



ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

EXECUTIVE MASTER OF BUSINESS ADMINISTRATION [EMBA] PROGRAM

**THE ASSESSMENT OF STRATEGIC HUMAN RESOURCE MANAGEMENT
PRACTICES TOWARDS EMPLOYEE RETENTION: A CASE STUDY OF AWASH
INTERNATIONAL BANK S.C**

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**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS
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DEGREE OF EXECUTIVE MASTER OF BUSINESS ADMINISTRATION [EMBA]**

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DECLARATION

I, the undersigned, hereby declare that the research paper entitled “**The Assessment of Strategic Human Resource Management Practices Towards Employee Retention: A Case Study of Awash International Bank S.C**” is my original work and has not been presented for a degree in this university or any other universities, and that all source of materials used for the study have been duly acknowledged.

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CERTIFICATE

This is to certify that this research paper entitled “**The Assessment of Strategic Human Resource Management Practices Towards Employee Retention: A Case Study of Awash International Bank S.C**” has been undertaken by Sileshi Bekele Gudeta under my guidance and submitted in partial fulfillment of the requirement for the Degree of Executive Master of Business Administration [EMBA] at Addis Ababa University.

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TABLE OF CONTENTS

ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	ix
LIST OF ACRONYMS.....	x
ABSTRACT	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.2 Context of the Study.....	2
1.2 Statement of the Problem	3
1.2.1 Research Questions	4
1.3 Objectives of the Study	5
1.3.1 General Objectives	5
1.3.2 Specific Objectives.....	5
1.4 Significance of the Study.....	5
1.5 Limitation of the Study.....	5
1.6 Scope of the Study	6
1.7 Definition of Terms.....	6
1.8 Organizations of the Study	7
CHAPTER TWO	9
REVIEW OF RELATED LITERATURE	9
2.1 Introduction.....	9
2.2 Theoretical Review	9
2.2.1 Strategic Human Resource Management Practices.....	9
2.2.2 Reward and Compensation	11
2.2.3 Training and Development	12

2.2.4 Work- Life Balance	13
2.2.5 Employee Empowerment.....	13
2.2.6 Performance Appraisal	14
2.2.7 Employee Retention	15
2.2.8 Demographic Factors and Employee Retention.....	16
2.3 Empirical Review.....	17
2.4 Conceptual Framework of the Research.....	19
CHAPTER THREE.....	21
RESEARCH METHODOLOGY AND APPROACH.....	21
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Data Source and Collection Method	21
3.4 Target Population and Sampling Design.....	22
3.5 Questionnaire Design	25
3.6 Pilot test	25
3.7 Validity and Reliability of the Research Instrument.....	25
3.8 Ethical Considerations.....	27
3.9 Data Presentation and Analysis	28
CHAPTER FOUR.....	29
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	29
4.1 Introduction.....	29
4.2 Demographic Characteristics of the Respondents	29
4.3 Descriptive Statistics Analysis for SHRM Practices	31
4.3.1 Reward and Compensation practices	32
4.3.2 Training and Development Practices	34
4.3.3 Work-Life Balance Practices	36
4.3.4 Employee Empowerment Practices.....	38

4.3.5 Performance Appraisal Practices	40
4.3.6 Employee Retention Practices	42
4.4 Inferential Statistics Analysis	44
4.4.1 Correlation Analysis.....	45
4.4.2 Preliminary Diagnosis for Regression Analysis	47
4.4.3 Linearity Assumption.....	47
4.4.4 Normality Distribution Test.....	48
4.5.5 Homoscedasticity	49
4.5.6 Multicollinearity Diagnosis	50
4.5.2 Multiple Linear Regression Analysis	51
CHAPTER FIVE	56
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	56
5.1 Introduction.....	56
5.2 Summary of Major Findings.....	56
5.3 Implication of the Findings.....	58
5.4 Contribution to Knowledge	59
5.6 Conclusion	59
5.5 Recommendations	60
5.7 Limitation and Areas for Future Research Work.....	63
REFERENCES	65
APPENDIX	72

LIST OF TABLES

Table 3.1 Target Population with Percentage.....	23
Table 3.2 Reliability Test of the Research Instrument.....	27
Table 4.1 Distribution of total respondents	29
Table 4.2 Demographic Profile of Respondents.....	30
Table 4.3 Reward and Compensation Practices	33
Table 4.4 Training and Development Practices.....	35
Table 4.5 Work-Life Balance Practices	37
Table 4.6 Employee Empowerment Practices.....	39
Table 4.7 Performance Appraisal Practices	41
Table 4.8 Employee Retention Practices	43
Table 4.9 Pearson Correlation Analysis.....	46
Table 4.10 Tests of Normality.....	48
Table 4.11 Multicollinearity Test	51
Table 4.12 Regression Analysis Model Summary	52
Table 4.13 Analysis of Variance (ANOVA) Model Summary	52
Table 4.14 Multiple Regression Coefficient Analysis.....	53
Table 4.15 Summary of Hypothesis Test Results.....	55

LIST OF FIGURES

Figure 2.1 Conceptual Framework of the Research	20
Figure 4.5 Linearity Test Scatter Plot	47
Figure 4.6 Histogram Standardized Residual.....	48
Figure 4.7 Normality P-P and Q-Q plot of Standardized Residual	49
Figure 4.8 Homoscedasticity Standardized Predicted Value	50

LIST OF ACRONYMS

AB - Awash Bank

ANOVA- Analysis of Variance

HR - Human Resource

HRM - Human Resource Management

S.C – Share Company

SHRM - Strategic Human Resource Management

SPSS - Statistical Package for Social Science

ABSTRACT

The purpose of this study was to assess strategic human resource management (SHRM) practices towards employee retention: A Case Study of Awash International Bank S.C. Employee retention is becoming a strategic challenge that many organizations faces globally and specifically in Ethiopia. The present study specifically looked at the following factors: reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal and employee retention. The study employed descriptive research approach in which both primary and secondary data were utilized. The study population was comprised of employees of the bank working in Addis Ababa Head Office and city branches. The target population for the present study was 1192 employees of the bank, out of which 300 employees were drawn as sample size to collect primary data through survey questionnaire. The sample design of the study was cluster sampling method. Quantitative data was analyzed by employing descriptive statistical instrument namely frequencies, percentages, mean and standard deviation while inferential statistical instruments was analyzed using correlation and regression analysis. In order to clarify the effect of the relationship among the variables the study assessed SHRM practices that affect employee retention and their association, contribution and significance were identified and analyzed. There exist positive relationship between employee retention and all five factors such as reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal and these factors could predict employee retention. Among these factors, major contributors to employee retention were work-life balance followed by reward and compensation and employee empowerment. The hypotheses test results in relation to the research were supported. The study recommends that the bank better consider and design employee retention strategy or actions in order to retain talented employees by taking the factors of SHRM practices studied into account. The study was limited to a case study of Awash International Bank S.C and hence it is better if future researchers conduct in different service sectors by using other variables to find out whether the same results shall be drawn.

Key Words: SHRM Practices, HRM, Reward and Compensation, Training and Development, Work-Life Balance, Employee Empowerment, Performance Appraisal, Turn Over, Employee Retention, Awash Bank

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employees are the treasure of organizations and retaining them is becoming vital in keeping organizations on track. An effective strategic human resources management (SHRM) practices towards employee retention has become one of the most essential areas in the arena of business for the overall performance and growth of an organization (Nasir & Mahmood, 2018).

Nowadays, organizations are found to be technology driven, nevertheless in order to run the technology human talent is the livelihood of every organization. In every area of business activities, there is competition among organizations which opens up the availability of opportunities to human resources especially to those skilled and qualified people. In order to maintain competitive advantage, securing and retaining skilled employees is crucial as employees' knowledge and skill is central to organizational success (Mathimaran and Kumar, 2017).

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

Retention of talented and skilled employees is a critical issue that organizations have to handle it wisely and effectively since retaining them can add value, enhance organizational competitiveness and significantly contribute to an organization's sustainable growth (Hong et al., 2012). Hence, employee retention is getting the attention of many organizations as it leads to disruption when highly performing employees leave the organizations. Organizations better retain such talents particularly in this challenging and unpredictable environment where change is inevitable (Hong et al., 2012; Samuel & Chipunza, 2009).

A number of SHRM practices are constantly in use by organizations (such as selection and recruitment, incentive pay, employment security, employee participation, performance management, training and development) in order to increase output across organizations, however, organizations face with adverse outcomes when good talented workers opt to leave which decreases efficiency and productivity while cost and threat increases to the long-term survival and sustainability of organizations (Beach, Brereton and Cliff, 2003; Pfeffer, 1994).

In Ethiopia, the banking sector has grown radically during the last two decades. The fierce competition of commercial banks has resulted in coming up with measures geared towards attracting experienced employees in order to survive and to have large market share by utilizing

the potentials of their employees. Thus, banks in Ethiopia are now making more profits by focusing on customer base and engaging talented employees. To retain customers by delivering service excellence; more talented employees who are equipped with the knowledge of banking product, services and customer handling experience are required.

In order to do so, commercial banks in Ethiopia have increased their customer service hours, announced more products, opened more branches and adapted latest IT infrastructure. In order to integrate customer services, banking product knowledge and operating the IT system most commercial banks in Ethiopia are poaching employees from competitors' banks to gain competitive advantage. Therefore, commercial banks in Ethiopia especially those banks which were available during the last two decades were suffering from employee turnover.

Given the diverse approaches to SHRM practices, it is apparent that a more consolidated study would be beneficial to the development of knowledge in these areas. The need to address such state of affairs led to the purpose of the present study, which needs to be discussed and clarified throughout the subsequent section.

1.1.2 Context of the Study

Awash International Bank S.C (Awash Bank, the bank) is one of the pioneer and the biggest private banks in Ethiopia after the collapse of almost 20 years of state monopoly. Awash Bank (AB) was established by 486 founding shareholders with a paid-up capital of Birr 24.2 million and commenced banking service in 1995. As at the end of June 2019, the total number of shareholders and paid-up capital reached over 4,369 and Birr 4.4 billion respectively. Likewise, at the end of the fiscal year June 2018/19, the total assets of the bank reached 74.6 billion, permanent employees surpassed 9,000 and number of branches grow to more than 400 (Annual Report, 2018/19). The Bank is investing significant amount of money, time and effort in selecting, recruiting and training new as well as existing employees to assist them become more competent in the industry as well as for the wellbeing of the bank.

Nevertheless, trained and talented employees were leaving the bank after gaining the necessary skills and knowledge. Being a big bank, other private and government banks are luring its employees at different times.

During the past several years, in an attempt to attract and retain employees, the bank had made many reforms and changes such as improving salary scale, incentives, bonus, annual salary increment, partly selling shares to employees, exposure visit to outside Ethiopia and short term training for existing employees at local as well as overseas.

However, AB faces difficulty of retaining skilled and talented employees, which are valuable to the sustainable growth of the bank in the future. This partly owes to the growth of existing private banks and the entry of new ones to the banking sector.

1.2 Statement of the Problem

The primary concern for any organization is the accomplishment of desired objectives in a timely manner. Nevertheless, organizations suffer in various ways like employee dissatisfaction if adequate attention is not given to employee retention on time (Nasir & Mahmood, 2018; Francis, 2014).

Scholars in the field suggest that a fluctuating human capital affects the performance, productivity, efficiency levels of an organization and loss of organizational knowledge to competitors which in turn contribute to extra financial costs (Balamurugan & Abinaya, 2016, Kraemer, Gouthier, & Heidenreich, 2016; Singh, 2018). Therefore, if organizations don't able to retain skilled employees there will be no worthy employees left.

As cited by Singh & Satpathy (2015, p.159), Andrew Carnegie, the famous industrialist of 19th century commented *"Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key employees, and in two or three years, I will have them all again"*. From this comment it can be inferred that human capital is a means to organizational success, good performance, productivity, and means of achieving goals and therefore it is true that in today's time more emphasis should be given in developing strategies to retain key employees.

Over the last several years, employee retention has been the major problem for the financial service sector in Ethiopia due to emerging private commercial banks and fierce competition among themselves. For instance, the voluntary turnover record of AB indicates that within the last five years that is from 2014/15 to 2018/19 total number of employees left the bank total 980 (on average 196 per year). The turnover record during the last five years revealed that in 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 fiscal years, employees resigned were 131, 203, 208, 215 and 223 respectively (HRM Record of the Bank, 2019).

Owing to the difficulty of knowing what is going on in the minds of employees and the availability of opportunities for skilled and talented employees, it is challenging to develop single retention strategy or retention plan as employees have different needs and interests as such they have different demands and expectations from organizations (Ejaz and Akbar, 2015; Nyaema and Wambua, 2019; Arnold & Feldman, 1982).

Therefore, it is imperative for organizations, like Awash Bank to implement best SHRM practices and better understand the range of factors that influences employees' decision to leave the organization or intention to stay, as a result prevent the competitors from attracting and poaching the talent already nurtured over a period of time. Hence, organizations have to think outside traditional box and manage human capital that creates a fit between human resource (HR) and business strategy formulation.

Thus, the research is aimed to contribute to the limited scientific body of literature regarding SHRM practices in developing country's banking sector. Literatures on SHRM practices and employee retention are primarily carried out in developed countries but limited studies are available in developing countries (Nyaema and Wambua, 2019; Nasir & Mahmood, 2018; Haider et al., 2015; Francis, 2014). Especially there exist inadequate researches on previous studies when it comes to the relationship between SHRM practices and employee retention, which is particularly the case in the banking sector in Ethiopia.

The research gap indicates that the need to assess the SHRM practices towards employee retention, which the present study has made an attempt to address. Therefore, this study was aiming at assessing SHRM practices towards employee retention with specific reference to AB.

Given different approaches to SHRM, it is evident that more consolidated field of investigation would be helpful to the development of knowledge in this area, which has led to the purpose of the present study.

Due to the above mentioned reasons; AB was chosen to be the case study here because the study investigated the SHRM practices literature in greater depth in order to properly identify the current major SHRM practices. The study addressed the following research questions.

1.2.1 Research Questions

This study has addressed and investigated the following research questions:

- How do SHRM practices affect the retention of employees in organizations?
- What is the relationship between SHRM practices and employee retention in Awash Bank?
- To what extent SHRM practices contribute to employee retention in Awash Bank?

1.3 Objectives of the Study

1.3.1 General Objectives

The general objective of the study was the assessment of SHRM practices towards employee retention with specific reference to Awash Bank.

1.3.2 Specific Objectives

The specific objective of the study was to identify major SHRM practices and their relationship to employee retention. Therefore, the study has made an attempt to:

- Evaluate the relationship between reward and compensation and employee retention.
- Determine the relationship between training and development and employee retention.
- Assess the relationship between work-life balances and employee retention.
- Examine the relationship between employee empowerment and employee retention.
- Assess the relationship between performance appraisals and employee retention.
- Recommend strategies to improve SHRM practices within the bank.

1.4 Significance of the Study

The purpose of the study was to assess SHRM practices towards employee retention which is helpful in providing informed decision to the management of AB. The present study provide an opportunity for AB to have holistic understanding on what are the most effective SHRM practices to be utilized to enable the bank retain its highly knowledgeable and skilled employees.

