



**ASSESSMENTS OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES IN ETHIOPIAN
PRIVATE BANKING SECTOR**

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Declaration

I, Emebet Kebede, hereby declare that the thesis entitled **Assessment of Strategic Human Resource Practice in Ethiopian private banking sector** is the outcome of my own effort and that all sources of materials used for the study have been duly acknowledged. This research study is being submitted in partial fulfillment of the requirement for Master business administration.

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ABBREVIATIONS AND ACRONYMS

CBO	Cooperative Bank of Oromia
CEO	Chief Executive Officer
EPCBs	Ethiopian Private Commercial Banks
HR	Human Resource
HRM	Human Resources Management
RBV	Resource Based View theory
SHRM	Strategic Human Resources Management
SPSS	Statistical Package for Social Sciences
UK	United Kingdom

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ABSTRACT

This study seeks to assess the strategic human resources management practices of Ethiopian private commercial banks. The study adopts a probabilistic research method approach. Specifically, the study adopted the survey method using a population of seven banks and 7,308 employees. The head office of each bank was purposively sampled. A sample of 314 employees was selected using stratified random sampling. Data was collected using self-administered questionnaires and interviews. Data analysis involved statistical computations for averages, percentages, and standard deviation analysis. Statistical computer software (SPSS and MS Excel) were used in data analysis. From the study, it was found that the overall strategic human resource practices in private commercial banks were perceived positively. However, training and development as well as integration of HRM practices with corporate strategy were perceived negatively. From the study, it is concluded that there is a positive perception of overall strategic human resource management practices in private commercial banks. Training programs, participative work settings, impartial recruitment and incentive arrangements provide proper motivation and combine to enhance organizational goals' achievement in terms of market share and profitability. It is recommended that private commercial banks should develop and document human resource management strategies that are linked with the overall banks strategy.

Key Words: Strategic Human Resource Management, Private Commercial Banks

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today in the world, global competition is the basic element to define firms' strategies as a result industrial economy has been experienced to pass toward to knowledge economy. As being a competitive market development day by day it's very difficult to enhance sustainable growth for the firms' side. All researchers and practitioners are aware of the advantages and disadvantages of a competitive work environment and try to find ways for adapting to competitive conditions. These efforts have mostly focused on human resource management practices in the last two decades especially with the emergence of strategic human resource management approach (Rawashdeh & AlAdwan, 2012).

It is a necessity that the strategic approach to human resources issues to be addressed in modern organizations. Changing internal and external environmental conditions and new problems emerging and complex understanding of management-organization is the most important source of competitive advantage must not forget to give strategic importance to man. Into almost every part of the world as a result of globalization, operations, growth, downsizing, mergers, restructuring and corporate responsibility, management is becoming a very big importance and priority (Aldaibat & Irtaimah, 2012). Therefore, human resource management issues to be addressed at the highest level in the organization and management of strategic decisions are required. People in all matters related to the organization as a whole is brought together and integrate in a way compatible with its surroundings. Managers with strategic decisions and practices focus on results and it should reflect the thoughts and actions.

The increasing significance of people to organizational success has been observed to have corresponded with the rise of Strategic Human Resource Management (SHRM) as a field of study on global scale (Hartel, 2007). Since its emergence, SHRM has been the focus of debate over whether it exists in reality or is merely rhetoric. Research has, however, shown that human resource management practices have the ability to create firms that are more intelligent, flexible, and competent than their rivals through the application of policies and practices that concentrate

on recruiting, selecting and training skilled employees, as well as directing their best efforts to cooperate within the resource bundle of the organization (Rawashdeh, 2012).

The service sectors globally have been facing unprecedented challenges with the wave of privatization and globalization (Aldaibat & Irtameh, 2012). The recent trend of globalized competitive business era focuses on formulation and execution of SHRM in consideration of its substantial effect on the financial performance of the organization (Khatoon, Amin & Hossain, 2013). Thus, organizations in the service industry need to adept strategic marketing approaches to survive and be sustainable in the business arena. Due to the aforementioned reasons and the recent developments where employees have been considered as a very important source of sustained competitive advantage, Ethiopia has commenced basic reforms in public service sectors and one of the major service areas which underwent a serious reform in the financial industry is the banking sector. The major issues that have gained attention in the recent reforms are the human resources management. The aim of such strategy is to devise ways of managing people in order to assist in achievement of organizational objectives.

Competition in the banking industry has indisputable effect on financial stability and economic growth. However, the impact on efficiency and stability is not always positive. According to scholars, higher competition in the banking industry can lead to a more efficient financial system on one hand and profits realized from the difference between deposit and loan rate might be highly reduced on the other hand (Khatri, 1999). According to him, competition is a driving force in keeping banks innovative in their operations and in designing new services for customers. Moreover, competition and efficiency depend on the number of banks operating in a market, the freedom of other banks to enter and compete, and the ability of banks to achieve appropriate size for serving their customers. Some banking industry analysts also argue that the Ethiopian banking sector has been relatively isolated from competition for a long time, hence; it has stayed relatively underdeveloped. By the same token, the fact that local banks are a little bit protected makes them lag behind in terms of technology, services, customer centricity, and banking practices.

Banks in Ethiopia is highly regulated and closed to foreign competition (Beruk, 2016). They operate within extremely conservative lending policies and require physical collateral for virtually all loans which constrained inclusive growth. Key risks to financial stability and

inclusive growth include unpredictable inflation; foreign exchange shortage exacerbated by unstable export performance; lack of skilled manpower in the banking industry; collateral based lending constraining private sector lending and lack of alternative financing mechanism; ineffective ICT infrastructure on account of very weak internet connectivity; regulatory burden and/or tightening of regulations (the 27% NBE bill and entry barrier by increasing the capital requirement can be mentioned); restriction of foreign bank entry; lack of standardized accounting practices; and very weak and poorly organized risk management practices (Getnet, 2012).

According to Zerayehu (2015), the adoption of financial innovation and usage of technological advances are narrower in scope in the Ethiopian banking system though some rudimentary developments in ATM, VISA card payment system and telephone banking services for balance enquiry, and broadband local money transfer-using internet are observed. In general, banks in Ethiopian case are competing in terms of service quality and efficiency (including use of technological advances), branch network expansions, advertising and prices, put in the order of their significance. Under such competitive environments bank employees should have a lot of pressure to try and come up with creative ideas and products that enable them survive in such an extremely turbulent environment. In order to motivate employees to remain creative and innovative the banking sector has to rethink its approach on how it uses its most important resource - the people. Thus, the aim of this study was to assess the overall SHRM practices of private commercial banks in Ethiopia in regards to employees resourcing, employee relations, performance appraisal, rewards, trainings and development strategies.

1.2 Statement of the Problem

The Ethiopian banking industry can be characterized as highly profitable, concentrated and moderately competitive (Zerayehu, 2015). In most cases, the dominant bank, Commercial Bank of Ethiopia, still seizes quasi-monopoly power. In terms of contestability, the banking industry can also be considered as incontestable as entry in the industry is difficult due to legal, technological, economic and other related factors. Competition in terms of price is relatively weak in the industry even if econometric studies confirmed that there is monopolistic competition among banks in terms of prices. In general, banks in the Ethiopian case are competing in terms of service quality and efficiency (including use of technological advances), branch network expansions, advertising and prices, put in the order of their significance.

However, the banking industry is branded by different human resource related problems like higher employee turnover; reduced employees' desire to learn and apply new skills; decrease employees' productivity; and low morale (Davis, 2005). Same is true in Ethiopian financial sector context and such problems are often considered as the manifestation of HRM failure when the capacity building practices are failed to accommodate both the organizational goals and employees' needs as well. In this regard, some banks (for instance Bank of Abyssinia) faced with high (about 8%) professional employee attrition rate now a day - twice of tolerable rate (Beruk, 2016). In same token, private banks in Ethiopia rather focused on snatching scarce skilled labor from the market through alluring them with attractive benefit packages. To the contrary, Noe (2008) emphasized that it is extremely crucial for the financial sector to retain their valued employees and also evident that significant costs would incur in hiring, training, developing and retaining new employees.

