the major elements of a SHRM practice namely career planning, training and development, performance appraisal, selection and recruitment, and reward management. However, there are a lot of additional HRM practices that can be considered for similar research work. Therefore, future research works shall focus on SHRM practices for which empirical evidence is lacking rather than wasting scarce resources by duplicating the same research work.
- As mentioned in the first chapter of this study, this research work is confined to only one organization and even with limited sample size mainly for financial, logistics, and time related constraints. Therefore, future researchers should focus on undertaking of their assessment in different banking institutions and other different organizations in order to broaden empirical evidences in the area.
- This research employed descriptive and explanatory research design. This research design was undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in the study; recommendations are therefore made for further research in a different research design like longitudinal research design, philosophical design, correlation research design etc.

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APPENDIX

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF POST GRADUATE STUDIES

DEPARTMENT OF MASTER OF BUSINESS ADMINISTRATION

Dear Respondents: First of all, I would like to convey my gratitude for giving you your precious time and energy to fill in this questionnaire and contribute your part for the completion of this study.

Objective: The objective of the study is to examine the effect of strategic human resource management practice on employee performance in the case of Awash Bank. The Research is done as a partial fulfillment of academic requirements of M.A. degree in Business Administration.

General Guideline – There is no need to write your name.

Please put check mark (“√”) adjacent to your choice of answer. Write your short answer for open-ended questions. The scales are described as follows:

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5 = Strongly Agree (SA)

Confidentiality - Any information gathered in this questionnaire will be used strictly for academic purposes only. There is no necessity for respondents to mention your name, position, department and any response gathered from this questionnaire will be kept private and treated with utmost secrecy.

Therefore, I request your cooperation to properly complete all the items covered in the questionnaire since your genuine feedback is of utmost importance in determining the study's outcome. Thank you in advance for sharing your valuable experience and time in completing the questionnaire. If you need any clarification or information, contact me by:

E-mail: -workuseble2009@gmail.com.

Thank you in advance for your appreciable cooperation!

PART I: Personal Background Information

1. Sex:

Male _____

Female _____

2. Marital Statues

Married _____

Unmarried _____

Widowed _____

3. Work experience in the Awash:

≥ 2 Years _____

3-5year _____

6-10 years _____

11-15 years _____

16 and above _____

4. Educational Background:

Diploma _____

Bachelor's Degree _____

Masters _____
PhD and above _____

5. Department

Human Resources _____
Finance _____
Quality Management & Control _____
Digital Banking Officer _____
Risk management _____
Procurement _____
Information System _____
Others Specify _____

6. Position

Junior officer _____
senior officer Management staff _____
Chief Officer _____

Part Two – Questions related to factors of strategic human resource management practice

Please indicate the level of your agreement with the statement below (Please put (“√”) to indicate your answer). The response scale for the questions is as below:

1= Strongly Disagree (SD)

2= Disagree (D)

3= Neutral (N)

4= Agree (A)

5 = Strongly Agree (SA)

S/N	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Career planning					
1.1	The bank attracts and retains employee's talent by offering careers.					
1.2	Career planning use human resources effectively and achieve greater productivity.					
1.3	The implementation of career planning at the bank reduces employee turnover.					
1.4	The organization improves employee morale and motivation through career planning.					
1.5	Career planning meet the immediate and future human resource needs of the organization on a timely basis					
2	Training and development					
2.1	The organization utilizes formal training programs					
2.2	Managers consider employee learning as an investment and not an expense					
2.3	The organization provide					

	employees with training opportunities					
2.4	Traning & development is aimed at management succession					
2.5	Training is related to both personal and organizational needs					
2.6	The organization aims at attracting qualified trainers					
2.7	The quality of training and development is highly related to firm performance					
3	Performance appraisal and Management					
3.1	The Bank has effective performance appraisal system					
3.2	Performance management system used in our organization helps employees meet the set targets					
3.3	Corrective measures are undertaken to improve staff performance after every appraisal period					
3.4	I receive specific and accurate feedback from my supervisor on my performance after every appraisal process					
3.5	My pay, commission, promotion and other benefits are purely based on					

	performance appraisal results					
3.6	Performance management system leads to employees becoming more competent					
4	Selection and recruitment					
4.1	Job performance is highly emphasized as a condition for internal selection					
4.2	Recruitment in the organization aims at attracting a high number of highly talented applicants					
4.3	The recruitment process of getting highly qualified personnel is aimed at increasing organizational competitiveness and hence performance					
4.4	The bank Select employees skills based on the job specification and job description					
4.5	Timely filling vacant positions in the organization by selection and recruitment department.					
5	Reward management					
5.1	our organization has a clear and effective reward management system					
5.2	I am rewarded based on my performance					

5.3	The reward and compensation practices implemented in the organization have increased my motivation					
5.4	I am recognized and rewarded appropriately in this organization					
5.5	Reward systems in my organization have affected the quality of my service					
5.6	My paycheck communicates the extent to which the organization values me as an employee					

Part THREE: Employee performance

S/N	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
6	Employee performance					
6.1.	I believe my organization has an effective performance management system.					
6.2	My performance is often well in performance appraisal of the organization					
6.3	I am always motivated to do my job in the organization					
6.4	My organization continuously motivate me to get my maximum effort					
6.5	Human resource practices of					

	the organization makes me perform well and productive					
6.6	I have common goals with my organization that facilitates my performance					
6.7	I perform well because I felt valued by the organization					
6.8	I am usually present on time					

If you have additional suggestions in relation to strategic human resource management practice and employee performance, please describe it.

Thank you very much for your cooperation!