In addition, it further helps AB to develop appropriate employee retention strategy which enables the bank to practice an effective SHRM towards employee retention. Moreover, the present study assists other researchers who might have an interest in making further research in the area.

1.5 Limitation of the Study

The study relied much on the responses of the survey questionnaire that were filled out and answered by employees of the Bank at Head Office and city branches in Addis Ababa with job grade eight and above. Hence, the exclusion of staff members outside of Addis Ababa may affect the comprehensiveness of the study and the extent of its credibility.

While undertaking the research, timely collection of data was most difficult as employees at branch and head office had tough time to respond to the survey questionnaire. In addition, the study employed quantitative research method in which data collection instrument was through survey questionnaire; nevertheless employing qualitative data may be helpful for the overall triangulation

of the study in order to obtain greater insights into the specifics of SHRM practices especially from the perspective of HR managers and senior officers of the bank.

1.6 Scope of the Study

Delimitations are boundaries set by the researcher (Simons, 2014). Thus, the two delimitations in the study were the participants and the geographical location. The first delimitation was that reliance of the study on participants from AB and does not include other banks within the industry.

Given time and financial limitations, it is difficult to conduct a comparative study, which constrain cross generalization of the study as SHRM practices may be varying in other banks within the industry. The second delimitation was the geographical location. The present study was limited to employees in Addis Ababa and did not include employees working outside of Addis Ababa. However, the findings of this study might give valuable insights about branches outside of Addis Ababa.

1.7 Definition of Terms

It is essential to define some of the key terms and concepts as they are used in this research. The most significant terms include strategic human resource management, employee turnover, reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal, and employee retention. The provision of definition for these terms offers clarity for readers in understanding how the terms are used in the context of this study.

Strategic Human Resource Management: The means of aligning HRM with the content of strategic business to gain competitive advantage and accomplish a cumulative set of functions related to the management of human, social and intellectual capital where HR professional serves as a strategic business partner with different wing of the organization (Fahim, 2018).

Employee Turnover: different business scholars defined employee turnover as a ratio comparison of the number of employees a company must replace in a given period of time to the average number of total employees; the number of movement of employees in and out of an organization; the discontinuance of a membership in an organization by the person who received monetary compensation from the organization (Agnes, 1999; Chruden & Sherman, 1972; Sinha and Shukla, 2013). As employee turnover is caused by many factors, the present study only focuses on voluntary turnover within the Bank.

Reward and Compensation: the cumulative financial and non-financial rewards payable to employees in return for their services rendered to an organization arising from employment including both direct pay (salary and wages) and indirect pay (benefit programs) (Abdalkrim, 2012;

Roy, 2015). On the other hand, it is a means of formulating and implementing practices and policies to reward employees fairly, equitably and consistently in accordance with employees' contribution to the organization to achieve strategic goals (Mwangi and Omondi, 2016).

Training and Development: a systematic development of skills, knowledge and abilities to enable employees perform a given task or job adequately (El Sagheir, 2014). On the other hand, training and development is making of new knowledge, skills and ideas which assist employees to perform their job efficiently and effectively (Rehman, Bilal and Rehman, 2018). Thus, training is an investment in human capital that changes in thought behavior and action as a result of changes in knowledge, skills and competencies (Mwangi and Omondi, 2016).

Work-Life Balance: means of properly balancing personal and work-life to create greater organizational commitment and employees articulated considerably with lower intent to renounce their profession (Roy, 2015). Work-life balance is concerned with balancing job responsibilities with interests that employees have outside of job and reconciling the competing claims of job and home by meeting their own as well as employers' needs (Mwangi and Omondi, 2016).

Employee Empowerment: means of giving the right act to enable employees make decisions relating to their activities within the organization by providing authorities, the required information, and full freedom to perform tasks and business in a suitable way (Mobaideen and Saleh, 2011).

Performance Appraisal: a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established and organizational objectives to facilitate communications, enhancement of employees' productivity and focus on promotion employees to higher job grade (Manasa, 2009; Abdalkrim, 2012).

Employee Retention: an effort made by an employer to encourage valued employees to remain within their organization in order to retain talent, skill and values already nurtured thorough existing strategies to achieve organizational goals and objectives (Almamun and Hasan, 2017). Retention is a "voluntary move by an organization to keep and hold on competent employees to stick or loyal to an organization for a longer period of time" (Francies, 2014, P.1742).

1.8 Organizations of the Study

This research is presented in five chapters. The first chapter presents the background of the study, the statement of the problem, the research questions, and the research objectives, significance of the study, the scope of the study, definition of terms and organization of the study.

The second chapter reviews the theoretical and empirical literature related to the present study SHRM practices and employee retention, which is then summarized into conceptual framework

showing the relationships between SHRM practices and employee retention. The third chapter discusses the research methodology and approach, the sources of data and data collection instrument, the target population and the sample design employed to determine the sample size, methods of data analysis tools and the analytical model used to test the hypothesis, reliability and validity of the study including ethical consideration. The fourth chapter presents the findings, data analysis, interpretation and presentation of the study. Finally, the fifth chapter presents summary of major findings, implications of the findings, contribution to knowledge, conclusion, recommendations, limitation and suggestions for further study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

The review of related literature assessed the theory underpinning SHRM practices and the empirical data which were related to the objective of the research. It began with discussing the major theoretical part to which the study depends on to develop the construct of the research framework. This chapter then discussed and investigated the empirical findings related to SHRM practices and employee retention in order to draw comparisons with the results of the present study.

2.2 Theoretical Review

2.2.1 Strategic Human Resource Management Practices

SHRM is ‘the pattern of planned HR deployments and activities intended to enable an organization to achieve its goals’ focusing on the importance of how systems of HR practices jointly help organizations achieve strategic goals, rather than on single HR practices individually (Wright & McMahan, 1992: P. 298; Boon, Hartog & Lepak, 2019).

The field of SHRM mainly focuses on human capital which links people as organizational asset with business strategy of the organization. SHRM is the general approach to the future direction that the organization wants to take and geared towards delivering improvement in the performance of the organization. SHRM is a framework that is concerned with all organizational activities which influence the behavior of individuals in their effort to formulate and implement planned strategies to enhance organizational performance (Armstrong, 2006).

SHRM integrates HR activities with physical, financial, and technological resources in setting goals and solving complex organizational problems; which is means of shaping organizations’ business strategy and sustaining competitive advantage if properly managed, motivated and deployed (Legnick, 1988; Boon, Hartog & Lepak, 2019). Accordingly, the SHRM practices towards employee retention is a means of gaining competitive advantage in such a way that with proper SHRM practices organizations will able to hold on to vital employees and maintain competitiveness (Lee, Singram, and Felix, 2013).

According to Singh and Satpathy (2015) most organizations practiced and implemented SHRM in different ways in order to satisfy and retain their employees, to enable stick or remain loyal to them. Nevertheless, there are also organizations who think that employees can stick to the organization if they are satisfied with financial benefit only, but enhancing the decision making abilities of skilled employees is becoming important.

Thus, organizations need to appreciate and provide proper training, motivate, support and empower employees to get responsible for their job to increase efficiency which consequently used as employee retention strategy (Bowen and Lawler, 1995; Hong et al., 2012).

Nasir & Mahmood (2018) suggested that many researchers have contributed to SHRM practices and employee retention arena, but still it is quite an alarming phenomenon for many organizations. According to Hassan (2014) factors that affect the turnover intentions of employees include organizational commitment, job stress, job characteristics, promotion opportunities, pay level and rewards, quality of work-life policies, empowerment and job satisfaction.

Moreover, the existence of work-life balance policy like family support, alternatives schedules, supervisor support, co-worker support, flex time, balancing family and work culture within the organization supports a lot in the retention of talented and skilled employees (Gaan, 2008). On the other hand, Hong et al. (2012) suggested that there is a significant relationship between empowerment and intent to leave as employee empowerment leads to higher job satisfaction among employees, at the same time there are plenty of ways of executing this process whether by providing adequate training, competitive compensation or effective performance management.

Further, SHRM practices which help as a significant employee retention strategies include reward and recognition, training and development opportunities, mentoring and coaching sessions, career planning, flexi work timing, performance appraisal and onsite day care facilities (Satpal and Dhillon, 2016). SHRM practices like training, reward, supervisory support, leadership styles, job placement and compensation are tools that influence retention of employees and used as a means of retaining employees (Agustine and Ssemugenyi, 2014; Waheed et al., 2013).

On the other hand, there are various reasons for employees to leave the organization, among those reasons employee dissatisfaction with compensation, organizational culture, lack of motivation, challenging work environment, lack of career development opportunities, inefficient utilization of employees' skills and management policies regarding reward and recognition contribute enormously (Suhasini and Naresh, 2013).

Furthermore, an array of evolution such as globalization, ever increasing technological advancement, rising work knowledge and fierce competition among organizations require distinguishing human capital to gain competitive advantage and organizational success (Holtom et al., 2008). The retention of valuable employees becomes a paramount strategy for HR managers in today's dynamic working environment particularly banking sectors.

The evidence on the retention of talented employees is becoming a serious concern to managers worldwide as employee turnover cost is ever-increasing in high rate and hence the HR policy

actively lessen employee turnover and promote retention (Samuel and Chipunza, 2009; Hom et al., 2008). With the review of the extant literature, the most dominantly cited factors in SHRM practices that were identified by the researcher include reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal.

2.2.2 Reward and Compensation

Many researchers explained with evidence that reward and compensation satisfaction plays an important part in employee retention. Hong et al. (2012) asserted that reward and compensation is typically not only money received by an employee from an employer as a salary or wages, or do/give something to somebody in return but also non-cash benefits like provident fund, pension, life and health insurance, retirement plans, and allowances that include company cars or subsidized transportation or benefits that can be used as tools for attracting and retaining talented employees.

Hong et al. (2012) further suggested that financial and non-financial compensation plays an important part on employee turnover intentions and found that if employees are satisfied with how the company operates and communicates its compensation policies, employees remained committed to the organization. Accordingly, organization's reward system can affect the desire to remain employed within the organization.

Many Scholars suggested that compensation is means of employee retention through which employees are willing to bestow their efforts, more devoted and most likely to stay in the organization (William & Dreher, 1992; Gardner, Van and Pierce, 2004).

The study conducted by Kakar, Razik and Khan (2015) showed that among other factors employee reward and compensation affect employee retention mostly. Similarly, the research carried out by Francis (2014) also showed that compensation and reward has positive impact on employee retention. Hong et al. (2012) also stated that compensation given to employees in the form of money (damage, harm, salaries or wages) and non-cash benefits such as pensions, insurance for health or life, allowances and retirement plans have positive impact on employee retention.

Nevertheless, Smith (2001) had argued that although money is a source of attraction for the employee, yet not necessarily to retain them in the organization as employee retention is based on the effective strategies formulated by the organization. Smith further argued that pay is not only the factor for retention but also other factors such as co-workers and supervisor support, work environment are important factors to retain employees within the organization.

Therefore, from the above literature, it can be inferred that reward and compensation is vital factor for employee retention as it can inspire employees' behavior, influence their decision and ensure

long-term employment. Hence, on the basis of the argument of the empirical evidence, this study hypothesized that:

***Hypothesis 1:** There is a significant positive relationship between reward and compensation and employee retention.*

2.2.3 Training and Development

Training and development is a systematic acquisition and amplification of knowledge, skills and attitudes required by employees to adequately perform assigned task and thereby to boost performance in the job environment. It helps to impart updated knowledge, skills and consequently enhance efficiency. According to Hong et al. (2012) if training and development is efficiently and effectively designed and delivered; improvement in performance such as productivity, quality services are the training outcomes provided that the job is strategically aligned to the organization's needs. As a result, the desired needs of employees for development within the organization is fulfilled through the training programs provided that there is no doubt to attain the anticipated outcome by the organization i.e. retention of employees will be reached or achieved.

Further, training and development can be a means of practical education which enhances skills, experience, knowledge and enabler to overcome inefficiencies. A need-based training assessment is required for organizations to ensure the effectiveness of training undertaken which is vital for retention and development of employees (Al-Khayyat, 1998; Shakeel & But, 2015). Hence, major investment in designing and managing the training system is required to utilize as a means of tool for retaining employees (Anis et al., 2011; Boxall, Macky and Rasmussen, 2003).

According to Mbungua (2015) training and development essentials can be determined by checking organizational objectives and what tasks should be completed to achieve those objectives, behaviors necessary for job incumbents to complete tasks; the skills, knowledge or abilities required by employees to exhibit the necessary jobs.

Training as an SHRM practices is relevant part of various departments in any organization which is applied to retention and development program because when an employee is not performing well and not able to meet expected results either the employee will switch the job or fired (Ejaz & Akbar, 2015).

According to Shakeel & But (2015) there are various studies conducted in service sector which state the relationship of training and development practices and employee retention. Among those studies, Samuel & Chipunza (2009) conducted a study in South Africa of public and private sector organizations indicated that training and development can be used as a motivational variable for employee retention. The authors further suggested that there is a strong indication of a relationship

between training and development and employee retention. Consequently, to overcome such challenges or difficulties of employee retention, organizations in general should conduct training and development session to improve the performance and retention of valuable employees. Hence, on the basis of the argument of the empirical evidence, this study hypothesized that:

***Hypothesis 2:** There is significant positive relationship between training and development and employee retention.*

2.2.4 Work- Life Balance

There should be a healthy balance between individuals work and personal life because stress and its components like emotional exhaustion and job burnout can be the major cause for higher employee turnover. Therefore, a work-life balance practices has a direct relationship with the employees' decision to stay or leave the organization (Mehta, Kurbetti and Dhankhan, 2014).

Work-life balance is comparatively a recent trend that is being used by various organizations to retain employees and play a greater role in promoting a healthy balance between ones' personal and professional life (Robert, 2005). Nasir & Mahmood (2018) also suggested that in the recent past, only male were known to be bread winners of their family while females were known to be the home makers, but nowadays the trend has changed in order to enjoy a better standard of living.

Therefore, work-life balance policies increase employee commitment which in turn positively affects retention. If organizations don't pay attention to personal life and engagement activities of employees, retention of employee is becoming difficult and intention to quit arises; thus those factors that are not work related like burn out, unscheduled working and job stress disrupt the required work-life balance and negatively affect retention (Bashir & Ramay, 2008; Mitchell & Albright, 2011; Shakeel & But, 2015). Hence, on the basis of the argument of the empirical evidence, this study hypothesized that:

***Hypothesis 3:** There is significant positive relationship between work-life balance and employee retention.*

2.2.5 Employee Empowerment

In a broader view, empowerment is delegating of employees to take decision, action and increasing more responsibility to have sufficient authority in determining performance and completion of tasks involving goal-setting, decision-making, motivational techniques to enable employees to work in participative environment (Jarrar & Zairi, 2010; Hong et al., 2012; Osborne, 2002).

Employee empowerment can create a sense of commitment and authority towards organizations as employee feel more confident and ultimately perform well and indirectly improve customer service

quality and satisfaction (Naeem and Saif, 2010). The authors further suggested that empowered employees tend to be more confident and try to give their very best to employer because they are given more authority in decision-making process which creates a feeling of obligation among employees to stay in an organization.