To ensure sustainable relevance, they must constantly be innovative by evolving new procedures and products in a competitive business environment. This is basically achievable through efficient human resource management. Intellectual assets of any bank can differentiate it from others and provide strong basis for its competitive position among competitors. Whether it is public or private, should primarily be concerned with alignment of their respective human resources management practices with intended business objectives; availability of the required skilled labor; and development of the knowledge, skills, attitudes and values of current employees so as to assure sustainable competitive advantages in the given industry. The development of knowledge and skills usually takes place through planned and programmed instruction after having assessed training needs on an individual, group and organizational basis (Sheehan, 2013). Moreover, continuous assessment and evaluation of the existing HRM practices are certainly needed to identify the gaps in terms of individual's cognitive and behavioral change; groups' integration; and institutionalization along with proper flow of information, strategic alignment, and processes to support firms' objectives achievement. In same token, providing well-defined and result-oriented reward and compensation system as well as creating conducive work environment in the sector have substantial influence on motivating employees, resulted in enhancing their commitment in the long run.

Available studies, to the best knowledge of the researcher, do not adequately investigate exactly how banks align their corporate strategy with their respective HRM practices; and assessed the overall nature of the strategic human resource practices in Ethiopian banking sector. While this study had been initiated in emerging financial market in transitional country, available literatures show that most studies examining the SHRM practices have been conducted in the manufacturing sector mostly in the United States and other developed countries (Guest & Sheehan, 2013). Without clearly defined and described empirical results in Ethiopian banking sector context, scholars could not adequately validate the applicability and relevance of such human resource management strategies and practices to provide useful suggestions to practitioners. There is, therefore, a great need for additional evidence to support the strategic HRM practices from different sectors and contexts. Based on this background the study is conducted to investigate the practices of strategic human resource management of private commercial banks in Ethiopia. The research problem can be stated as:

1. How do banks recruit and select employees fair and transparent?
2. How training and development practices are perceived by employees?
3. What is the nature of performance appraisal practices in private banks?
4. What is the perception of employees towards banks' reward and compensation practices?
5. How do managements support to encourage employee's relations?
6. How do HRM strategies align with corporate business strategies?
7. What are the factors that affect the implementation of the HRM practices?

1.3 Objectives of the Study

This study was guided by the following objectives:

1.3.1 General Objective

To assess the strategic human resources management practices of private commercial banks in Ethiopian.

1.3.2 Specific Objectives

Specifically, the objectives of the study are:

1. To assess the overall Recruitment and Selection practices in private commercial banks
2. To assess the overall Training and Development practices in private commercial banks
3. To assess the overall Performance Appraisal practices in private commercial banks
4. To assess the overall Reward and Compensation practices in private commercial banks
5. To assess the overall Employee Relations practices in private commercial banks
6. To assess HRM practices integration with corporate strategy in private banks
7. To identify the challenges of SHRM implementation in Ethiopian private banks

1.4. Significance of the Study

The findings of the study are believed to be primarily significant to the private banks. The results will enable the management to establish the effects of human resource strategies on employee performance aspects identified where improvements can be done. It will also help the management in planning for the development and implementation of effective and efficient human resource strategies that will lead to improved performance of the banks. On top of that it can also give insight into the implementation and practices of strategic human resource management by other public firms in the course of achieving both corporate and business objectives for the betterment of their respective organizational efficiency. Besides, the recommendations based on the conclusions of the research findings will help the organization either maintain or amend the existing HR strategic approach. On the other hand, the overall output of this research contributes to other governmental or nongovernmental organizations as a

tool to customize the suggested models in to organizational context to improve their HR related strategic gaps. It might also help other researchers working in related topics as a reference.

1.5. Scope of the Study

Referring the NBE's Second Quarter Report (2014/15), the Ethiopian financial system is comprised of one central bank (NBE), 19 commercial banks of which three (commercial bank of Ethiopia, Construction and Business bank and Development bank; however, the former two banks are merged in 2015) are owned by the government, 32 micro-finance institutions' (MFIs), 17 insurance companies of which 16 are privately owned, two pension funds namely Social Security Authority and Private Sector Social Welfare Agency and numerous savings and microcredit associations.

However, the scope of the study delimited to assess seven banks operated in the sector over a decade. This was for the reasons that first, the financial sector in Ethiopian context is substantially dominated by commercial banks; second, SHRM supports long-term business goals and outcomes with a strategic overall framework. It focuses on longer-term resourcing issues within the context of an organization's goals and the evolving nature of work in determining how they are integrated into the overall business strategy (Rose & Kumar, 2006). It focuses on human resource programs with long-term objectives. Instead of focusing on internal human resource issues, the focus is on addressing and solving problems that affect people management programs in the long run. The primary actions of a strategic human resource manager are to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation and productivity.

1.6 Limitations of the Study

Skepticism of respondents not to be politicized, confidentiality of some business strategies; carelessness and hesitant behavior of respondents could leave their flaws on the completeness of the thesis. Some banks may not be willing to provide data related to their employees' problems and inner details of the banks. Some respondents may also give incorrect information/ responses to the questions asked. Banks that may not actually have the human resource strategies; they may also try to infer that they actually have them. It is very hard to convince them of the intention of

the research in a bid to collect information from them based on the sensitivity of the sector. However, with the assistance of friends working in the sector and with the introduction letter from the university the researcher tries to get the opportunity to access the primary data accordingly. Some of the respondents were also co-operative to the interview and attempt to ignore the questionnaires; this threatens to reduce the response rate.

1.7 Organization of the Paper

The paper is organized into five chapters. Chapter one discusses the introductory part which comprises Background of the Study, Statement of the Problem, Research Questions, Objectives of the Study, Significance of the Study, Scope of the Study. Chapter two presents a review of available literature related to the study. Chapter three describes the methods of the study. Chapter four is for the analysis and interpretation of the research results/ findings and discussion of those results and finally chapter five refers to the conclusion of the research findings and recommendations which are aimed at addressing the research questions posed based on the statement of the problem.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

This chapter describes available literature in the topic. It comprises historical background of HRM, models, forms, perspectives, practices, conceptual frameworks and analysis of previous studies that have been done by other scholars in the area.

2.1 HISTORY OF HRM

By the end of the 20th century, the managerial philosophy that defined the personnel function has undergone radical changes. Over the past 100yrs, the scientific approach and the human relations approach appeared and then disappeared too (Becker & Huselid, 2006).

Pre- World War II - The personnel function was limited to a “caretaker” function, mostly involved in record keeping of employee information. The prevailing management was “Scientific approach”, the central thrust of which was to maximize employee productivity with tools like piece rate systems. As a result of a very few government influences in employment relations, employee abuses such as child labor and unsafe working conditions were common which resulted in setting up labor welfare and administration department by the some employers (Becker & Huselid, 2006).

Post- World War II (1945-1960) – The human relations movement after the world war emphasized that employees were motivated not just by money but also by social and psychological factors, such as recognition of work achievements and work norms. The concept of Job description, trade unions and employment laws evolved during this period. The personnel departments started having specialist divisions, such as recruitment, labor relations, training and benefits and government decisions (Huselid, 2006).

Social issues era (1963-1980) - This period witnessed an unprecedented increase in the amount of labor legislation that governed various parts of the employment relationship, such as prohibition of discriminatory practices, occupational health and safety, retirement benefits and tax regulation. It was about this time that personnel departments were beginning to be called Human Resource Department and the field of human resource management was born. The

increasing need to be in compliance with numerous employee protection legislations made senior managers aware of the importance of the HRM functions. The personnel function transformed into a “protector” rather than a “caretaker” functions.

Cost Effective Era (1980 to the Early1990s) - The increased administrative burden intensified the need to fulfill a growing number of legislative requirements, while the overall functional focus shifted from employee administration to employee development and involvement. In addition there was a growing realization within management that people costs were a very significant part of their budgets. Some companies estimated that personnel costs were as high as 80% of their operating costs (Becker & Huselid, 2006).

Emergence of Strategic HRM (1990 to present) - The economic landscape underwent radical changes throughout the 1990s with increasing globalization, technological breakthroughs particularly Internet – enabled web services) and hyper competition. Business process re-engineering exercises became more common and frequent with several initiatives, such as right sizing of employee numbers, reducing the layers of management, outsourcing etc. Firms today realize that innovative and creative employees who hold the key to organizational knowledge provide a sustainable competitive advantage because unlike other resources, intellectual capital is difficult to imitate by competitors. Accordingly, the people management function has become strategic in its importance and outlook and is geared to attract, retain, and engage talent. With the growing importance and recognition of people and people management in contemporary organizations, Strategic HRM (SHRM) has become critically important in management thinking and practice. SHRM derives its theoretical significance from the resource-based view of the firm that treats Human Capital as a strategic asset and a competitive advantage in improving organizational performance (Huselid, 1995).

2.2 UNDERSTANDING HRM

Because this section has been devoted to HRM definition, it is logical to start with the Definitions given by the founding fathers of the human resource management school, namely Becker (2012).

Beer et al. (1984) defined HRM as involving all those management decisions and actions that affect the nature of the relationship between the organization and the employee. Important to note about this definition is the inclusion of the phrase "action". This has made Beer and his colleagues the first to declare that conducting effective HRM practices is the responsibility of line managers (Armstrong, 2008).

A particular definition of HRM which this study has found very interesting, is the one provided by Robinson (2009) when he defined HRM as "those decisions and actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage". This definition of HRM is interesting because it encompasses the main parts involved in the relationship between HRM practices and aspects of organizational performance. We can see that this definition stipulates the availability of HRM practices, performance standards or strategies, and a way of linking the two issues together in order to have these combinations work. To give further elaboration on the comprehensiveness and clarity of this definition, hospital management, for instance, can develop and implement comprehensive HRM practices but it cannot claim that organizational performance will improve without having performance strategies or standards established and an approach to manage these two issues together.

HRM is defined as "planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved."

"HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques."
Storey (2009: 5)

Although there is no consensus on the definition or the characteristics of HRM it can be seen from the above definitions that HRM is a combination of people-oriented management practices that views employees as assets, not costs; and its main aim is to create and maintain a skillful and committed workforce to gain competitive advantage.

The differences in the interpretation of HRM have created two different schools of thought: soft and hard variants of HRM. Soft and hard HRM are also often defined as two main models of HRM. Soft HRM focuses on employee training, development, commitment and participation. It is used to define HR functions aimed to develop motivation, quality and commitment of employees; hard HRM, on the other hand, concentrates mostly on strategy where human resources are used to achieve organizational goals. It is also associated with cost control and head count strategies, especially in business processes like downsizing, lowering the wages, shortening comfort breaks, etc. (Storey, 2009).

2.3 HRM Models

This section reviews some of the HRM models which have been recognized as sources in adopting HRM practices which could be linked with aspects of organizational performance.

- The Harvard Business School HRM Model;
- The Michigan Business School HRM Model; and
- The Best Practice HRM Model

2.3.1 The Harvard Business School HRM Model

The Harvard school suggested that HRM had two characteristic features-

- Line Managers accept more responsibility for ensuring the alignment of competitive strategy and personal policies
- Personnel has the mission of setting policies that govern how personnel activities are developed and implemented in ways that make them.

It emphasizes on the importance of proper management of the human assets of an organization to promote harmony and hence promote the output. The Harvard model of HRM sees employees as resources. With respect to how these HRM models view the management of human resources in organizational, each has its own view. Starting with the Harvard Business School Model and the Michigan Business School Model, the core theme of the first is to use the talents of employees to enhance aspects of organizational performance. The latter uses employees to achieve

organizational goals. There is a significant difference between the two views. For example the Harvard Business School Model stresses the human aspect of human resource Management while the Michigan Business School is considered as instrumental in the implementation of organizational performance. Thus, the Harvard Business School Model is widely recognized as drawing its academic lineage from the school of human relations while the Michigan Business School Model seems to follow the line of the Scientific Management School and other approaches which ignore the importance of questions about culture and non-economic factors in the management of human resources Pfeffer (1998). He pointed out that,

"The goal of control human resource systems is to reduce direct labor costs, to enforce employees to comply with specified rules and procedures and to base employee rewards on some measurable output criteria. In contrast, the goal of the commitment human resource systems is to shape desired employee behavior and attitudes by forging psychological links between organizational and employee needs".

The best practice tool of HRM is based on Universalism. The assumption here is that asset of practices aimed at high commitment or high performance will benefit all organizations regardless of context. The elements of best practices identified by Pfeffer (1998) are now widely recognized, if not widely accepted: Employment security/Job security; Sophisticated selection / Selective hiring; Team working and Decentralization; High Wages linked to Organization performance; Extensive training; Narrow status differentials and Communication and Employee involvement

2.4 HRM FORMS

European HRM management thinkers, particularly in the UK, have focused more on the contrast between "soft" and "hard" forms or versions of HRM. As Truss et al., who conducted eight in-depth case studies in the UK, suggested, "Two of the most widely adopted models of human resource management are the hard and soft versions. These are based on opposing views of human nature and managerial control strategies. The soft model emphasizes individuals and their self-direction and places commitment, trust, and self-regulated behavior at the center of any strategic approach to people. In contrast, the hard model stresses the rationalism of strategic fit and places emphasis on performance management and an instrumental approach to the

management of individuals. The hard model is based on notions of tight strategic control while the soft model is based on control through commitment. A thorough examination of the definitions of these two forms of HRM indicates that the former is similar to the view of the Harvard Business School Model while the latter resembles that of the Michigan Business School Model; both have been defined in the previous section. This section and the previous one reveal that there are two distinct HRM models, each of which consists of a number of views which have been used to categorize approaches to managing people according to developmental-humanist or utilitarian- instrumentalist principles. The Harvard Business School Model and the soft version of HRM are represented by the former approach, namely the developmental-humanist

Principle while the Michigan Business School Model and the hard version of HRM are represented by the latter approach, the utilitarian-instrumentalist principle. Although these two views, which have been used to categorize approaches to the management of human resources, are clear in the literature, it is not easy in practice to identify either form of HRM. Truss et al. reported, "We found that no pure examples of either form existed". This may be due to the fact that organizations pursuing certain strategies tend to adopt HRM practices, whether they are based on the developmental-humanist principle or the utilitarian-instrumentalist principle, conducive to achieve such strategies.

Guest (1992) in their definition of soft- hard models of HRM view the key distinction as being whether the emphasis is placed on the human or the resource. Soft HRM is associated with the human relations movement, the utilization of individual talents and McGregor's Theory Y perspective on individuals (developmental-humanism). This has been equated with the concept of a "high commitment work system", "which is aimed at eliciting a commitment so that behavior is primarily self-regulated rather than controlled by sanctions and pressures external to the individual and relations within the organizations are based on high level of trust. Soft HRM is also associated with the goals of flexibility and adaptability (which themselves are problematic), and implies that communication plays a central role in management.