Hong et al. (2012) argued that in a competitive business environment retaining empowered employees is becoming important for organizations as it is problematic if experienced employees resigned and costly to train new employees as well. Hong et al. further suggested that the intention to remain or leave the organization among the employees is based on the job satisfaction of employees and hence employees will tend to remain in the organization even when they face pressure from others that intend to leave the organization because they feel that they are part of the organization. Thus, individuals who are highly empowered can attain job satisfaction which tends to be more committed to the organization and more likely to remain in the organization.

According to Ongori (2009) employee empowerment creates a sense of worthiness among employees that they feel they are leading the organization towards success, and hence develops employee commitment, contribute to organizational effectiveness, develop trust and encourages effective communication among employees and sharing workload burden of the top management. Ongori further argued that like other SHRM practices employee empowerment can also affect employee retention because when employees are empowered, they have the opportunity to determine their work; they are involved in decision making so they can make better use of their skills and knowledge, more committed to their work and certainly will stay in the organization. Hence, on the basis of the argument of the empirical evidence, this study hypothesized that:

***Hypothesis 4:** There is significant positive relationship between employee empowerment and employee retention.*

2.2.6 Performance Appraisal

Performance appraisal is means of evaluating employees' performance individually in order to take a decision for facilitating discrete career development by looking at the individual's total involvement in the organization in terms of their inner characteristics and operational competency (Gurman & Saks, 2011).

Employee satisfaction and their positive relationship with their organization is brought by fair appraisal system, but instead of fairness, problems are also produced from the evaluator side in selecting personal approach of carrying out an appraisal process, as a result shifting of appraisal process from measurements to raters by which a rater put his/her own decision about the performance and focus on flourishing good subordinate relationship (Ejaz & Akbar, 2015).

Through performance appraisal, employees are evaluated in accordance with their performance to smooth career development and hence performance appraisal scrutinizes the involvement of individuals to the organization to promote to higher position in the organization. Gurman & Saks (2011) suggested that the evaluator and employee should realize the importance of performance appraisal collaboratively. If not so, it becomes stressful for both evaluator and employee.

Scholars in their study found that the effect of work stress, role vagueness, conflict and dissatisfaction may create employee turnover and has negative effect on employees' job performance (Webster, Beehr and Love (2011). That is why employees give more meaning to the performance appraisal system that will lead them to career development and compensation.

In attaining the desired goals and objectives, performance appraisal plays an important role as it motivates employees and increase employees commitment (Kakar, Razik and Khan, 2015). Ghazali, Nysuki and Ishak (2011) conducted study on seven different strategic human resource management practices such as recruitment and selection, training and development, reward and compensation system, performance appraisal, employee empowerment, communication, and job security with intention of employees in service industry in Malaysia. The result showed that all these practices have positive relationship with employee retention. However, along with three other practices performance appraisal system was found to be the most commonly practices carried out in retaining employees.

In their research finding Kakar, Razik and Khan (2015) asserted that performance appraisal is a means through which employees' performance is being evaluated, the fairness of performance appraisal system can motivate employees, enhance their commitment to work and maximize their intention to stay. Hence, on the basis of the argument of the empirical evidence, the present study hypothesized that:

***Hypothesis 5:** There is significant positive relationship between performance appraisal and employee retention.*

2.2.7 Employee Retention

Employees are the mainstay of an organization. They are important in keeping the organization on the right path. Retaining best talent would help to utilize skills and competencies of employees, which in turn means of accomplishing certain tasks and benefit an organization in gaining competitive advantage.

Best talents cannot be substituted by other competitors in terms of producing high morale and satisfied coworkers who provide better customer service and enhanced productivity, which

subsequently results in increase performance, customer satisfaction, smooth management of succession planning and improved organizational learning (Heathfield, 2005; Hong et al., 2012).

Retaining skilled employees is highly important for the long-term growth as well as success of the business because talented and skilled employees are assets of an organization. According to Agustine and Ssemugenyi (2014) retaining best employees ensure customer satisfaction, enhance product and service sales, enabler of satisfied co-workers as well as customers, create effective succession planning and means of making organizational knowledge and its management.

In their study Balamurugan & Abinaya (2016) stated that employee retention consists of policies and practices through which employees become part of the organization for a longer period of time until retirement, but the decision of employees can be influenced by various dynamics such as age, family situation, mentoring, career and learning opportunities, good benefits, networking and the external job market or job title.

Retention of employees can be taken as crucial element of human resource strategies; beginning from the selection of the right employees to retention of potential employees, and ending with their commitment and engagement with the organization (Zahoor, Ijaz and Muzammil, 2015).

According to Kakar, Razik and Khan (2015) when employees are not able to use their full potentials; not heard or valued, they would leave because of stress and frustration. These authors further argued that even when employees remain within the organization, they feel frustrated and dissatisfaction which lead to negative impact on the performance and productivity of the organization.

Employee retention is beneficial for an organization as well as for employees. Skilled and talented employees have a lot of good opportunity in hand today. The moment employees feel unhappy or dissatisfied with the existing employer or the job they are holding; they plan to join another employment opportunity (Olaimat & Awwad, 2017).

2.2.8 Demographic Factors and Employee Retention

The dependent variable for the present study was employee retention and its nature may vary in respect of different demographic attributes such as gender, age, education, years of service, income and marital status. Many scholars studied the effect of demographic characteristics on employee retention (Hayes, 2015; Agyeman, 2014; Chowdhury, 2015). Nevertheless, the present study's focus area was selected SHRM practices in relation to the research topic and the objective of the study.

2.3 Empirical Review

There are many researchers who have conducted the study on the relationship between SHRM practices and employee retention. Olaimat & Awwad (2017) in their study assessed the impact of SHRM practices on employee retention in public sector in Jordan. The result of their findings indicated that SHRM practices such as recruitment and selection, training and development positively influence employee retention and affect the decision of employees to remain in the organization, but reported non-significant impact of performance appraisal on employee retention.

Abou-Moghli (2019) identified the influence of SHRM practices on employee retention and found that a significant positive impact of SHRM practices like work-life balance, employee satisfaction, benefit packages on employee retention.

Nasir and Mahmood (2018) in their study also revealed that positive correlation between SHRM practices like supervisor support, rewards & recognition, work-life balance with employee retention and the main reason why employees switch organization is the believe that they cannot achieve their ambitions; therefore, they search for the right workplace that would allow such possibility.

Scholars like Zahoor, Ijaz and Muzammil (2015) examined impact of SHRM practices on employee retention in telecom sector of Pakistan by collecting data from 410 employees of sales and service departments using two dimensions of SHRM practices such as training and career development. The result indicates that training & career development significantly correlates with employee retention.

Similarly, Haider et al. (2015) studied the impact of SHRM practices on employee retention in Pakistan and found that compensation and organizational culture have a positive relationship with employee retention, but training and development has a negative relationship.

To the contrary, a study conducted by Samuel & Chipunza (2009) in South Africa's public and private sector organizations shows that training and development is a motivational factor for employee retention and a strong indication of a relationship with employee retention.

Further, Francis (2014) also examined SHRM practices and employee retention in manufacturing companies in Nigeria focusing on training and development, performance appraisal, career development, compensation and benefits. The result of the findings showed that among studied SHRM practices only compensation and benefits has a positive impact on employee retention.

On the other hand, authors like Kakar, Raziq, and Khan (2015) conducted a study among 180 bank employees of different banking industries in Quetta city Pakistan and assessed the relationship between SHRM practices such as compensation and benefits, training and development,

performance appraisal, employee empowerment and employee retention. The result of the findings showed that there is significant positive relationship between all selected SHRM practices and employee retention.

The recent study by Karve and Dias (2016) examined the association between SHRM practices (training and development, performance appraisal, work-life balance policy, career development, employee relation) and employee retention of service industry in South Mumbai. The study findings indicated that there is significant positive relationship between these SHRM practices and employee retention.

The result of the research findings in Kenya by Nyaema and Wambua (2019) confirmed that most of the time banks were good in selecting best employees but not retain them due to different reasons which include reward and compensation structure, weak employee retention strategy, employees not able to understand their roles due to unclear job design, performance appraisal systems and neglecting the welfare of employees.

Nyaema and Wambua (2019) further argued that for commercial banks to enhance employee retention; reward and compensation should be improved in tandem with employees' performance, skills and qualifications. On the other hand, the banks should ensure that employees are rewarded or compensated for their good performance and grow in scale or job grade. Nyaema and Wambua also asserted that involving staff members in employee retention strategies implementation to some extent assist to understand the intention of employees, improve their acceptability and feel to be part of the organization.

Mbungua (2015) conducted a research on the relationship between SHRM practices and employee retention by identifying three factors namely: strategic recruitment, strategic training and development and strategic performance management. According to Mbungua, while practicing SHRM organizations can able to retain their talented employees and persist in gaining competitive advantage.

Mbungua (2015) further suggested that, there is positive relationship between strategic recruitment, strategic training and development, strategic performance management and employee retention, therefore, in order to maintain organizational competitiveness, the management in every organization especially business sectors should consider strategic recruitment with the view of retaining their key employees and thereby minimize the cost of recruitment and the loss of valuable talents. Moreover, Mbungua asserted that with the objective of ensuring employee retention in the organization, the management better actively exercises training and development in order to

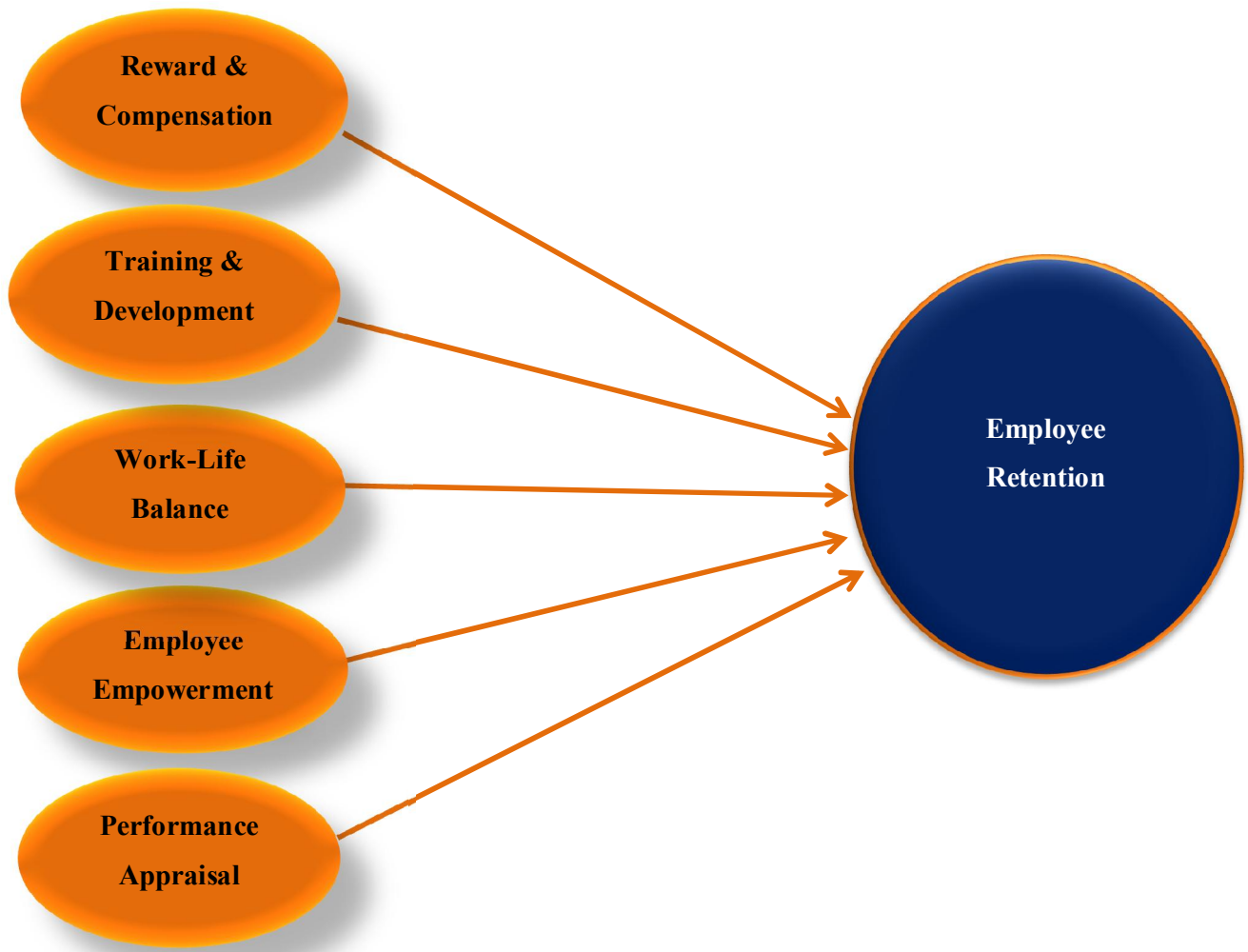
enhance skills and knowledge of their employees. On the other hand, augmenting performance measurement through target setting among other factors does influence employee retention.

2.4 Conceptual Framework of the Research

From the preceding discussions, it is clear that the conceptual framework of the present study draws on previous works and appropriate reference theories available in the body of literature. The review of literature has demonstrated the prevalence of causal relationship between the research construct. The conceptual framework offers a better understanding of the interaction and the relationship between SHRM practices and employees retention.

The validity of the relationship between SHRM practices and employee retention is very important to explain and understand the extent of their relationship between them. The SHRM practices involved in this study were reward and compensation, training & development, work-life balance, employee empowerment and performance appraisal.

Thus, grounded on the theoretical discussion and the argument of the empirical evidence, this study had developed the following conceptual framework for the present study.



Independent Variables

Dependent Variable

Figure 2.1 Conceptual Framework of the Research

CHAPTER THREE

RESEARCH METHODOLOGY AND APPROACH

3.1 Introduction

This chapter deals with the research design, approach, data type and source, data collection instrument, target population, sampling design, sample size, validity and reliability test, ethical issues of the study and methods of data analysis and presentation.

3.2 Research Design

Research design is a general framework of a research that explains the method and direction to be used in the study to collect the information needed either from primary or secondary source to quantitatively measure objective facts of variables where data is statistically analyzed and emphasized with its reliability (Hong et al, 2012; Malhotra, 2007). Kothari (2009) asserts that a research design establishes the blue print for the assortment, measurement and analysis of data and has a great role on the reliability of the results to secure foundation for the research work. The design of this research was both descriptive in the theoretical part and quantitative in the applied one.

Theoretically, the research was adapted the analytical approach to define the main concepts and an empirical study to investigate the correlations in practice. Therefore, to provide a brief overview of relevant literature, a field survey was conducted to determine implementation of SHRM practices at AB to retain its employees, and then to identify the status of the current retention strategies and how it is influenced by SHRM practices.

While adapting quantitative research approach, the study was empirically investigated using statistical technique to establish the nature of the relationship between SHRM practices such as reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal and employee retention. These factors were chosen due to the viability of these selected SHRM practices being applicable by the bank in which the study was conducted. In addition, the researcher aimed at adding certain knowledge to the existing literatures.

3.3 Data Source and Collection Method

To come up with comprehensive findings in assessing SHRM practices towards employee retention, the present study accessed both primary and secondary data sources. The primary data was collected from survey participants or key informants who are skilled and professional employees working at head office of AB and city branches. Secondary data was collected by reviewing all available relevant study such as published literatures, research papers, journal articles,

case study, annual reports of the bank, relevant and reliable online sources on SHRM practices towards employee retention.