Hard HRM ,on the other hand, stresses „the quantitative , calculative and business-strategic aspects of managing the “headcount resource” in as “rational” a way as for any other factor of production“ (utilitarian –instrumentalism).Hard HRM focuses on the importance of strategic fit ,

where human resource policies and practices are closely linked to the strategic objectives of the organization (external fit) and are coherent among themselves (internal fit) with the ultimate aim being increased competitive advantage.

2.5 HRM PERSPECTIVES

Despite the growing body of empirical HRM research and theory development the field has been criticized for lacking a solid theoretical foundation. David Guest, a researcher has called not only for a theory about HRM but one for performance as well as one for how the two issues are linked in order to gain a clear understanding of the impact of HRM on organizational performance. David Guest in 2001 reported, 'Unless we can develop our own more precise theory, there is a risk (or the promise) that the field will be colonized by economists as industry increasingly recognizes the value of human resources and social assets we can expect a significant stimulus to HRM theory coming from economy theory'. In an extensive review of the literature, Delery & Doty (2012) identified three categories of researchers and the perspectives that they have adopted in theorizing HRM. They tagged the first group of researchers "Universalists", the second one as "Contingency" and the third as "Configurational". Guest has named these modes as descriptive, strategic and normative theories of HRM respectively.

Delery & Doty (2012) tagged the first group of researchers 'universalists' largely because of their interest in identifying 'best practice' HRM policies. They note that "these researchers posit that some human resource practices are always better than others and that all organizations should adopt these best practices." Through this approach, researchers interested in exploring the relationship between HRM practices and organizational performance indicators, have to map the field and capture and classify the reality of both issues. They argued that greater use of HRM practices (e.g., employment security, promotion from within, and training and development) results in higher productivity and profit across organizations. Similarly, Osterman (2012) argued that a number of HRM practices (e.g., teams job rotation, quality circle, and total quality management) result in organizational performance improvements. Thus, the assumption is that the adoption of certain HRM policies is likely to result in increased organizational performance.

The second strand of theorizing identified by Delery & Doty (2012) comprises those researchers adopting a contingency approach. In keeping with the early foundation of the contingency

perspective within organizational theory, these researchers argue that the success of HRM policies is contingent upon the achievement of a match between human resource policies and other aspects of the organization. For example, researchers adopting this perspective have demonstrated that different human resource policies may be required at different stages in an organization's life cycle. This group has argued that key environmental factors influence the effectiveness of HRM practices. Thus, a fit between these environmental factors and HRM practices, this group argued, has to take place so organizations can improve aspects of organizational performance.

Some of the best-known research in this category was conducted by Hendry and Pettigrew. Their main concern was to identify key environmental influences on HRM. They treated HRM practices as the dependent variable while the environmental context was treated as the independent variable. Thus, their immediate aim was to find out the extent to which HRM practices fit the context. Their ultimate aim, therefore, was to explore whether a good fit will be associated with a good organizational performance. They identified a third group of HRM theorists as adopting a “Configurational” approach. They noted that this approach is more complex and consists of researchers who seek to identify configurations, or unique patterns of factors, that are posited to be maximally effective. This category of researchers are also said to approach their subject from a more theoretical perspective and many of the phenomena they identify may not necessarily be empirically observable.

This group of researchers argues that there are specific HRM practices (e. g., promotion from within, information sharing, decentralization, and coherent employee relations) which have characterized organizations that are especially effective in achieving improvements in aspects of organizational performance. Thus, Configurational theorists have argued that, in order to achieve improvements in aspects of performance, an organization must develop an HRM system that achieves both horizontal and vertical fit. The former fit refers to the internal consistency of the organization's HRM policies and practices while the latter fit refers to the congruence of the HRM system with other organizational characteristics, such as total quality strategy.

A consistent theme in all three theoretical perspectives of HRM is the assumption that HRM is linked to organizational performance. However, while the literature is rich with claims that both

HRM are linked to performance, there is little empirical evaluation of this and the theoretical foundations upon which these links are based have been described as inadequate. Accordingly, a better understanding of the role of the implementation of human resources management in creating and sustaining organizational performance and competitive advantage should be achieved through further theoretical development and empirical evidence.

2.6 HRM PRACTICES

Successful organizations are those which value, develop and nurture their human capital to achieve their organizational goals and objectives. They try to bring out the best in people by creating a congenial environment where their employees can continue to grow, improve their professional skills, exercise their creativity and derive greater job satisfaction.

2.6.1 Recruitment and Selection Practices

“Recruitment is the process of locating individuals who might join and encouraging them to apply for existing or anticipated job openings” (Dessler, 2007). Recruitment is the development of a pool of job candidates in accordance with the human resource plan. Further it can be explained as the process of locating, identifying and attracting capable applicants. During this process, efforts are made to inform the applicants fully about the qualifications required to perform the job and the career opportunities the organization can offer its employees.

Selection is the process of choosing individuals who have relevant qualification to fill existing or projected job openings (Dessler, 2007). It is the process of assessing candidates and appointing a post holder to ensure that the most appropriate candidates are hired. Successful employee hiring decisions are the foundation of any organizations’ success. Most managers and senior executives would agree that the task of hiring can be one of the responsibilities with the impact in their organization. There is no doubt; hiring mistakes are quite costly to the organizations, regardless of the size of the organization. Hiring mistakes cause disruption in the workplace. People who do not perform up to desired standard cause a drain on other staff resources, making that staff far less productive, costing real dollars. In addition, management must devote time to attempt corrective actions. This takes away time from other duties for managers.

To sustain the high level of competitive advantage a firm requires talented and skilled workers Huselid (1995). He has found that organizational productivity and high performance depends on the selection of the right person, which is also a pathway to reduced turnover more so, they identified a positive link between hiring a manager and employees, and the creation of the right culture for organizational growth. Selection is the process of choosing a candidate from a group of applicants who best meets the selection criteria for a particular position. In this process the right person chosen for the requisite qualifications and knowledge is placed in the appropriate job position to decrease the costs and maximum the profits by means of their merit and talent. He also identified that there is a positive and significant relationship among human resource management practices and staffing (recruitment source, pre-selection test, IQ test, structured interview and biographical information blank of the organization) for improving financial or profit performance. As a result, organizations are encouraged to attract qualified candidate for survival and growth thus for improving financial or profit performance.

2.6.2 Training and Development Practices

To meet the challenges inherent in 21s century work careers and organizations, employees required to continuously update their knowledge, skills and work habits and the organizations to invest highly in the development of their human capital. Researchers indicate investments in training employees result in beneficial firm level. Training is the acquisition of knowledge skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to the specific useful competencies.

The purpose of training and management development programs is to improve employee capabilities and organizational capabilities. The knowledge and skills of its employees, the investment is returned in the form of more Productive and effective employees. Training and development programs may be focused on individual performance or team performance. The creation and implementation of training and management development programs should be based on training and management.

Development needs identified by a training needs analysis so that the time and money invested in training and management development is linked to the mission or core business of the organization. To be effective, training and management development programs need to take into

account that employees are adult learners theory of adult learning or “Andragogy” is based on five ideas; that adults need to know why they are learning something, adults need to be self-directed, adults bring more work-related experiences into the learning situation, adults enter into a learning experience with a problem-centered approach to learning, and adults are motivated to learn by both extrinsic and intrinsic motivators. Having a problem-centered approach means that workers will learn better when they can see how learning will help them perform tasks or deal with problems that they confront in their work. At different stages of their careers, employees need different kinds of training and different kinds of development experiences (Miller, 1987).