The data on quantitative information was obtained through administering a structured survey questionnaire to a group of the sample respondents. To sustain control over the quality of the response and minimize the possibility of having poor research result, the questionnaire was administered by the researcher in a face-to-face setting in order to assist the researcher the opportunity for explaining the purpose and benefits of conducting the research.

In order to empirically test the formulated hypothesis (see Chapter two) and to solve the research questions the data collection instrument was both primary and secondary data. The primary data was collected using a survey questionnaire method since a survey questionnaire can provide accurate and relevant data through thoughtful design, testing and detail administration (Macclelland, 1994). The data was collected through a self-administered questionnaire in order to get employees' perception on the current SHRM practices of the Bank.

The questionnaire mainly consisted of closed-ended questions in which the responses from every respondent for each factor was scored with statement provided to better understand SHRM practices towards employee retention in AB. Higher scores in each factor indicate the high level of relationship of SHRM practices with employee retention and lower scores indicates less relationship of SHRM practices with employee retention.

The questionnaire was distributed to a sample of thirty AB employees at head office and city branches. Based on the response, the reliability of the survey was checked with the aid of SPSS version 25.0 software to enable the present research improve the quality of questionnaire before the actual field survey takes place.

Moreover, ethical issues were carefully considered as part of this research since respondents' consent was obtained after telling them that they remain anonymous and their responses are kept strictly confidential as they were not required to supply any information which either identify themselves as research participants or their place of work.

3.4 Target Population and Sampling Design

The target population is said to be a specified group of people or object to which questions can be asked or observation is made to develop necessary information and structures (Hair et al., 2003). The HRM record of AB indicates that the total number of employees working at head office, different city and outlying branches reached 9,549 (HRM Record of the Bank, 2019).

In view of the applicability of almost uniform HR management practices through all functional units of the bank regardless of geographic location; the total number employees of the bank working in Addis Ababa at head office and city branches comprised of 4,700 (HRM Record of the Bank, 2019). Nevertheless, the target population of the study was limited to employees of the Bank with Job Grade eight and above at Head Office, South Addis Ababa Region, West Addis Ababa Region, East Addis Ababa Region and North Addis Ababa Region. The table 3.1 below presented the distribution of target population along with their percentages.

Table 3.1 Target Population with Percentage

Place of Work	Total Number of Employees with Job Grade VIII and above	Proportion (Percentage)
Head Office	329	28%
South Addis Ababa Region	237	20%
West Addis Ababa Region	234	19%
East Addis Ababa Region	202	17%
North Addis Ababa Region	190	16%
Grand Total	1,192	100%

Source: AB HRM Record Data, 2019

The sampling design is a set of source materials from which the sample is selected for the purpose of providing a means for choosing the particular members of the target population (Anthony, 2003). As the purpose of the research was to assess SHRM practices towards employee retention, the survey questionnaire was purposively distributed to employees with adequate experience who were professionals holding Job Grade eight and above where the turnover substantially affect the bank; similarly increase the quality of the response and the study result.

The study employed cluster sampling method and a random sample of respondents were selected in order to administer a structured survey questionnaire. Cluster sampling is helpful for researchers whose subjects are fragmented over large geographical areas in which the population is divided into clusters and hence a random sample is taken from those clusters as it saves time and money (Davis, 2005; Taherdoost, 2016; Wilson, 2010). Therefore, the selection criterion to distribute the survey questionnaire is by using random sampling.

The researcher distributed 300 questionnaires, out of which 284 questionnaires with the response rate of 94.6 percent, were properly filled, returned and utilized for analysis and interpretation of the data. A scholar stated that a response rate of 50 percent is acceptable and adequate for analysis as well as for reporting (Zikmund et al., 2009).

Hence, 94.6 percent response rate was more reliable and acceptable rate for analysis, interpretation and reporting. However, 3.8 percent of the survey questionnaires were not returned and 1.7 percent of them were inappropriately completed. As a result, survey questionnaires not properly completed were not considered for further data analysis.

3.4.1 Sample Size Determination

Zikmund (2003) stated that the larger the sampling size of a research, the more accurate data generated but the sample size is different due to different situation. The sample size is determined based on the updated information gathered from the HRM office of the bank and the total target population of the study was employees with Job Grade eight and above working at head office and city branches which counted for 1,192. These are skilled and experienced employees who better understand the bank, the banking industry, aware about employee retention strategy and most of the time targeted by competitors as well.

Thus, to determine the sample size of the population, the researcher applied Yamane's (1967) formula with 95% confidence and 5% acceptable sampling error.

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

Whereas;

n = is the required sample size

N = is the population size,

e = the level of precision/ confidence interval (Yamane Taro, 1967).

The study considered a 95% confidence level and a 5% confidence interval. Using the above portrayed statistical formula, the sample size of the study was determined as follows:

$$n = \frac{1,192}{1 + 1,192 * (0.05)^2} = \underline{300}$$

Thus, the sample size of the target population was 300 employees and a survey questionnaire was distributed in random sampling technique to employees of Head Office and city branches. In order to allocate the survey questionnaire to each target sample respondents; number of targeted

population in each study area divided by total target population multiplied by the sample size determined in the above formula.

3.4.2 Research Instrument

The research instrument used in this study was survey questionnaire which helped the researcher to get direct response and feedback from the respondents easily with efficient and timely manner.

3.5 Questionnaire Design

The study employed structured self-administered survey questionnaire. The survey questionnaire was drawn and adapted from various field proven or tested research instruments. The survey questionnaire had three sections; section one was information on respondents demographic profile, section two asked about SHRM practices which include reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal and section three focused on employee retention. The survey questionnaire was developed using a five point Likert type scale comprising of several statements and questions designed to examine the respondents' perception on SHRM practices of the bank in retaining its employees.

3.6 Pilot test

Pilot test on survey questionnaire was done before the actual data collection. Thus, piloting enables the researcher to ascertain the validity and reliability of the instrument. Mugenda and Mugenda (2003) stated that a successful pilot study uses 1 to 10 percent of the actual sample size in order to pre-test the research instrument and hence to pilot the questionnaire a sample of 10 percent was taken before the actual data collection.

The suitability of the survey questionnaire for this study was tested by first administering it on Head Office employees. The respondents included in the pilot test were similar to the sample to be studied and a similar procedure was used in the main study. The respondents in the pilot test were requested to evaluate the clarity, relevance and usefulness of the survey questionnaire. Based on the feedback provided through pilot test; the survey questionnaire was revised accordingly.

3.7 Validity and Reliability of the Research Instrument

3.7.1 Validity of the Research Instrument

A research instrument is said to be valid if it measures what it supposed to measure and hence validity is the standard to measure the degree of an instrument (Kothari, 1984). The draft survey questionnaire was given to the subject matter experts who are knowledgeable in the area of human resource management to ascertain the items suitability in obtaining information according to research objectives of the study. This process helped the researcher to eliminate questions with

potential problems in order to enable test the validity and workability of the instrument which provides the basis for the design or structural changes of the survey questionnaire.

All measures accustomed to construct the instrument have shown acceptable level of content validity in the previous studies and were used in this study with slight modification. Thus, the survey questionnaire was adapted from previous field proven instruments (i.e Nyaema and Wambua, 2019; Marura, 2018; Olaimat & Awwad, 2017; Kinyili, 2015; Mbugua, 2015; Mensah, 2014).

Nevertheless, to ensure the results of measures free from material errors that arise from the design of the survey questionnaire; precision of instruction, layout and clarity of questionnaire was carefully examined.

3.7.2 Reliability of the Research Instrument

The degree to which measures are free from random error and yield consistent results indicates reliability (Zikmund, 2003). Likewise, reliability of the instruments concerns the degree to which a particular instrument gives similar results over a number of repeated trials and the research instruments are deemed reliable if the reliability coefficient is about 0.7 and above (Mugenda and Mugenda, 2003).

A pilot test was conducted in detail by distributing questionnaire to a sample of 30 respondents prior to data processing to enable the reliability of the instrument. Thus, the reliability of data collection instrument was measured to confirm the internal consistency by using the standardized Cronbach Alpha. Cronbach Alpha indicates the reliability coefficients that help to identify variables in a set of positively correlated to one another (Sekaran, 2003). The results of reliability test for all items are summarized in the table below:

Table 3.2 Reliability Test of the Research Instrument

Questionnaire Section	No. of Items	Cronbach's Alpha Score	Remark
Reward & Compensation	5	0.860	reliable
Training & Development	5	0.822	reliable
Work-Life Balance	5	0.710	reliable
Employee Empowerment	5	0.821	reliable
Performance Appraisal	5	0.813	reliable
Employee Retention	2	0.834	reliable
All Items	27	0.936	reliable

Source: Pilot Testing, 2020

The result shown in table 3.3 above indicates that the entire variables attained the acceptable and recommendable cronbach's alpha score of above 0.70. Hence, from the above table 3.3 result it can be seen that the research instrument for all items is reliable 93.6 percent.

3.8 Ethical Considerations

The study taken all ethical considerations in to account to acknowledge all cited information in both the body of the research and the reference section. On the other hand; all reviewed, accessed and paraphrased data sources and documents were acknowledged. The survey data kept anonymous in which the purpose of the study was fully described, confidentiality and privacy were also emphasized with brief covering letter. Concerning the survey respondents, their consent was requested to ascertain voluntary participation and all information gathered was used for the research purpose and thus not be disclosed to third parties. Therefore, the survey questionnaire was self-administered, ensure anonymity, respondent acceptability and save costs as well as ensure confidentiality.

3.9 Data Presentation and Analysis

The data collected through survey questionnaire was analyzed and interpreted quantitatively using statistical techniques employing descriptive and inferential statistical data analysis methods. The data collected was sorted, edited, coded, analyzed, interpreted and summarized. Descriptive statistics like frequency, percentages, mean and standard deviation was calculated based on the perception of the respondents.

Inferential statistical data analysis was done by utilizing correlation test, which indicate the relationship between independent and dependent variable and linear regression analysis was done to test the hypothesis.

To elaborate this further, the collected survey questionnaires were edited for completeness and consistency, coded to allow grouping in different categories, sorted per relevance and then analyzed using SPSS version 25.0. In order to understand data presentation, descriptive statistics like frequencies, percentages, mean, standard deviations, tables with explanation, comparison, logical and factual interpretation was done.

The inferential statistics encompassing correlation and multiple regression analysis was conducted. The preliminary diagnosis tests such as normality, linearity, homoscedasticity and multicollinearity analysis were employed to ensure the appropriateness of data.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the detailed results, findings and discussion of the study based on quantitative data analysis. The survey questionnaire which was used for the data analysis, interpretation and reporting were collected from employees of Awash Bank head office and city branches in Addis Ababa. The respondents' response rate of the survey questionnaire was analyzed quantitatively using SPSS version 25.0. To analyze the data, the descriptive statistics including demographic characteristics, frequency distribution such as percentages, mean, standard deviation and the results of the research findings were employed. The inferential statistics include correlation analysis, preliminary diagnosis for regression analysis, multiple regression analysis and the results of the hypothesis were properly analyzed in order to find the linkage between SHRM practices and employee retention. The results of the major findings and associated results were interpreted and presented in light of the research questions and objectives.

4.2 Demographic Characteristics of the Respondents

Table 4.1 Distribution of total respondents

Cluster	Total Population	Target Sample	Actual Response	Response Percentage
Head Office	329	83	81	28.5
South Addis Ababa Region	237	60	56	19.7
West Addis Ababa Region	234	59	54	19.2
East Addis Ababa Region	202	51	47	16.5
North Addis Ababa Region	187	47	46	16.1
Total	1,192	300	284	100

Source: Survey Data, 2020

The demographic distribution of the respondent population consists of four factors: gender composition, age group, highest level of education and year of service/work experience. Table 4.2 below shows the demographic characteristics of the respondents.

Table 4.2 Demographic Profile of Respondents

Factors		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Female	114	40.1	40.1	40.1
	Male	170	59.9	59.9	100.0
	Total	284	100.0	100.0	
Age	Below 25	64	22.5	22.5	22.5
	26-35years	142	50.0	50.0	72.5
	36-45years	67	23.6	23.6	96.1
	46years & above	11	3.9	3.9	100.0
	Total	284	100.0	100.0	
Education Level	Diploma	14	4.9	4.9	4.9
	Degree	195	68.7	68.7	73.6
	Master's Degree	75	26.4	26.4	100.0
	Total	284	100.0	100.0	
Year of Service in Awash Bank	Below 5years	90	31.7	31.7	31.7
	6-10years	114	40.1	40.1	71.8
	11-15years	50	17.6	17.6	89.4
	16years & above	30	10.6	10.6	100.0
	Total	284	100.0	100.0	

Source: Survey Data, 2020

4.2.1 Distribution of the Respondents by Gender

Table 4.2 presents the demographic profile of the respondents and the summary statistics of their distribution through these characteristics. The study findings show that gender compositions were fairly distributed. Out of the total respondents population, 170 (59.9 percent) were male while the remaining 114(40.1 percent) were female which imply that the proportion of male respondent is marginally higher than that of female respondents. This is consistent with the fact that there are more men in employment than women; however, a single gender has not occupied all positions.

4.2.2 Distribution of the Respondents by Age

The age distribution of the respondents was categorized under four groups. The majority of the respondents 142 (50 percent) were between age group 26-35 years old which implies most active age group included in the study while 67(23.6 percent) of the respondents reported between 36-

45 years old. The remaining 64(22.5 percent) and 11(3.9 percent) of the respondents belong to 36-45 and more than 45 years old respectively.

The result indicates that the respondents were well distributed in terms of their age group. Hence, the respondents were comprised of heterogeneous age group; which in turn enabled the researcher to get varied response across fairly distributed sample units. The age structure of the respondents creates an opportunity for the bank for succession planning as a result younger employees can take over the duties and responsibilities.

4.2.3 Distribution of the Respondents by Education Level

In terms of education level the largest number 195(68.7 percent) were first degree holder. The remaining 75(26.4 percent) and 14(4.9 percent) of respondents were second degree and college diploma holders respectively. Fair distribution of education level helps to meet the purpose of the study as it is concerned with the professionals and skilled employees of the bank. The overall educational qualification matrix implies that the respondents can easily understand the survey questionnaire designed for this study and respond to it properly.

4.2.4 Distribution of the Respondents by Service Year

When it comes to work experience 114 (40.1 percent) were between 6-10 years of service, 90 (31.7 percent) below 5 years, the remaining 50 (17.6 percent) and 30 (10.6 percent) were between 11-15 years and above 15 year of service, respectively. The frequency distribution analysis result of the respondents' service year indicated that majority of them had 6-10 years of work experience. This indicates that most of the respondents had ample knowledge about the bank's relevant information, practice of SHRM and understand norms of the bank as well.

In general, the demographic characteristics indicated that the largest number of the respondents were male, first degree holders and well experienced employees. These respondent populations are very important for the growth of the bank as they have got the necessary banking service experience as well as they are younger employees who are energetic in performing their task. Thus, understanding the intention of such employees where the turnover substantially affects the bank became necessary for the present study.

4.3 Descriptive Statistics Analysis for SHRM Practices

In order to describe the basic features of the present study, descriptive statistics was used to summarize the result of the data analysis in a meaningful way. Hence, to get an overview of the study result; frequency distribution analysis with percentage, mean and standard deviation were done and interpreted.

In alignment with the study objectives, this section discussed the findings of the descriptive statistics in relation to SHRM practices. The general perception the extent to which the respondents agree or disagree with the raised items was analyzed using the percentage, frequency, mean and standard deviation.

Experienced and professional employees of the bank were requested to indicate the extent to which they agree or disagree to the statement regarding the SHRM practices of AB using a five point Likert scale ranging from strongly disagree to strongly agree where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Consequently, the insights of the respondents were captured using a five point Likert scale for analysis and interpretation as well. From the outcome of descriptive statistics lower mean score implied that the majority of the respondents were disagreed while higher mean score indicates the level of agreement to requested statements as agreed.

In contrast, standard deviation measures the amount of variation or dispersion that the score tends to close to mean or spread out over a wider range. The higher standard deviation indicates a wider distribution of the scores from the mean. According to Mark et al. (2009) distribution of scores indicates more heterogeneous or dissimilar spread if there are wider scores from the mean whereas lower score indicates a narrower distribution or more similar/homogeneous/ spread of scores around the mean.

Hence, the descriptive statistics analysis on employees' perception to the studied variables were analyzed by using the number of respondents to each statement with valid frequency, percentage, mean & standard deviation scores presented in depth.

4.3.1 Reward and Compensation practices

The respondents were requested to describe the extent to which they agree or disagree with the statements pertaining to reward and compensation in the bank. The results were presented in the following table.

Table 4.3 Reward and Compensation Practices

Reward and Compensation								
Statement	FR & %	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Reward & Compensation in Awash Bank can retain talented employees	FR %	40 14.1	56 19.7	56 19.7	100 35.2	32 11.3	3.10	1.249
Awash Bank fairly reward and compensate its employees from time to time with merit base	FR %	37 13	83 29.2	61 21.5	88 31	15 5.3	2.86	1.149
I am grateful that the reward and compensation offered commensurate with the quality of work	FR %	31 10.2	61 21.5	69 24.3	94 33.1	29 10.2	3.10	1.177
Awash Bank Pay system is competitive, fair, equitably implemented based on skill of employee	FR %	38 13.4	79 27.8	75 26.4	68 23.9	24 8.5	2.86	1.173
Awash Bank provide incentives based on key deliverable to motivate employees	FR %	37 13	89 31.3	65 22.9	75 26.4	18 6.3	2.82	1.150
Aggregate Average Score							2.95	1.179

FR= Frequency, SD = Standard Deviation

Source: Survey Data, 2020

The findings of the study in table 4.3 above indicates that majority of the respondents 132(46.5 percent) agreed to the provision of reward & compensation by the bank to retain high quality/talented employees whereas 96(33.8 percent) of the respondents disagreed to the statement with moderate mean score value of 3.10 and high standard deviation value of 1.249.

The findings also revealed that 120(42.2 percent) of the respondents disagreed with the statement that state the bank fairly reward and compensate its employees from time to time with merit base whereas 103(36.3 percent) of respondents agreed with the statement with moderate mean score value of 2.86 and high standard deviation score value of 1.149.

Likewise, 123(43.3 percent) of respondents agreed with the statement representing reward and compensation offered commensurate with the quality of work whereas 92(31.7 percent) disagreed with moderate mean score value of 3.10 and high standard deviation score value of 1.177.

Moreover, most respondents 117(41.2 percent) disagreed on the availability of incentives based on key deliverable whereas 92(32.4 percent) agreed with moderate mean score value of 2.80 and high standard deviation score of 1.180.

Furthermore, 126(44.3 percent) of the respondents disagreed with provision of competitive, fair, equitably pay system of the bank based on skills of employees with moderate mean score value of 2.88 and high standard deviation score value of 1.200.

Hence, from the findings most employees were agreed with the provision of reward and compensation offered which commensurate with quality of work and enables to retain skilled employees. Nevertheless, the majority of employees were disagreed with fair distribution of reward and compensation, merit based benefits, incentives based on key deliverables, competitive and equitable pay system depending on the skills of the employees. The results of the findings support the argument by Hong et al. (2012) which state that there is significant positive relationship between reward and compensation and employee retention.

4.3.2 Training and Development Practices

The respondents were also asked the extent to which they agree or disagree with the training and development practices of the bank. The findings were discussed in the subsequent section.

Table 4.4 Training and Development Practices

Training and Development								
Statement	FR & %	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Awash Bank develops the skills of its staff in accordance with current job requirement	FR	18	59	49	124	34	3.34	1.125
	%	6.3	20.8	17.3	43.7	12		
Awash Bank invests on employees' professional growth at large	FR	35	60	81	90	18	2.99	1.131
	%	12.3	21.1	28.5	31.7	6.3		
Awash Bank undertake formal need assessment periodically to identify gaps in relation to trainings	FR	26	55	78	106	19	3.13	1.090
	%	9.2	19.4	27.5	37.3	6.7		
Highly experienced employees coach the less experienced employees to produce skilled human capital in Awash Bank	FR	17	23	77	136	31	3.50	0.996
	%	6	8.1	27.1	47.9	10.9		
Training offered at Awash Bank is problem solving which assist participants to promote into a higher job grade	FR	29	66	83	75	31	3.05	1.159
	%	10.2	23.2	29.2	26.4	10.9		
Aggregate Average Score							3.20	1.100

FR= Frequency, SD = Standard Deviation

Source: Survey Data, 2020

The findings in the above table 4.3 revealed that the majority of the respondents 158(55.7 percent) agreed that AB develops the skills of its staff in accordance with current job requirements whereas 77(27.1 percent) of the respondents disagreed with moderate mean score value of 3.34 and high standard deviation of 1.125.

With regard to the statement that the bank invests on professional growth of its employees at large 108(38 percent) of the respondents agreed whereas 95(33.4 percent) disagreed while 81(28.5 percent) of the respondents remain neutral with moderate mean score of 2.99 and high standard deviation of 1.144.

Similarly, with the statement the bank undertake formal need assessment periodically to identify gaps in relation to training, there is a positive response rate of 125(44 percent) whereas 81(28.6

percent) disagreed while 78(27.5 percent) of the respondents remain neutral with moderate mean score of 3.13 and standard deviation of 1.086.

Likewise, the majority of the respondents 167(58.8 percent) agreed on the statement that state highly experienced employees coach the less experienced employees to produce skilled human capital whereas 77(27.1 percent) remain neutral while 41(14.1 percent) disagreed with the statement with high mean score value of 3.50 and low standard deviation of 0.996.

The results of the study findings also show that most respondents 106(37.3 percent) agreed with the statement that state training offered at AB is problem solving and it is an opportunity for the employees to promote into a higher job grade while the remaining 95(33.4 percent) and 83(29.2 percent) of the respondents disagreed and remain neutral respectively with moderate mean score of 3.05 and high standard deviation of 1.159.

The higher standard deviation for factors with value more than one indicated that the respondents' response are widely spread from the mean and heterogeneous, however, from the statement listed in the above table low standard deviation with low score of standard deviation of 0.996 indicates a low variation/dispersion or homogeneous perceptions among the participants.

Most respondents have witnessed that AB develops the skills of employees compatible with current job requirements, invests on employees' professional growth at large by undertaking formal need assessment periodically to identify gaps in relation to training.

Although a significant number of respondents disagreed on the training and development practices of the Bank, an exceeding number of respondents were enjoying the training and development practices of the bank which assists to retain skilled employees.

On the other hand, the result of the findings also depicted that highly experienced employees are coaching the less experienced employees to produce skilled human capital which enhance knowledge transfer among themselves and hence training offered at AB is problem solving and assist participants to promote into a higher job grade as a result it is a means of retaining employees.

The result of the findings support the argument by Al-Khayyat (1998) and Shakeel & But (2015) which indicated that there is positive relationship between training and development and employee retention.

4.3.3 Work-Life Balance Practices

The respondents were asked to express work-life balance practices of the bank to the extent to which they agree or disagree with the statements. The findings were discussed in the following section.

Table 4.5 Work-Life Balance Practices

Work-Life Balance								
Statement	FR & %	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Awash Bank organizes a number of recreational activities like availability of gyms, mental relaxation programs and occasional celebrations to let employees show their creativity and enjoy	FR %	117 41.2	97 34.2	40 14.1	22 7.7	8 2.8	1.97	1.058
I like to stay in Awash Bank since provision of programs are there to assist balancing demands of families with children, social and family events and onsite childcare services	FR %	81 28.5	87 30.6	61 21.5	41 14.4	14 4.9	2.37	1.180
I am provided leaves such as annual leave, sick leave, study leave on time and when appropriate	FR %	33 11.6	56 19.7	56 19.7	106 37.3	33 11.6	3.18	1.214
Awash Bank offers a good work-life balance to enable its staff produce better output on job	FR %	44 15.5	79 27.8	88 31	58 20.4	15 5.3	2.72	1.114
I think that if employees have good work-life balance Awash Bank will be more effective & successful	FR %	4 1.4	16 5.6	32 11.3	72 25.4	160 56.3	4.30	0.972
Aggregate Average Score							2.91	1.107

FR= Frequency, SD = Standard Deviation

Source: Survey Data, 2020

The results of the findings in the above table 4.5 sought to identify the work-life balance practices of AB involved recreational activities which enable staff enjoy, relax and regain the lost energy during working hours. The recreational activities may include: availability of gyms, swimming pools, mental relaxation programs through entertainment and occasional celebrations in AB. Thus, a great number of respondents disagreed with response rate of 214(75.4 percent) whereas 40 (14.1 percent) remain neutral with mean score value of (1.97) and high standard deviation of 1.058.

Likewise, respondents were asked whether there are provisions of programs to assist balancing demands of group of families, children, social events and onsite childcare services which assist employees to stay in AB. The majority of the respondents 168(59.1 percent) disagreed with the statement while 61(21.5 percent) remain neutral and the remaining 55(19.3 percent) agreed with lower mean score value of 2.37 and high standard deviation of 1.180.

Nevertheless, most respondents agreed with the provision of leave, for instance, annual leave, sick leave, study leave on time and when appropriate with the response rate of 139(48.9 percent) whereas 89 (31.3 percent) disagreed with moderate mean score of 3.18 and high standard deviation of 1.214.

However, the result of the findings revealed that 123 (43.3 percent) of the respondents disagreed with the statement that state the existence of good work-life balance in the bank which assist employees to produce better output on job. Subsequently, 88 (31 percent) remained neutral whereas 73 (25.7 percent) agreed with the statement with moderate mean score value of 2.69 and standard deviation of 1.128.

Further, the respondents were requested to respond to the statement, which states providing good work-balance to employees enhance the effectiveness and success of the bank. Accordingly, 232(81.7 percent) of the respondents agreed whereas 32(11.3 percent) disagreed with high mean score value of 4.3 and low standard deviation value of 0.972. The score with high mean value of 4.30 and low standard deviation 0.972 indicates a lessor deviation or more homogeneous perceptions among the participants.

From the results of the above findings, the majority of employees were not happy with work-life balance practices of the bank. Hence, properly implementing work-life balance at balancing demand of employees and families can encourage them to stay in the Bank.

Thus, if the recreational activities like availability of gyms, swimming pools, mental relaxation programs through entertainment and occasional celebration or events are there, the bank will be more successful and effective. The findings support the argument by Mehta, Kurbetti and Dhankhan (2014) which clearly stated a work-life balance has a direct relationship with the employees' decision to stay or leave the organization.

4.3.4 Employee Empowerment Practices

The respondents were also asked to reflect the extent to which they agree or disagree with employee empowerment practices of the Bank. The findings were discussed in the following section.

Table 4.6 Employee Empowerment Practices

Employee Empowerment								
Statement	FR & %	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
I am involved in most important decisions that may affect work related performance	FR %	29 10.2	56 19.7	59 20.8	123 43.3	17 6	3.15	1.122
I am encouraged by my manager to make my own decisions as far as possible	FR %	15 5.3	59 20.8	61 21.5	122 43	27 9.5	3.31	1.067
I feel the management trusts me to make the right decisions while dealing with customers	FR %	16 5.6	47 16.5	71 25	117 41.2	33 11.6	3.37	1.067
Awash Bank fully exercises delegation of power to develop intellectual capital	FR %	24 8.5	58 20.4	73 25.7	105 37	24 8.5	3.17	1.108
Awash Bank has a room for its employees to participate in making decision on major strategic issues	FR %	40 14.1	76 26.8	83 29.2	69 24.3	16 5.6	2.81	1.125
Aggregate Average Score							3.16	1.098

FR= Frequency, SD = Standard Deviation

Source: Survey Data, 2020

When it comes to employee empowerment practices of the bank, the majority of the respondents 140(49.3 percent) agreed on involvement of employees in most important decisions that may affect work related performance whereas 85(29.9 percent) disagreed with moderate mean score value of 3.15 and high standard deviation of 1.122.

The management of the bank is encouraging employees to make decisions with response rate of 149 (52.5 percent) whereas 74(21.5 percent) and 61(26.1 percent) disagreed and remain neutral respectively with moderate mean score value of 3.31 and high standard deviation value of 1.067.

Similarly, while responding to the item stating employees feel the management trusts them to make the right decisions while dealing with customers, the majority of the respondents agreed with the response rate of 150(52.8 percent) whereas 71(25 percent) and 63(22.1 percent) remain neutral and

disagreed respectively with moderate mean score value of 3.37 and high standard deviation value of 1.067.

In addition, the result of the findings revealed that the bank has been fully exercising delegation of power to develop intellectual capital at response rate of 129(45.5 percent) whereas 82(28.9 percent) and 73(25.7 percent) disagreed and remain neutral respectively with moderate mean score value of 3.17 and high standard deviation value of 1.108.

Nevertheless, the majority of the respondents 116(40.9 percent) disagreed with the statement that states AB has a room for its employees to participate in making decision on major strategic issues whereas 85(29.9 percent) and 83(29.2 percent) agreed and remain neutral with moderate mean value of 2.81 and high standard deviation value of 1.125.

From the result of the analysis, it can be also concluded that employees are exercising decision making power to enhance the day to day performance, activity and productivity of the Bank. The management of the bank is also encouraging the decision making abilities of employees and fully exercising delegation of power; trust employees while dealing with customer and decision making. Thus, such practices of the bank can enhance the service delivery, efficiency and productivity of employees; create sense of responsibility, which eventually result in the retention of valuable employees. Nevertheless, the result of the findings correspondingly show that most respondents disagreed on the item that describes the bank has a room to involve its employees in major strategic decision making process.

The findings support the argument given by Naeem and Saif (2010) which asserted there is positive relationship between employee empowerment and employee retention. On the other hand, Ongori (2009) argued that employee empowerment affect employee retention because when employees are empowered, they have the opportunity to determine their work; they are involved in decision making, as a result they can make better use of their skills and knowledge, more committed to their work and certainly will stay in the organization.

4.3.5 Performance Appraisal Practices

The respondents were asked to state the extent at which they agree or disagree with the statement concerning performance appraisal practices of the bank. The findings were shown in the subsequent section.