Investing in human resources through training and management development improves individual employee capabilities and organizational capabilities. But investing in people is not the same as investing in equipment or machinery. When an organization invests in new computers, for example, the cost can be depreciated over multiple years; but when an organization invests in management development, it is a cost for that year and cannot be depreciated. So from an accounting point of view, dollar for dollar, it is better to invest in the equipment that employees use than it is to invest in the employees using that equipment. If an organization invests in new equipment, it is expected that the equipment will pay for itself in faster production, less waste, lower maintenance costs, and so forth. But if an organization invests in improving the knowledge and skills of its employees, there should be some benefit to the organizations (Miller, 1987).

Categories of training are as follows; On the job training, takes place in a normal working situation using the actual tools, equipment, documents or materials that trainees will use when fully trained, and off the job training takes place away from the normal work situations implying that the employee does not count as a directly productive worker while such training is taking place. On the job training has the advantage that it allows people to get away from work and concentrate thoroughly on the training itself. This type of training has proven more effective inculcating concepts and ideas (Miller, 1987).

There are many different training and development methods on job training namely; informal training, classroom training, internal training courses, external training courses, skills training, product training just to mention but a few, all these are some of the available to use and apply to individual training needs and organizational training needs.

2.6.3 Performance Management Practices

Effective performance management system enables the organization to objectively and systemically rate employee performance while providing tool necessary to take that performance level and equate it to compensation actions. The core of any organization is its staff. How effectively organization maintains a quality of employees is linked to its ability to manage its staff and recognize the contribution of each player. Employees have always expressed the desire for open feedback regarding their performance. More and more companies embracing the pay for the pay concept and it's the compensation. A well-executed performance plan enables the organization to achieve critical goals. Performance critical goals are as follows; recognize the efforts and contribution of the current staff, reward staff with compensation directly linked to performance, motivate staff and improve performance, orient staff toward goal achievement retain key employees through the use of competitive compensation program, and to attract quality employees with effective performance management system (Dessler, 2007).

A performance evaluation tool is utilized for this purpose. Its' key element is the establishment of individual performance objectives at the beginning of each. An employee performance may be evaluated into four levels of performance as follows; for the purpose of determining personal actions, outstanding performance sustainability and consistently above required standard for the position, competent, constantly meets objectives and produces the desired results that are expected for a qualified employee in this position, performance meets required standard for the position. Consideration must be given to probationary status pending improvement performance unsatisfactory; employee's performance does not meet objectives. Performance sustainability and consistently below required standards for the position, if significant improvement is not made, termination will follow.

The performance evaluation is conducted between employee and his or her supervisor, in which the supervisor evaluates the performance of the employee. The supervisor provides the feedback to the employee regarding his or her performance and areas of concern. The evaluated performance during the evaluation will be used to justifying personnel actions relative to promotion, transfer, and salary adjustments. It is the intent of the organization to make salary increases and related personnel actions based on an employee's evaluated performance in his or her assigned position, and the individual's overall contribution. Performance evaluations are to

be conducted at the completion of the introductory period, on an as needed basis during the year, and no less than two times every year. It is intended that this should provide adequate feedback, allows for corrective action, and substantiate salary increases and related personnel actions (Dessler, 2007).

The prime consideration in the performance appraisal system is enhancement in overall performance. The process is expected to enhance the development of meaningful communication between the employee and his or her supervisor, which in turn should lead to such improvement in the employee's overall performance. Pay for performance salary programs which provide small increases to most employees based on changes in the labor market, but with large meaningful increases granted to a limited number of exceptional employees. Increases are based on realistic performance evaluations with some employees not receiving any increase. It is an increase tied to productivity and results, rather than length of service; it improves employee's communications and teamwork, and also provides greater job satisfaction. However, it requires considerable effort to install and monitor with an accurate and well accepted performance evaluation system (Dessler, 2007).

2.6.4 Reward and Compensation Practices

Reward systems practices have become popular in order to align reward systems with the important changes that are occurring in the way organizations are designed and managed Lawler et al., (1992). One of important attributes of work organization is the ability to give reward to their members. Pay, promotions, fringe benefits, and status symbols are perhaps the 25 most important rewards. Because these rewards are important, the ways they are distributed have a profound effect on the quality of work life as well as on the effectiveness of organization. Organization typically rely to do four things namely; Motivate employees to perform effectively, motivate employee to join the organization, Motivate employee to come to work, and Motivate individuals by indicating their position in the organization structure. There are several principles for setting up an effective reward system in an organization; Give value to reward system, employees must have preference for the type of rewards being offered, many employees prefer cash reward and plaques. Some employees like to see their name in company newsletter, others like the public recognition surrounding award ceremony, make the reward system simple to

understand, and elaborate procedures for evaluating performance, filling out forms, and review by several levels of management lead to conclusion (Lewis, 2003).

The system must be easy to understand if it is to be used effectively. Lay down performance standards with the control of the team. Make the reward system fair and effective. Ensure participation in the reward system. Involve people in the reward process and empower them to do the needful. Most organizations use different types of rewards. Examples of recognitions and rewards include money, plaques, trophies, certificates citations, public recognition, official prerequisites, special assignments, parties or celebrations or other meaningful celebrations. The most common are wages or salary, incentive systems, benefits and prerequisites, and awards. For majority of people, the most important rewards for work is the pay they receive. For one thing an effectively planned and administered pay system can improve motivation and performance. Money may not actually motivate people. Surprisingly, there is no clear evidence that increased earning will necessarily lead to higher performance (Lewis, 2003).

The objectives of employee benefits are; get increase the commitment of employees to the organization, to demonstrate that the organization cares for the needs of its employees and to meet the personal security and personal needs of the employees. Also to ensure, that the benefits are cost-effective in terms of commitment, and improvement in retention rate. Benefits represent a large share of total compensation and therefore, have a great potential to influence the employee, unit, and organizational outcome variables. The empirical literature indicates that benefits do indeed have effect on employee attitude, retention, and perhaps job choice. Statutory and Voluntary Benefits are given to the employees by the organization regardless of whether it wants to or not for example, social security benefits, insurance, provident fund. Voluntary benefits as provided by organization are vacations, holydays, special leave, sick leave, health insurance, educational assistance, and employee discounts.

Financial reward systems are designed to provide direct motivation, do this and you will get that. Financial rewards provide a tangible form of recognition and can therefore serve as indirect motivators, as long as people expect that further achievement will produce worthwhile results. It aims to motivate people to achieve their objectives, improve their performance on enhance their competence or skills by focusing on specific priorities and targets. Financial rewards provide financial recognition to employees for their achievement in the shape of attaining or exceeding

their performance targets or reaching the level of competence skill. Achievement bonus, team based lump sum payment are examples of financial rewards. A shop floor payment-by-result scheme or sales representative's commissions are examples of financial incentive.

2.6.5 Employee Relations Strategies

The employment relationship is referred as an economic, social and political relationship in which employees provide manual and mental labor in exchange for rewards by employers (Lewis, 2003). Due to increased global competition over the last three decades, organizations have emphasized on labor efficiency and cost control. This has called for effective employee relations strategies that enable the employees to dedicate their energy to the achievement of organizational goals. The term employee relation has been used synonymously with industrial relations and employment relations. According to him, Industrial Relations are associated with the declining "Smokestack" industries and blue collar workers and the accompanying emphasis upon Collective Bargaining Agreements between employers and Trade Unions (Perkins & Shortland, 2006).

Employee Relations suggests a wider employment canvas being covered with equal importance attached to non-union employment arrangements and white collar jobs. It is concerned with the social economic relationship that forms and revolves around a contract between the parties to perform work in return for employment benefits such as remuneration (Perkins, 2006). The emphasis on both employee relations and industrial relations is on participation, process and practices (Sorab, 2006). Employee relation shows the existence of a psychological contract that is different from any other relationships. There is a non-formalized kind of contract which is based on what each party expects from the other and is different from the normal written and legal expectations of the parties from each other. He argues that the socio-political relations around employment are not static hence it is important to consider the future of the bipartite and/or tripartite employment systems context for determining the employment relations outcomes.