Table 4.7 Performance Appraisal Practices

Statement	Performance Appraisal						Mean	SD
	FR & %	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
I believe that competency based appraisal is the base for decisions about promotions; development and salary increment in Awash Bank	FR %	36 12.7	70 24.6	61 21.5	89 31.3	28 9.9	3.01	1.211
I have a very clear understanding of my performance standard and expectations to successfully deliver my job	FR %	17 6	37 13	50 17.6	143 50.4	37 13	3.51	1.065
My performance appraisal is at regular intervals, the progress and feedback is discussed frequently to take immediate action	FR %	31 10.9	70 24.6	69 24.3	96 33.8	18 6.3	3.00	1.131
Performance appraisal is conducted fairly without any biasness/favoritism, free from evaluator's personal interest, objectively with clear action value plan	FR %	46 16.2	79 27.8	73 2.7	64 22.5	22 7.7	2.78	1.190
Performance appraisal practice of Awash Bank is participative, transparent which is aligned organizational strategic goals and objectives	FR %	43 15.1	76 26.8	73 25.7	81 28.5	11 3.9	2.79	1.129
Aggregate Average Score							3.018	1.145

FR= Frequency, SD = Standard Deviation

Source: Survey Data, 2020

The results the findings on performance appraisal practices of AB in the above table 4.7 depicts that the majority of the respondents 117(41.2 percent) agreed with the statement that describe competency based appraisal is the base for decisions about promotions; development and salary increment in AB whereas 106(37.3 percent) and 61(21.5 percent) of the respondents disagreed and remain neutral respectively with moderate mean score value of 3.01 and high standard deviation of 1.211.

On the other hand, the majority of the respondents agreed with response rate of 180(63.4 percent) with the item stating employees have a very clear understanding of performance standard and expectations to successfully deliver the job whereas 54(19 percent) and 50(17.6 percent) disagreed and remain neutral respectively with high mean score value of 3.51 and high standard deviation of 1.065.

Likewise, the majority of the respondents 114(40.1 percent) agreed with the item stating performance appraisal is conducted at regular intervals, the progress and feedback is discussed frequently to take immediate action whereas 101(35.5 percent) of the respondents disagreed while 69(24.3 percent) of them remain neutral with moderate mean score value of 3.00 and high standard deviation of 1.131.

Moreover, most respondents 125(44 percent) disagreed with the item stating performance appraisal is conducted fairly without any biasness/favoritism, free from evaluator's personal interest, objectively with clear action value whereas 86(30.2 percent) of them agreed with the item while the remaining 73(25.7 percent) of respondents remain neutral with moderate mean score value of 2.78 and high standard deviation of 1.190.

Similarly, the majority of the respondents 119(41.9 percent) disagreed with the item stating performance appraisal practices of AB is participative, transparent which is aligned to organizational strategic goals and objectives whereas 92(30.2 percent) of the respondents agreed and 73(25.7 percent) of them remain neutral with moderate mean score value of 2.79 and high standard deviation of 1.129.

The results of the findings support the argument given by Ghazali, Nysuki and Ishak (2011) which confirmed seven different SHRM practices such as recruitment and selection, training and development, reward and compensation, performance appraisal, employee empowerment, communication and job security. The results of the authors' findings showed that all studied SHRM practices have significant relationship with employee retention. Moreover, performance appraisal system was found to be the most commonly practice carried out to retain employees.

4.3.6 Employee Retention Practices

The respondents were asked to describe the extent to which they agree or disagree with the statements regarding employee retention practices of the bank. The findings were presented in the following section.

Table 4.8 Employee Retention Practices

Statement	Employee Retention						Mean	SD
	FR & %	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
I feel like a member of the corporate family as AB continuously create a sense of belonging among employees	FR	23	29	68	119	45	3.47	1.123
	%	8.1	10.2	23.9	41.9	15.8		
I don't have any intention to resign from AB within a shorter time	FR	32	41	92	70	49	3.22	1.220
	%	11.3	14.4	32.4	24.6	17.3		
I plan to work in AB as long as possible since I see a future for myself within the bank	FR	41	26	86	85	46	3.24	1.250
	%	14.4	9.2	30.3	29.9	16.2		
I will most certainly look for a new job in the near future	FR	12	49	94	89	40	3.34	1.053
	%	4.2	17.3	33.1	31.3	14.1		
If I received attractive job offer from other bank, I would take the job without any precondition	FR	9	54	82	70	69	3.48	1.145
	%	3.2	19	28.9	24.6	24.3		
I think AB has a good employee retention strategy	FR	62	94	61	54	13	2.51	1.160
	%	21.8	33.1	21.5	19	4.6		
Aggregate Average Score							3.21	1.158

FR= Frequency, SD = Standard Deviation

Source: Survey Data, 2020

The results of the findings in the above table 4.8 indicates that the majority of the respondents 164(57.7 percent) agreed with the statement stating employees feel like a member of the corporate family as the bank continuously create a sense of belongingness among employees whereas 68(23.9 percent) of the respondents remain neutral while 52(18.3 percent) of the respondents were disagreed at moderate mean score value of 3.47 and standard deviation of 1.123.

Furthermore, the majority of the respondents 119(41.9 percent) agreed on the item that an employee don't have any intention to resign from the bank within a shorter period of time whereas 92(25.7

percent) of the respondents remain neutral while 73(32.4 percent) of respondents disagreed with moderate mean score value of 3.22 and high standard deviation of 1.220.

Similarly, the respondents were asked whether they are planning to work in the bank as long as they see a promising future for themselves, as a result 131(46.1 percent) of respondents agreed whereas 86(30.3 percent) remain neutral while 67(23.6 percent) disagreed with moderate mean score value of 3.24 and standard deviation value of 1.250.

The majority of the respondents 129(45.4 percent) agreed with the item stating about the intention of employees to certainly look for a new job in the near future whereas 94(33.1 percent) remain neutral while 61(21.5 percent) disagreed at moderate mean score value of 3.48 and standard deviation value of 1.053.

Similarly, the majority of the respondents 139(48.9 percent) agreed with the item stating an employee accepts an attractive job offer from other bank, without any precondition whereas 82(28.9 percent) of respondents remain neutral while 63(22.2 percent) of respondents disagreed with moderate mean score value of 3.48 and standard deviation score of 1.145.

Moreover, the majority of the respondents 156(54.9 percent) disagreed with the statement describing that AB has a good employee retention strategy whereas 67(23.6 percent) of the respondents agreed while 61(21.5 percent) remain neutral at moderate mean score value of 2.51 and high standard deviation of 1.160.

From the results of the findings, although the majority of the respondents were feeling as a corporate family of the bank, they responded as if they most certainly look for a new job in the near future. In addition, most employees responded that upon receiving an attractive job offer from competitors' bank and they will accept it without any preconditions. Similarly, most respondents indicate that the bank lacks good employee retention strategy.

4.4 Inferential Statistics Analysis

The primary objective of this study was to assess SHRM practices towards employee retention. The SHRM practices in this research include reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal. Accordingly, inferential statistics analysis such as correlation and regression analysis had been considered and the results were interpreted in the succeeding sections.

4.4.1 Correlation Analysis

Correlation analysis is helpful to indicate the association of one variable to another variable with the intention of showing the extent to which a change in one variable corresponds systematically to a change in another (Zikmund et al, 2009).

A correlation coefficient sign (r) provides information about the direction of the relationship either positive or negative. Scholars suggested that the intensity of the relationship is between ± 1.0 and hence, a coefficient of $+1$ indicates a perfect positive relationship which implies a one variable increase may result increase in other variable by proportionate amount (Kotrlik et al., 2011). The authors further suggested that a coefficient of -1 indicates a perfect negative relationship which implies one variable increase result in other variable decrease by a proportionate amount.

A coefficient of 0 indicates no linear relationship at all and hence when one variable changes the other variable remain the same (Zikmund et al, 2009). On the other hand, Kotrlik et al. (2011) argues that the correlation coefficient value between $0.01-0.09$ is negligible association, $0.10-0.29$ imply low association, $0.30-0.49$ indicates moderate association, $0.50-0.69$ ensure substantial association, 0.70 and above shows very strong association.

The aim of making correlation analysis is to predict the relationship among variables depending on the premise that if there exists statistically significant relationship between two variables and hence it is possible to predict one variable based on the information available on another variable (Mugenda, 2008).

Table 4.9 Pearson Correlation Analysis

Correlations			Reward and Compensation	Training and Development	Work-Life Balance	Employee Empowerment	Performance Appraisal	Employee Retention
Reward and Compensation	Pearson Correlation		1					
Training and Development	Pearson Correlation		.610**	1				
Work-Life Balance	Pearson Correlation		.564**	.572**	1			
Employee Empowerment	Pearson Correlation		.577**	.633**	.597**	1		
Performance Appraisal	Pearson Correlation		.597**	.610**	.554**	.616**	1	
Employee Retention	Pearson Correlation		.528**	.523**	.526**	.523**	.516**	1

** . Correlation is significant at the 0.01 level (2-tailed), Number of respondents (N) = 284

Source: Survey Data, 2020

The above correlation analysis table 4.9 illustrates the relationship between the independent variables (reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal) and dependent variable (employee retention).

Hence, Pearson’s correlation coefficient r indicated that there is significant positive correlation between reward and compensation practices and employee retention ($r=0.528$, $p < 0.01$). The relationship between training and development practices and employee retention indicated that there is significant positive correlation between training and development practices and employee retention ($r=0.523$, $p < 0.01$). The relationship between work-life balance practices and employee retention is significant positive correlation ($r=0.526$, $p < 0.01$). The relationship between employee empowerment practices and employee retention is significant positive correlation ($r=0.523$, $p < 0.01$). The relationship between performance appraisal practices and employee retention is significant positive correlation ($r=0.516$, $p < 0.01$).

Likewise, the above Pearson correlation analysis result indicated that the independent variables: reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal have significant relationship with employee retention attaining a positive correlation coefficient which meets internal consistency in line with the study hypothesis and hence suitable for further analysis.

4.4.2 Preliminary Diagnosis for Regression Analysis

Before accepting the results of linear regression analysis, it is important to assess model to check that it doesn't violate the fundamental assumptions of linear regression. The preliminary tests before applying multiple regression analysis which ensure appropriateness of data include: linearity, normality, multicollinearity and homoscedasticity. The tests were presented in the next part.

4.4.3 Linearity Assumption

In order to determine the linearity between independent variables (reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal) and dependent variable (employee retention) the linearity test was undertaken in which the independent (predictor) variables in the regression have a straight line relationship with the outcome (dependent) variable.

Linearity indicates that the change in dependent variable is related to the change in independent variables. To show the effect of independent variables (reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal) on employee retention, the following graph was presented.

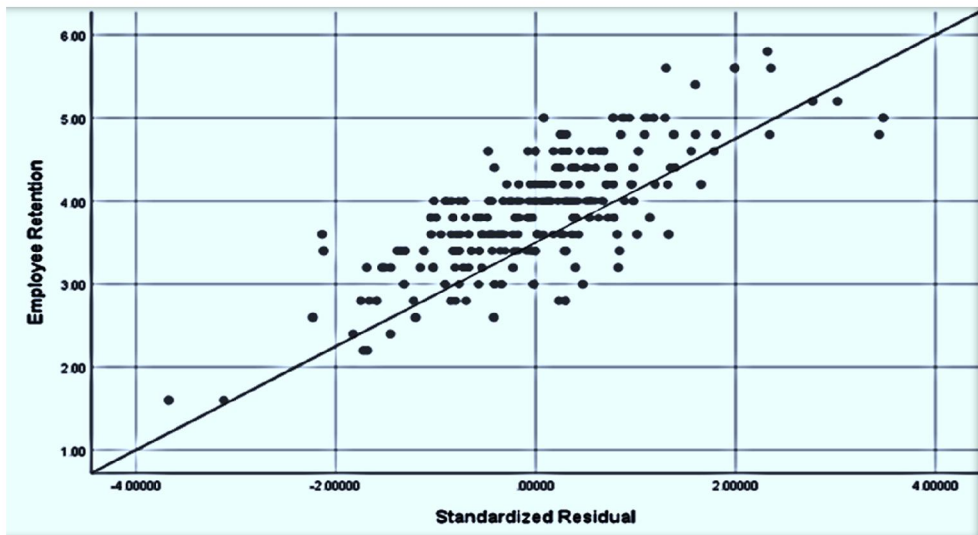


Figure 4.5 Linearity Test Scatter Plot

Source: Survey Data, 2020

The above figure 4.5 shows that the normal regression standardized residual which has no difference in the spread of residual, as it can be seen from the left to the right to indicate the

predicted linear relationship. It is observed that data points were close to the diagonal line and hence the linearity assumption was satisfied for the dependent variable.

Henceforth, as evidenced from the correlation analysis matrix presented on table 4.9, the linearity test also strengthens the presence of positive linear relationship between SHRM practices (reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal) and employee retention.

4.4.4 Normality Distribution Test

Normality test is undertaken to indicate the normal distribution in the form of a symmetric bell shaped curve. Thus, from the below figure 4.6 the histogram is almost look like a normal distribution bell-shaped curve and the distribution is normal around mean of zero.

Table 4.10 Tests of Normality

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Employee Retention	.085	284	.000	.982	284	.001

a. Lilliefors Significance Correction

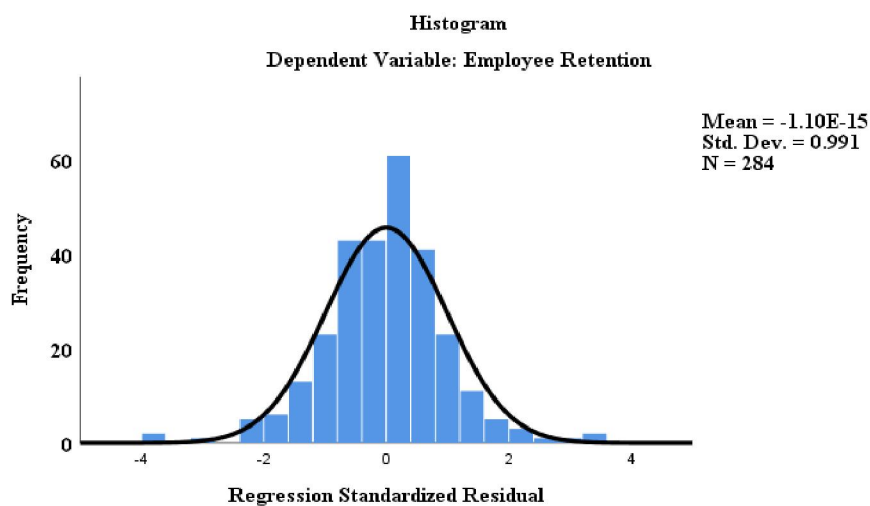


Figure 4.6 Histogram Standardized Residual

Source: Survey Data, 2020

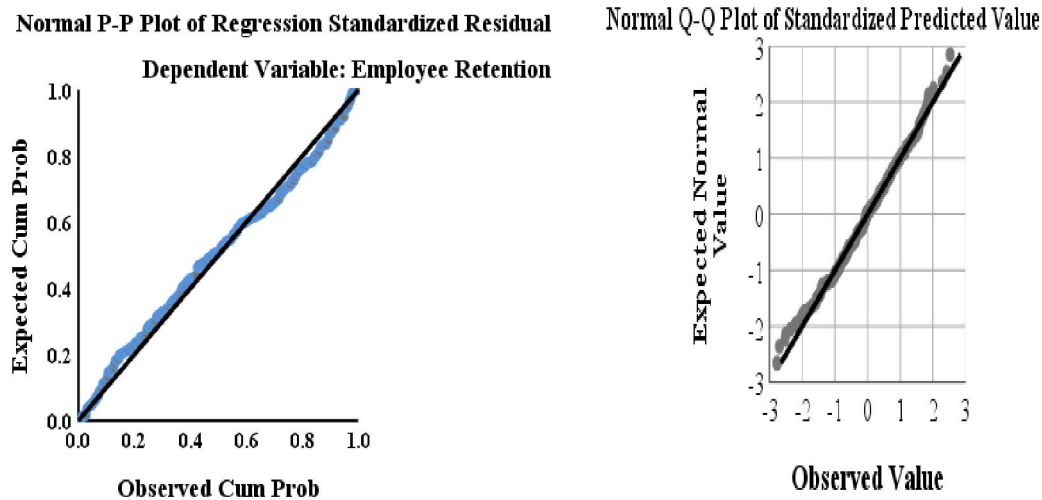


Figure 4.7 Normality P-P and Q-Q plot of Standardized Residual

Source: Survey Data, 2020

The results of the findings in the above figure 4.7 confirms Probability-Probability (p-p) and Quantile-Quantile (Q-Q) plot looks normal distribution since the most observed values are spread over close to the straight line and some falling within the line, there is high likelihood that the data is normally distributed as a result there is no violation of the assumption of normal distribution.