Firms actively seek good employee relations whether or not they are bound by union contacts. Proactive steps in anticipation of employee needs and expectations are therefore characteristic of strategic managers. Organizations should strive to satisfy their employees with good pay, good

supervision and good stimulating work. Employee satisfaction is related to customer satisfaction. Managers believe that productivity is linked to loyalty and to appreciation of manager's interests in employee welfare. There are many national characteristics that influence the way in which firms are organized and managed, for example, as put forward by Porter; attitudes towards authority, norms of interpersonal relationships, social norms of individual or group behavior, and professional standards. Porter places special emphasis on labor management relationships because he believes they are central to the ability of the firm to improve and innovate (Robinson, 2009).

Employee participation involves direct participation of employees and also trade union representation. According to Lewis (2003) the direct part personally involves employees directly in decisions that go beyond their immediate work tasks. Employee involvement is based on the fact that participation in goal setting has been found to be related to the acceptance and subsequent commitment to the established goals, leading to favorable outcomes in terms of performance and attitudes. Empowerment is the act of allowing an individual or team the right and flexibility to make decisions and initiate action (Robison, 2009). Training, self-managed work groups, eliminating whole levels of management in organizations and aggressive use of automation are some of the ways and ramifications of this fundamental change in the way business organizations function. Employees work not because of desire to serve the community or fulfill personal ambitions but because of economic necessity. Hence there is a need for managers to devise strategies of making them do what the employer wants them to do. This requires a good understanding of the employee needs.

Lewis et al (2003) advocates a managerial policy where employees and employers share goals and agree on the means to achieve them. This he believes will elicit employee's commitment which in turn will yield both better economic performance and greater human development. Managers should give employees responsible autonomy. This involves giving employees the opportunity to have control over their own work situations in a manner that benefits the organization. Managers give employees status, authority and responsibility. This is based on the assumptions that employees are responsible people who seek responsibility and are creative. This helps to win employees loyalty and attempts to get employees to adopt the organizational goals. According to him, direct control has declined with the realization by employers that greater

productivity can be achieved using a strategy of responsible autonomy (Lewis, 2003). Related to employee relations is employee communication which helps in communicating the strategies of the organization to all the employees. Effective communication makes sure people have the information they need and is the foundation for any good relationship. Being honest and open with employees is especially important at a time when they may be dealing with serious concerns outside of the office.

2.6.6 Integration of HRM with Corporate Strategies

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

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

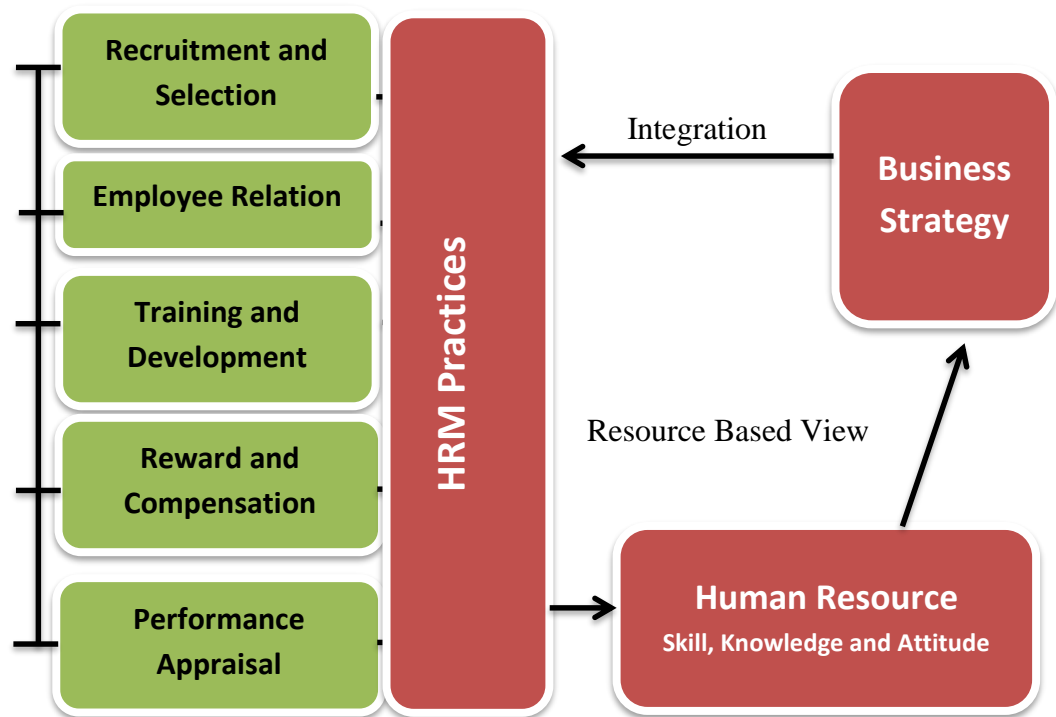
2.7 CONCEPTUAL FRAMEWORK

The present conceptual framework was developed with objective to assess the overall SHRM practices of private commercial banks in Ethiopia based on six dimensions such as recruitment and selection; training and development; performance appraisal; reward and compensation and employee relations. The stated dimensions should be linked to the strategy of the organization to achieve the intended or desired short- and long-term objectives. The conceptual framework is supported by three basic concepts namely resource-based, strategic and HRM practices.

First, the core of the Resource Based View is the proposition that if an enterprise utilizes a resource that is valuable and rare, it will enjoy a competitive advantage over other enterprises; and that if that resource is hard for competitors to imitate or find a substitute for, and then the competitive advantage is likely to be sustained for some considerable time. In this regard, the human resource represents the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. Second, a business-oriented and business-integrated approach in the HRM emphasizes that the way an organization manages its employee should match the strategy it pursues. The term "strategic HRM" is often used to refer to this strategically oriented HRM practice. This emphasis on the integration of HRM practices and policies with strategy has been described as a paradigm shift from a tactical to a strategic orientation. Third, acquiring employees' services, developing their skills, motivating them to high levels of performance, and ensuring their continuing maintenance and commitment to the organization are essential to achieving organizational goals. The HRM specific practices as consisting of five functions - staffing, training and development, reward and compensation, performance appraisal, and employee relations. The detailed listed as follow:

- Create, utilize and motivate employees, HRM practices are required to establish and maintain desirable working relationships among all the members of the organization (Employee Relation);
- Create facilities and opportunities for individual or group development so as to match it with the growth of the organization, strengthen and appreciate the human assets continuously (Training and Development);
- Identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security (Reward and Compensation);

- Measures for challenging work, prestige, recognition, security, status; maintain high employees morale and sound human relations by sustaining and improving the various conditions and facilities (Performance Appraisal);
- Consider and contribute to the minimization of socio-economic evils such as unemployment, under-employment, inequalities in the distribution of income and wealth and to improve the welfare of the society by providing employment opportunities to the society (Recruitment and Selection).



[Source: Charles Greer, 2012]

Figure 2.4 Conceptual Framework of the Study

2.8 EMPIRICAL STUDIES

Barney and Hesterly (2008) believe that a firm has a competitive advantage when it is able to create more value than rival firms. A good fit between human resource strategies and the business strategy of the firm tend to lead to superior outcomes (Delery and Doty, 2012). Torrington et al, (2005) views strategy as a process which is not necessarily rational and top down but a political and evolutionary process. To the contrary, Redman and Wilkinson (2001) argue that a competitive advantage can be achieved either through cost leadership or product differentiation.

According to Noe (2008) staffing strategy refers to a company's decision regarding where to find employees, how to select them and the mix of employee skills and statuses (temporary, full time etc.). Researchers and scholars argue that excellent management of people is crucial to maintain a foothold in the market. According to Hitt (2006) people should be placed in positions that fit them best, this is based on believe that failure to properly allocate employees would result in forfeiture of the company's competitive position. Successful firms have ability and willingness to dismiss employees who engage in counterproductive behavior. This ensures that productive employees are not made miserable by supervisors or coworkers who engage in unproductive, disruptive or dangerous behavior. Thus as explained by Noe (2008) job satisfaction and retention are significantly related to employee recruitment and selection practices of the given organization.

Business strategy has a major impact on the type and amount of training that occurs and whether resources (money, trainers' time and program development) should be devoted to training. Also strategy influences the type, level and mix of skills needed in the company (Noe, 2008). According to Hitt, (2006) human resource managers need to be well trained to ensure proper staffing skills, change management, counseling, project management and organizational design.

The overall reward system needs to be multifaceted. Because all people are different, managers must provide a range of rewards—pay, time off, recognition, or promotion (Armstrong, 2008). Rewards demonstrate to employees that their behavior is appropriate and should be repeated. Different scholars have spoken strongly on the use of team incentives, for example, Dessler (2007) says that firms that rely on teams to manage their work must develop incentive plans that

encourage teamwork and focus team member's attention on performance. Goel (2008) argues that performance related pay is an effective motivator and conveys a clear message that high levels of performance are expected and will be rewarded. However, they should not be distributed on the basis of narrow definition of the output of each individual, but also on the basis of appraisals of how well the individual contributes to the performance of the team, unit or company as a whole depending on the company structure. According to Johnson, Scholes and Whittington (2006) planning of rewards should take on board the reality of more team working in delivering strategy.

Establishing meaningful incentives for performance is a difficult task because individuals are unique and maintain different value systems. Financial incentives and rewards can be true motivators, but only when balanced against the potential drawbacks and packaged with ongoing verbal recognition, encouragement and support. How targets, budgets and rewards are structured will affect the way in which managers and other people behave and pursue the organizational objectives (Scholes and Whittington, 2006). According to Armstrong (2008), it is also important to consider non-financial rewards which vary according to the nature of the employment relationship and also the personal characteristics of the employee. Lewis (2003) identifies the following non-financial rewards: feeling part of a community, a sense of personal achievement, social recognition and social and societal responsibility.

The employment relationship is referred as an economic, social and political relationship in which employees provide manual and mental labor in exchange for rewards by employers (Lewis, 2003). According to Harzing (2004) communication of tasks to be performed should occur with extensive employee involvement and in the context of both immediate positions and the whole organization. As their leader you have the responsibility to lessen any stress they might be feeling by communicating openly. Effective communication is absolutely critical to successful integration of employee. Performance expectations, if not properly communicated, are far more difficult to re-work after the fact. Management's openness to staff members' input, feedback, ideas and suggestions is the cornerstone of good communications and strong employee relationships. Everybody wins when they are all part of a supportive team.

CHAPTER THREE

METHODOLOGY

This chapter discusses the research design that was used in this study. The chapter further describes the study population, sampling design, sample size, data collection methods, instrument design and the data analysis procedures applied. The measures used to ensure validity and reliability of the study instruments is also discussed. In addition, it presents the measures adapted to ensure that the study is done in an ethical manner.

3.1 Research Design

A research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of staff, time and money (Kothari, 2004). The design constitutes the blue print for the collection, measurement and analysis of data. The nature of this study is descriptive which involves precise procedure and data source specification to assess the overall SHRM practices of Ethiopian private commercial banks. This study adopted both quantitative and qualitative methods approach. Qualitative approach is used to supplement and strengthen the quantitative aspects and provide an opportunity for the researcher to observe the application of HRM strategies first hand. The method adapted was specifically a survey research. The characteristics of the banks and their employees were completely and accurately described to minimize bias and ensure reliability (Kothari, 2004). This provided the information that supported in determining the study constructs. The research method is quantitative and qualitative to draw inferences about constructs from survey data.

3.2 Study Population

The population of the study included a total of seven private commercial banks established since over a decade in Ethiopia. Even though, there are a total of 18 commercial banks currently operating in the country, this study focused on the private owned ones and excluded the state-owned, CBE, for the reason that it dominates the sector by taking the lion-share (70%) of the financial market (Ermias, 2014) as well as highly favored and supported by the government.

The basic criterion of taking the seven Ethiopian private banks such as Awash, Dashen, United, Wegagen, Abyssinia, Nib and Cooperative Bank of Oromiya under this study was based over a decade since their establishment. This was for the reason that SHRM supports long-term business goals and outcomes with a strategic overall framework along with focusing on longer-term resourcing issues within the context of an organization's goals and the evolving nature of work in determining how they are integrated into the overall business strategy (Rose & Kumar, 2006). It also focuses on human resource programs with long-term objectives. Instead of focusing on internal human resource issues, the focus is on addressing and solving problems that affect people management programs in the long run. The primary actions of a strategic human resource manager are to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation and productivity.

The total population targeted was 7,308 employees currently working at the head-offices and other branches in the city as most of the strategic decisions of banks are made at the headquarters and then cascaded down to the branch levels. Hence the strategies at the headquarters are normally the same strategies used at the branches. The sample frame, thus, targeted of Senior (Corporate) managers, HR managers and other employees working in Awash, Dashen, United, Wegagen, Abyssinia, Nib and Cooperative Bank of Oromiya. It comprised the corporate managers, HR managers, supervisors (branch managers), and other supportive staffs of the respective banks.

3.3 Sample Design

Sample design is a technique or procedure that the researcher adopts in selecting items for a sample. It is not possible to study all members of the population since it would involve tremendous amounts of time and resources (Kothari, 2004). Sampling method was done using the stratified sampling approach. An optimum sample of 380 respondents (out of 7,294 other staffs) was determined based on random sampling formula and the rest (a total of 14 senior corporate and HR managers) were included from each banks due to their importance and small in number; thus a census was adopted in which all the said managers were purposively selected and involved in the study. As a result, a sample was selected and studied to represent the entire

population based on (Israel, 2013) formula for calculating sample sizes at 95% confidence level and P = 0.5.

$$n = \frac{N}{1 + (N * e^2)} = \frac{7,294}{1 + (7,294 * 0.05^2)} = \underline{379} \cong \underline{\underline{380 \text{ respondents}}}$$

Where:

- n - The sample size,
- N - The population size, and
- e - The level of precision (e = 0.05)

The calculated sample size is further adjusted by adding 10% of the calculated sample size to compensate non-response rate; then became a total of 418. Many researchers commonly add 10% to the sample size to compensate for persons that the researcher is unable to contact or collect completely filled questionnaire. The estimated sample size is determined to be a total of 418 respondents (a total of 380 calculated sample size plus 10% of non-response rate). Sampling was done using the stratified sampling methods.

Table 3.1 Sample Distribution

Bank		Abyssinia	Awash	CBO**	Dashen	Nib	United	Wegagen
Year of Establishment		1983	1994	2005	2003	1999	1998	1997
No. of Employee – (%)		933 (12.77)	1172 (16.04)	846 (11.57)	1242 (17.00)	1214 (16.61)	1088 (14.89)	813 (11.12)
Sample Size (418 * %)		53	67	48	71	70	62	47
Position	Interview	HR Mgr. (7)	1	1	1	1	1	1
		Op. Mgr. (7)	1	1	1	1	1	1
	Total = 14 Interviewees							
	Question-naire	Other Employees	53	67	48	71	70	62
Total = 418 Respondents								

** CBO – Coop. Bank of Oromia

[Source: ERCA, 2016]

Since the self-administered questionnaire comprises a total of 47 questions, the non-response rate is expected to be higher as the number of questions and response rate are inversely related. Besides, the nature of the daily activity in banks is subjected to considerably high business transactions, the work load in regards to customer handling aggravates the non-response rate (Sekaran, 2003).