4.5.5 Homoscedasticity

Homoscedasticity is checked whether the residual are equally distributed, spread far apart or tend to bunch together at some random values or at other values. The data in homoscedasticity looks a shotgun blast rather than a cone or fan shape in which points are equally distributed above or below the X-axis to the left/right of zero on the y-axis.

Figure 4.8 below shows the spread of residuals randomly distributed variance or homogeneity of variance which is constant across the linear model and as a result homoscedasticity is not violated.

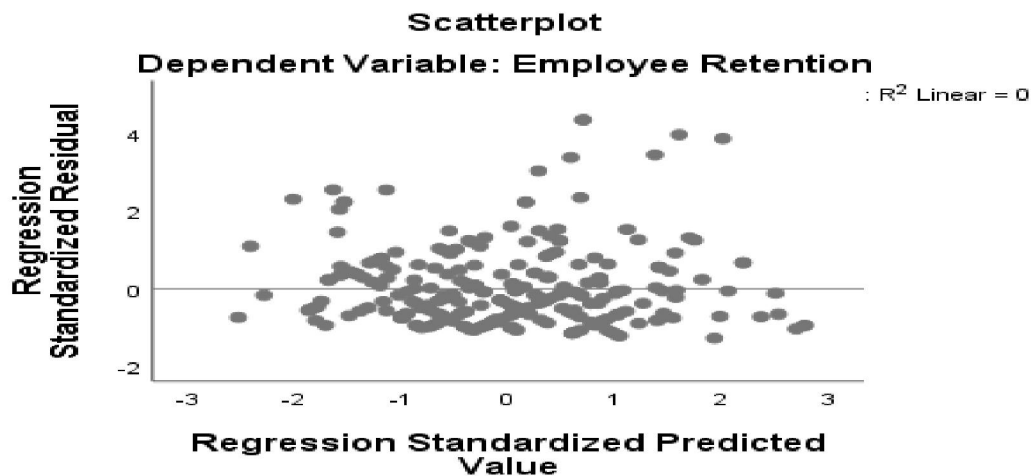


Figure 4.8 Homoscedasticity Standardized Predicted Value

Source: Survey Data, 2020

4.5.6 Multicollinearity Diagnosis

After the normality of the data distribution in the regression model was met, the next step is to identify whether the similarity between independent variables exist in the model. Multicollinearity occurs when two or more independent variables are very strongly correlated with each other and hence similarities among the independent variables will result in strong correlation (Field, 2013).

On the other hand, multicollinearity test is undertaken to prevent habits of decision making process concerning the partial effect of independent variables on the dependent variable and hence in a regression analysis multicollinearity refers to “the existence of single redundant information in the model which can easily lead to unstable regression coefficient estimates” (Raykov and Marcoulides, 2006, p.86).

Likewise, variance inflation factor (VIF) value which ranges between 1 and 10 shows there is no multicollinearity, however, VIF values greater than 10 and less than 1 show that there is multicollinearity (Sekaran and Bougie, 2016: Field, 2013). The authors further argues that multicollinearity exists when the correlation coefficient between independent variables become more than 0.8 and correlation above 0.7 is a threshold for multicollinearity among independent variables.

High degree of correlation between predictor variables is a problem of what is commonly described as multicollinearity which may lead to inefficient estimation and less reliable outcome. Nevertheless, correlation matrix in the above table 4.9 indicates substantial significant positive relationship between independent variables. Similarly, below table 4.11 confirms that there is no

multicollinearity between independent variables owing to normal variance inflation factor (VIF) value.

Table 4.11 Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Reward and Compensation	.503	1.987
Training and Development	.463	2.158
Work-Life Balance	.534	1.872
Employee Empowerment	.464	2.157
Performance Appraisal	.488	2.050

Dependent Variable: Employee Retention

Source: Survey data, 2020

The above table 4.11 shows that multicollinearity is not the problem of linear regression model since independent (predictor) variables are not overlapped or highly related to each other which possibly hinder the prediction of linear regression model. In the above table 4.11 the collinearity statistics VIF and tolerance value ranges between 1.872- 2.158 and 0.463-0.534 respectively.

Consequently, from the above point of view and the information presented in the previous preliminary test results it can be inferred that there were no significant data problems that would lead to the assumption of violating linear regression analysis model and hence the linear regression analysis was presented in the subsequent section.

4.5.2 Multiple Linear Regression Analysis

Multiple regression analysis was carried out to assess the relationship of reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal practices and employee retention. The multiple regression analysis results were presented using regression model summary tables, analysis of variance (ANOVA) table and beta coefficient tables as presented below.

Table 4.12 Regression Analysis Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.639 ^a	.408	.397	.53023

a. Predictors: (Constant), Performance Appraisal, Work-Life Balance, Reward and Compensation, Employee Empowerment, Training and Development

As per the multiple regression model summary presented on table 4.12, the R square value is 0.408(40.8 percent). This means that 40.8 percent of dependent variable (employee retention) can be explained by five independent variables: reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal. The remaining 59.2 percent (100-40.8) of employee retention is explained by other potential factors not included in this research. The value of R square with adjusted value of 0.397 (39.7 percent) represent significant contribution of independent variables towards dependent variable.

Table 4.13 Analysis of Variance (ANOVA) Model Summary

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	53.828	5	10.766	38.292	.000 ^b
Residual	78.159	278	.281		
Total	131.986	283			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Performance Appraisal, Work-Life Balance, Reward and Compensation, Employee Empowerment, Training and Development

Source: Survey Data, 2020

The analysis of variance (ANOVA) results in the above table 4.13 show that the significance of the F statistics is 0.000 which is less than 0.05 which is statistically significant. On the other hand, the F-statistic value of 38.292 at 5 and 278 degree of freedom is statistically significant at 95percent

level of confidence. This implies that there is significant relationship between predictors (reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal) and dependent variable (employee retention).

Table 4.14 Multiple Regression Coefficient Analysis

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	β	Std. Error	Beta	t	
(Constant)	1.943	.145		13.417	.000
Reward and Compensation	.128	.047	.177	2.715	.007
Training and Development	.110	.055	.136	2.002	.046
Work-Life Balance	.173	.057	.191	3.032	.003
Employee Empowerment	.111	.055	.136	2.009	.045
Performance Appraisal	.109	.052	.138	2.091	.037

a. Dependent Variable: Employee Retention

Source: Survey Data, 2020

Multiple Regression Equation

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where,

Y is the dependent variable (employee retention)

β_0 is constant

β is the regression coefficient of each independent variable that influence dependent variable

$X_1 - X_5$ are independent variables representing reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal.

ϵ is error term representing omitted variables

Based on the above multiple regression coefficient model, the following equation was derived.

$$Y = 1.943 + 0.128 \text{ Reward \& Compensation} + 0.110 \text{ Training \& Development} + 0.173 \text{ Work-life balance} + 0.111 \text{ Employee empowerment} + 0.109 \text{ Performance appraisal}$$

The first objective was sought to investigate the relationship between reward and compensation practice and employee retention. The above equation and table can be interpreted as the beta coefficient of reward and compensation was 0.128. Thus, a unit increase in reward and compensation would result in 12.8 percent increase in employee retention. As a result, there is direct relationship between reward and compensation practices and employee retention in AB. The p-value of 0.007 indicates that at $p < 0.05$ level of significance the hypothesis that state there is significant positive relationship between reward and compensation practices and employee retention is accepted.

The beta coefficient of training and development practices and employee retention was 0.110. Thus, a unit increase in training and development would result in 11 percent increase in employee retention. The p-value of 0.045 indicates that at $p < 0.05$ level of significance the hypothesis that state there is significant positive relationship between training and development practices and employee retention is accepted.

The beta coefficient of work-life balance practices and employee retention was 0.173. Thus, a unit increase in work-life balance would result in 17.3 percent increase in employee retention. The p-value of 0.003 indicates that at $p < 0.05$ level of significance the hypothesis that state there is significant positive relationship between work-life balance practices and employee retention is accepted.

The beta coefficient of employee empowerment was 0.111. Thus, a unit increase in employee empowerment would result in 11.1 percent increase in employee retention. The p-value of 0.045 indicates that at $p < 0.05$ level of significance the hypothesis that state there is significant positive relationship between employee empowerment practices and employee retention is accepted.

The beta coefficient of performance appraisal was 0.109. Thus, a unit increase in performance appraisal would result in 10.9 percent increase in employee retention. The p-value of 0.037 indicates that at $p < 0.05$ level of significance the hypothesis that state there is significant positive relationship between performance appraisal practices and employee retention is accepted.

Similarly Table 4.14 indicates that the independent variable with the highest beta value is the most significant variable towards dependent variable and hence the independent variable work-life balance has the highest positive beta value of 0.173, which means that work-life balance followed by reward and compensation with positive beta value of 0.128 and employee empowerment with

positive beta value of 0.111 has contributed most and strong effect on employee retention when compared to other independent variables.

Table 4.15 Summary of Hypothesis Test Results

Hypothesis	Result	Remark
H ₁ : There is significant relationship between reward and compensation and employee retention	r = 0.528 p = 0.007 (p < 0.05)	Supported
H ₂ : There is significant relationship between training and development and employee retention	r = 0.523 p = 0.046 (p < 0.05)	Supported
H ₃ : There is significant relationship between work-life balance and employee retention	r = 0.526 p = 0.003 (p < 0.05)	Supported
H ₄ : There is significant relationship between employee empowerment and employee retention	r = 0.523 p = 0.045 (p < 0.05)	Supported
H ₅ : There is significant relationship between performance appraisal and employee retention	r = 0.516 p = 0.037 (p < 0.05)	Supported

Source: Survey Data, 2020

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The fifth chapter presents the summary, implication of major findings, contribution to knowledge, conclusion, recommendations, limitations and areas for future research.

5.2 Summary of Major Findings

With the main objective to establish the relationship between dependent and independent variables the researcher distributed a survey questionnaire to employees of Awash Bank in Addis Ababa with sample size of 300 respondents, among these 284 respondents have responded leading to a response rate of 94.6 percent, which were utilized for data analysis, interpretation and reporting.

The results of the study findings on gender composition were fairly distributed across gender. Out of the total respondent population, 59.9 percent were male while the remaining 40.1 percent were female which imply that the proportion of male respondents is higher than that of female respondents.

The result also indicates that the respondents were well distributed in terms of their age group by which age structure of the respondents creates an opportunity for the bank for succession planning.

In addition, the demographic characteristics indicate fair distribution in terms of educational level to meet the purpose of the study. The majority of the respondents were professionals holding first degree. Moreover, the majority of the respondents have 6-10 years of work experience which implies ample knowledge of banking sector working environment.

Descriptive statistics for reward and compensation indicates that most of the respondents agreed to the provision of reward & compensation by the bank so as to retain highly skilled and qualified/talented/ employees though few respondents disagreed.

From the training and development point of view, the majority of the respondents are enjoying the training and development practices of the bank which also assists in the retention of skilled and qualified employees.

Most of them witnessed that AB develops the skills of its employees compatible with the current job requirements, invests on employees' professional growth at large by undertaking formal need assessment periodically to identify gaps in relation to training.

Highly experienced employees coach the less experienced employees to produce skilled human capital and the training offered at AB is problem solving and assist participants to promote into a higher job grade as a result it is a means of retaining employees.

With regard to work-life balance, employees have a feeling that if a good work-life balance is there, the bank will be more effective & successful. Despite this fact, most of the employees were not happy with work-life balance practices of the bank as balancing act between the demand of employees and families can assist them to be more productive. Thus, it can be deduced that if good work-life practices exist, the bank will be more successful.

When it comes to employee empowerment, the results of the study findings show that employees are exercising decision making power to enhance their day to day performance, the management is also encouraging the decision making abilities of employees and fully exercises delegation of power and trust its employees while making decision.

Employee empowerment practices of the bank can enhance the service delivery, efficiency and productivity of employees. Nevertheless, the results the findings show that most respondents disagreed on the involvement of employees in major strategic decision making issues.

The results of the study findings on performance appraisal practices of the bank indicate that competency based appraisal is the base for decisions about promotions; development and salary increment. Employees are clearly understood the performance standard and expectations to successfully deliver the job, appraisal is conducted at regular intervals, the progress and feedback is discussed frequently to take immediate action.

Nevertheless, most respondents disagreed on fairness of performance appraisal as it is exposed to biasness/favoritism, influenced by evaluator's personal judgment with more subjectivity. In addition, a performance appraisal practice of AB is conducted by supervisors, which lack participation of employees, transparency and non-alignment of appraisal with organizational strategic goals and objectives.

On the other hand, the results of the findings on employee retention indicate that employees are feeling as a corporate family of the bank. However, some respondents are most certainly looking for a new job in the near future. In addition, the response of most employees indicates that if they receive an attractive job offer from competitors' bank, they will accept it without any preconditions. Moreover, most of the respondents stated that the bank lacks good employee retention strategy.

Pearson's correlation coefficient r indicated that there is significant positive correlation between SHRM practices and employee retention. Reward and compensation practices and employee retention ($r=0.528$, $p < 0.01$), training and development practices and employee retention ($r=0.523$, p

< 0.01), work-life balance practices and employee retention ($r=0.526$, $p < 0.01$), employee empowerment practices and employee retention ($r=0.523$, $p < 0.01$) and performance appraisal practices and employee retention ($r=0.516$, $p < 0.01$).

Hence, the results of the findings indicate that the independent variables: reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal have positive correlation with employee retention which meets internal consistency in agreement with the study hypothesis.

The results of the findings in regression analysis indicate that the beta coefficient of reward and compensation was 0.128, p-value of 0.007 at $p<0.05$ level of significance, the beta coefficient of training and development practices was 0.110, p-value of 0.045 at $p<0.05$ level of significance, the beta coefficient of work-life balance practices was 0.173, p-value of 0.003 at $p<0.05$ level of significance, the beta coefficient of employee empowerment was 0.111, p-value 0.045 at $p<0.05$ level of significance, the beta coefficient of performance appraisal was 0.109, p-value 0.037 at $p<0.05$ level of significance.

From the above findings, it can be concluded that the hypothesis stating there is significant positive relationship between independent variables (reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal) and dependent variable (employee retention) is accepted.

The highest beta value is the most significant positive relationship and hence, from the findings result it can be asserted that work-life balance is most significant positive relationship followed by reward and compensation and employee empowerment.

5.3 Implication of the Findings

The findings of the study have some valuable implications for organizations and practitioners particularly for those who aim to understand how to improve employee retention strategy. Likewise, this study holds some vital lessons for SHRM practitioners as it provides workable remedies to the problem of employee turnover. SHRM practices like reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal have positively influenced employee retention.

Nevertheless, these practices need proper assessment in relation to employees' needs and demand. The study offers evidence on reward & compensation, training and development, work-life balance, employee empowerment and performance appraisals that help to shape the SHRM practices of the bank.

HR higher officials would have to devise effective retention program to maintain talented employees in order to gain optimum performance. Hence, the study will assist the bank in framing suitable retention strategies, making informed decisions through adapting to the best employee retention strategies that will enhance efficiency, productivity and performance.

The research findings also help the bank to better understand how to improve employee retention strategy. The independent variables: reward and compensation, training and development, work-life balance, employee empowerment, and performance appraisal are essential SHRM tools when employees make decision to stay within the organization.

The findings obtained from the study imply that employees are much concerned with all aspects studied as there is significant relationship between independent variables (SHRM practices) and employee retention. Hence, the bank need to further understand employees' need in implementing competitive compensation package, developing new skills & knowledge, balancing work with families, delegation of power on decisions, and recognizing employees on existing appraisal system.

The findings also indicate that if the bank makes effort to fulfill employees demand and work on employees' motivation in the studied areas, there will be higher chance of retention rate, productivity, efficiency of its operation, which in turn help the bank to gain competitive advantage in the long run.

5.4 Contribution to Knowledge

The major contribution of this study is the truth that the issues of reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal as SHRM practices can predict employee retention.

The results of the study findings provide and suggest on some remedies on how to tackle the serious employee turnover both theoretically and practically. To some extent, the study bonds the gap in SHRM practices towards employee retention observed in the literatures in the banking industry in Ethiopia. In addition, it also serves as secondary data and reference for researchers in future studies.

5.6 Conclusion

The main purpose of the present study was to empirically assess SHRM practices towards employee retention and to measure the extent of their relationship. It is imperative for organizations to institute appropriate actions to retain valuable employees to gain competitive advantage and to minimize the negative effects of employee turnover on organizational effectiveness. In order to be more successful, practicing SHRM efficiently and effectively can help to retain skillful employees.

The study assessed SHRM practices towards employee retention which is supportive on condition that making pragmatic decision in developing employee retention strategy enables to design appropriate employee retention strategy in AB.

To achieve this, five specific objectives were set: evaluate the relationship between reward and compensation and employee retention; determine the relationship between training and development and employee retention; assess the relationship between work-life balance and employee retention; examine the relationship between empowerment and employee retention; assess the relationship between performance appraisal and employee retention in AB.

The study was cross-sectional in its design and primary data were collected by employing structured survey questionnaire. The target respondents for this study were employees of the bank working in Addis Ababa at head office and city branch under four regional offices (North Addis Ababa, South Addis Ababa, East Addis Ababa, and West Addis Ababa).

To retain valuable employees the most essential SHRM practices that have been identified through the review of extant literatures include reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal. The study has employed quantitative research method and hence the primary data were collected from the respondents by employing close-ended structured survey questionnaire.

The researcher has attempted to assess the relationship between strategic human resource management practices (reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal system) and employee retention. The results of the findings showed that there is significant positive relationship between studied SHRM practices and employee retention.

Therefore, it can be concluded that those organizations who effectively and efficiently apply these SHRM practices can likely retain their core and high talented employees in the organization.

5.5 Recommendations

The following are recommendations that have been made based on theoretical, empirical and the research findings. The purpose of the study was to assess SHRM practices towards employee retention. As a result, the findings of the research identified that reward and compensation, training and development, work-life balance, employee empowerment and performance appraisals are among the practices which influence employee retention in the bank. Thus, in an ever fluctuating, vibrant, and competitive working environment; every organization desires to retain their valuable and talented employees for the success of organizations.

Based on the study findings, the existing reward and compensation of the bank can attract and retain skilled employees, however, employees need to be fairly rewarded, the pay system better be competitive, reasonable and equitably implemented.

Reward and compensation plays a greater role in the life of employees, however, the bank need to understand offering good reward and compensation is not the only means of retaining employees rather assessing the kind that employees deserve or demand based on their qualification, experience and productivity is vital. Thus, to retain qualified/talented employees, the bank need to take actions in providing fair, competitive, equitable benefit packages and incentives based on key deliverable and periodically review merit based benefits by focusing on skills, qualification and experience of its employees.

The training and development practices within the bank need to assist the retention of valuable employees as the bank is investing on professional growth at large in accordance with the current job requirements as well as attainment of organizational objectives.

At some time interval, the bank better investigate the alignment of the skills of employees with current job requirements in a consistent way so as to plan for the training needs of its employees and also to assess effectiveness of training on practical tasks.

The bank need to give attention to experienced employees already nurtured not to lose them to its competitors and better understand the intention of its employees whether to stay or to leave the bank by conducting regular assessment.

On the other hand, the bank better encourage highly experienced employees in coaching less experienced employees to assure the transfer of knowledge; consequently, well trained and equipped employees get promoted into higher job grade, which enable the bank to retain its valued employees.

Without doubt, poaching is very common in the banking industry in Ethiopia; hence the bank not to lose trained and equipped employees to competitors, it becomes vital to work on employee retention strategy. To curb such retention challenges, the bank need to work on awareness creation and give necessary training to its employees on business ethics such as honesty, integrity, faith, norms, loyal to the organization and in turn assist to create responsible citizens.

The work-life balance practices of the bank better involve the balance between employees' duties and responsibilities with personal life; family support, balancing family and work culture within the organization, onsite day care facilities, recreational activities in order to get employees relax, enjoy and regain the lost energy while working long hours, enhancing virtual workplace where applicable

and promoting use of web-self services (via mobile and social technologies), as a result increase organizational commitment and engagement.

Recreational facilities may include gyms, swimming pools, offering some programs like entertainment, tea break especially during the working hours, occasional celebrations to strengthen the relationship among employees. Thus, motivated employees can increase the productivity and efficiency of the bank, which in turn used as a means of gaining competitive advantage in the long run.

The management of the bank need to continue in enhancing the decision making power of its employees in work related activities and empowering them to make decision by their own as much as possible to exercise their power in developing intellectual capital.

The management of the bank better encourages employees to give their very best to the organization through getting them involved in most important decisions and getting organized around small work teams unlike the hierarchical structures of the past.

The performance appraisal practices of the bank need to be aligned with organizational strategic objectives and goals to identify strength and weaknesses. The performance appraisal system of the bank better be implemented as an effective means of employee retention mechanism through which employees understand their responsibilities and promote into higher job grade.

The bank better ensure performance appraisal systems be fair, transparent, impartial and free from favoritism, which in turn benefit an organization. In order to attract best employees from the market and to retain the existing one, fair appraisal system better exist because unfair appraisal practices may result in dissatisfaction among employees which may cause employee turnover.

Thus, the bank need to continue in exercising competency-based appraisal system to use as a means of promotion and salary increment by appraising at regular interval and gathering feedback from them. The performance appraisal system better subjected to objective action value by correlating what people say and what they do since word alone can't achieve objectives, rather it should be supported by well thought action.

The management of the bank better consistently work in creating belongingness among employees to understand the intention of its employees and enable them to see clear direction of their future within the bank.

In order to minimize the risk of losing key, talented and potential employees, the bank need to consider SHRM practices as a means of employee retention, which in turn enable the bank to gain competitive advantage.

From the results of the findings, most of the employees are with the intention of resigning from the bank if competitors' bank offer them an attractive job offer and accept it without any preconditions. Hence, the bank better exercise SHRM practices by embracing reward and compensation, training and development, work-life balance, employee empowerment, performance appraisal practices and other factors which are not included in this study for the sake of employee retention; to ensure employees stay in the bank.

The bank need to assist employees feel valued, treated equitably, invest on employees' career growth and professional development, which in turn serves employees' need, create a culture of transparency and open communication; ultimately means of attaining organizational objectives.

5.7 Limitation and Areas for Future Research Work

This study, like any other research, has its own limitations both conceptually and methodologically. Thus, limitations observed in the present study may limit the interpretations and cross-generalizations of the study findings. The following are some of limitations which other researchers need to consider in the future.

The researcher has conducted the study on selected SHRM practices which influence employee retention; however, there are many other factors which influence employee retention that are not listed in the study. Primarily, the study covered only five factors of SHRM practices (i.e. reward and compensation, training and development, work-life balance, employee empowerment and performance appraisal).

Consequently, it is essential to conduct further research in service sector or other organization on the relationship between other factors of SHRM practices with employee retention. For instance, selection and recruitment, job security, health and safety, organization politics, communication and participation, career development and organization culture are areas for further studies.

In addition, the study was undertaken by employing quantitative research methods; nevertheless, further studies better be conducted by employing qualitative research methods or mixed research methods in order to triangulate the findings of the research and obtain greater insights into specific SHRM practices especially from the perspectives of HRM officials of the banking industry.

With regard to this, time constraint was one of the problems because the researcher has to complete the study within the time framework set, due to time and financial constraints the study was cross sectional and hence other researchers may conduct longitudinal study to assess the practices that influence employee retention by taking large sample in similar research environment.

Furthermore, the study assessed SHRM practices towards employee retention and the need to synthesis conceptual and empirical models of SHRM practices towards employee retention by employing mediating and moderating variables, which were not considered here.

Finally, due to geographical location the study constitute employees of the bank in Addis Ababa only, however, to understand the changing behavior of employees at different geographical location and to understand whether there is any change on the response, further studies could be undertaken by considering employees working outside of Addis Ababa.

Hence, in a very dynamic working environment and fluctuating demands of human behavior, retaining competent employees is becoming undeniable. Therefore, consistently conducting similar study on employee retention is a remedial action.

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APPENDIX

SURVEY QUESTIONNAIRE

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT EXECUTIVE MASTER OF BUSINESS

ADMINISTRATION [EMBA] PROGRAM

Dear Respondents,

I am a postgraduate student at Addis Ababa University College of Business and Economics Department of Management. Currently, I am conducting a research titled **“The Assessment of Strategic Human Resource Management Practices Towards Employee Retention: A Case Study of Awash International Bank S.C (Awash Bank)”** as part of the requirement for the award of the degree in Executive Masters of Business Administration (EMBA). To facilitate the completion of this research, I humbly request your assistance to answer all questions as completely as possible to the best of your knowledge. The research is purely for academic purpose and will be treated with outmost confidentiality. Your honest and genuine response to the survey questionnaire is highly important to the quality of the research outcome. Hence, spare a few minutes from your valuable schedule and share your true feelings. Thank You!!

You are not required to write your name on the survey questionnaire.

Sincerely Yours,

Sileshi Bekele

E.Mail: silbek2007@gmail.com

SECTION I

DEMOGRAPHIC INFORMATION

Please tick mark (✓) where appropriate.

1. Gender

a) Female

B) Male

2. Age Group

a) Below 25 Years

b) 26-35Years

c) 36-45Years

d) More than 46 Years

3. Education Level

a) Certificate

b) Diploma

c) Degree

b) Masters

e) PhD

4. Year of Service in Awash Bank

a) Below 5 years

b) 6-10 Years

c) 11-15 Years

d) More than 16 Years

SECTION II

STRATEGIC HUMAN RESOURCES MANAGEMENT PRACTICES

The following are statements about Strategic Human Resource Management Practices that enhance employee retention in an organization. Please react to them and put tick mark (√) on a five point Likert scale with the level of Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree. Your honest response is highly appreciated.

Code	Question Items	Response				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
RC1	Reward and compensation practices in Awash Bank can retain high quality/talented employees					
RC2	Awash Bank fairly reward and compensate its employees from time to time with merit base					
RC3	I am grateful that the reward and compensation offered is commensurate with the quality of work I do					
RC4	Awash Bank pay system is competitive, fair, equitably implemented based on skill/knowledge of employees					
RC5	Awash bank provide incentives based on key deliverable to motivate employees to work more efficiently					

Code	Training and Development	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
TD-1	Awash Bank develops the skills of its staff in accordance with current job requirements					
TD-2	Awash Bank invests on employees' professional growth at large					
TD-3	Awash Bank undertake formal need assessment periodically to identify gaps in related trainings					
TD-4	Highly experienced employees coach the less experienced employees to produce skilled human capital in Awash Bank					
TD-5	Training offered at Awash Bank is problem solving and assist participants to promote into a higher job grade					
Code	Work-Life Balance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
WLB-1	Awash Bank organizes a number of recreational activities like availability of gyms, mental relaxation programs and occasional celebrations to let employees show their creativity and enjoy					
WLB-2	I like to stay in Awash Bank since provision of programs are there to assist balancing demands of families with children, social and family events, and onsite childcare services					
WLB-3	I am provided leaves such as annual leave, sick leave, study leave on time when appropriate					
WLB-4	Awash Bank offers a good work-life balance to enable its staff produce better output on job					
WLB-5	I think that if employees have good work-life balance Awash Bank will be more successful					

Code	Employee Empowerment	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
EE-1	I am involved in most important decisions that may affect work related performance					
EE-2	I am encouraged by my manager to make my own decisions as far as possible					
EE-3	I feel the management trusts me to make the right decisions while dealing with customers					
EE-4	Awash Bank fully exercises delegation of power to develop intellectual capital					
EE-5	Awash Bank has a room for its employees to participate in making decision on major strategic issues					
Code	Performance Appraisal	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
PA-1	I believe that competency-based appraisal is the base for decisions about promotions; development and salary increment in Awash Bank					
PA-2	I have a very clear understanding of my performance standard and expectations to successfully deliver on my job					
PA-3	My performance is appraised at regular intervals, the progress and feedback is discussed frequently to take immediate action					
PA-4	Performance appraisal is conducted fairly without biasness/favoritism, objectively with clear action value plan free from evaluator's personal interest					
PA-5	Performance appraisal practice of Awash Bank is participative, transparent which is aligned to organizational strategic goals and objectives					

Section III

Kindly indicate your level of agreement with the following statements relating to employee retention at Awash Bank by ticking (✓) the appropriate response.

Code	Question Items	Response				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
ER-1	I feel like a member of the corporate family as Awash Bank continuously create a sense of belonging among employees					
ER-2	I don't have any intention to resign from Awash Bank within a shorter time					
ER-3	I plan to work in Awash Bank as long as possible since I see a future for myself within the bank					
ER-4	I will most certainly look for a new job in the near future					
ER-5	If I received an attractive job offer from other bank, I would take the job without any precondition					
ER-6	I think Awash Bank has a good employees retention strategy					

Thank you for taking your time to complete this questionnaire!! Please check to make sure that you have not skipped any question inadvertently.