3.4 Source of Data

Both primary and secondary data were used for analysis. However, the study largely depended on primary data collected from management groups and other supporting staffs through survey method by using in-depth interview and semi-structured standard questionnaires respectively. The prominent advantages of such method are less expensive, permits anonymity and may result in more responses that are honest. To measure HRM practices is, as Guest suggested, "in some respects one of the most difficult methodological issues". This may be due to the complexity of the ways organizations follow to manage human resources which, of course, are influenced by a number of factors (e.g., external influences on HRM policies and practices, technological changes and organizational structure) as well as by the lack of explicit HRM theories. Thus, HRM researchers need to be careful when selecting methodologies by which to investigate HRM practices.

A number of these methodologies have been recommended: goal attainment, attitude survey, reputation assessment, and the activity analysis method. The use of attitude surveys which is limited to employee perceptions has several advantages and is widely used. Regarding the use of single respondent designs, Gerhart (1995) provided evidence calling into question the reliability of measures of HR practices stemming from single respondents. He found single-rater reliabilities to be frighteningly low. These results were largely replicated by Wright (1999). Together; these two articles suggested that the reliability of single raters may be close to zero. Huselid (1995), in response to Gerhart's (1995) article, suggested that in many cases single respondents (i.e. senior HR executives) were the best placed, and perhaps the only ones qualified, to provide HR practice information across a number of jobs. This led to the debate regarding the most valid source of HR practice information.

As noted above, Becker (2012) defended their use of senior HR executives as the most valid source of HR practice data. However, they also argued that the construct to be measured should be the HR practices actually implemented in the firm rather than HR policies that were not necessarily carried out. This led them to suggest that, if one seeks to assess the actual practices, then using employees as the source of HR practice data would be a more logical approach. So, the attitude survey technique was used to solicit the perceptions of financial institution, commercial banks in particular, managerial staffs towards the level of importance their organization attaches to HRM practices.

3.5 Data Collection Instruments

3.5.1 Interview Data

Interviews were conducted with 14 senior (corporate and HR) managers employed by the stated seven private commercial banks. Interviews serve three broad purposes: firstly, interview subjects were encouraged to discuss their understanding of broad organizational strategy and of HRM policies and procedures and their purposes. In this way, those being interviewed either confirmed or provided an alternative perspective on the information provided by other managers at different branches and allowed for data triangulation. Secondly, the interviewees described their own behavior in relevant areas, thereby demonstrating the degree of consistency between actual practices in the organization and the policies and aspirations espoused by senior management (and perhaps also by middle managers). Finally, the interview data was used to identify issues that might be included in the other supporting staffs' survey.

The interviews were biased towards one or another of these purposes depending on the level of the employee being interviewed. In other words, while all interviews were used for all three purposes at least to some extent, senior managers were regarded as the most reliable source of data about corporate strategy and policy, senior middle (HR) managers about business strategy and the implementation of corporate strategy, and other employees about the way they experienced the policies and procedures described by more senior managers.

The way interviews were conducted was informed by Deborah (1995) and Zikmund (2010). Each interview was arranged to conduct either face-to-face or by telephone. The exceptions were two banks' HR managers who had arranged to be interviewed on weekends but cancelled the

arrangements due to personal problems. They were interviewed subsequently by telephone. The rest were interviewed in either their own offices or a conference room. Every interviewee was interviewed in private without anyone else being able to hear or observe the conversation. With two or three exceptions, the interviews were not interrupted and the interruptions that did occur were minor. Majority of senior managers insisted to take the interview question ahead and made the interview scheduled after a week to get ready on the subject matter. Others were told that the interview would take about 45 minutes although in most cases it was somewhat shorter. None of the interviewees terminated an interview because of a shortage of time.

At the beginning of the interview, managers were assured that anything they said would not be passed on to anybody else in their company and that they would not be identified in any publications that resulted from the study. They were asked if they agreed to having the interviews recorded and all consented. A smart phone was used to record the interviews. The interviews with senior (corporate and HR) managers and other employees' interviews were played back carefully to identify pertinent data that was useful for the study and this was transcribed if it was relevant to the research questions.

3.5.2 Semi-Structured Questionnaire

A standard questionnaire was implemented to collect relevant and reliable data. Since the questionnaire is one of the most important research instruments for collecting primary data, semi-structured and open-ended questionnaires were distributed to the respondents. The choice of using pre-coded both open and close ended questionnaire were based on Fisher's view on structured questionnaire. According to Fisher (2007) if the researcher wants to quantify the research material, then it is best to use a structured approach. He further noted that in order to compare the views and experiences of many people it is easier if pre-coded approach is used. Given that this study aims to assess the overall SHRM practices of private commercial banks in the Ethiopian financial sector, the questionnaire was designed in a way that was clear, brief and understandable to the respondents as well as covers the relevant aspects of the model used. According to Fisher (2007) it is recommended to keep the questionnaire as short as possible and give it a logical and sequential structure so that the respondent can easily see what the questionnaire is about and can follow its themes as they go through them.

Hence, the questionnaire is composed of three parts. The first and the most important part of the questionnaire concentrated on questions (a total of 38 statements) related to respondents' perception of HRM practices in their respective banks based on SHRM attributes such as Strategic alignment with business objectives, Recruitment & Selection, Reward & Compensation, Performance appraisal and Employee relation; and was measured using a five point Likert scale. The second part referred the open-ended questions (a total of 4) to reflect their internal feelings and the challenges they faced. Finally, the third part of the questionnaire consisted of general information of respondents (5 questions).

3.6 Data collection procedure

Questionnaires were distributed to the respondents and given six weeks duration to fill them correctly and completely. The researcher then made follow-ups while they were filling the questionnaire to ensure that adequate response was obtained from the respondents and to give clarification or assistance when needed. In cases where the questionnaire had not been received after follow up telephone calls had been made to the respondents as a reminder, followed by a final follow up telephone call. Data was collected from both strategic, tactical managers and lower level employees for two reasons. First, the CEOs, HR managers and operations managers had the greatest opportunity to assess the extent to which HR policies are integrated vertically and horizontally with the firm's strategy (human resource strategy measure); on the other hand, it was assumed that other employees were likely the best source of information about HR practices since HR practices become effective only if they are inherited by line workers and their immediate beneficiaries.

3.7 Methods of Data Analysis

All questionnaire responses were entered into a database using SPSS software. If the answer to a question was uncertain it was coded as 'missing'. The findings will then be extracted from SPSS using simple frequency distributions and cross-tabs. The collected data was processed and organized for statistical analysis. During the process age, gender, service year, position and academic awards were treated as control variables and were therefore tested to establish how they affect SHRM practices. Data analysis involved first coding the responses; tabulating the data; and performing statistical computations (i.e. averages, frequencies and percentages). To

begin the data analysis process, descriptive statistics were calculated on the dimensions of SHRM practices to summarize and describe the data collected. This helped in determining the extent of adoption of HRM strategies in the banks. The gathered data were analyzed using SPSS version 21 and the results of quantitative data were described in terms of frequency, percent, mean, SD and tabulation. Results of the interview questions were also integrated in interpretation of the questionnaires responses and analyzed accordingly.

3.8 Pilot Test

Pilot test is a small-scale version of the full study which is applied to test the study instruments. This was done to test the questionnaire and survey techniques (Kothari, 2004). Pretesting (Kothari, 2004; Mugenda, 1999) ensured that the items in the instrument were stated clearly and had the same meaning to all respondents (Mugenda, 1999). It enabled the researcher to know if the instruments were valid and that the study's design was able to capture the required data. Thus, a pilot survey was conducted on 30 respondents at Berhane International Bank (a private commercial bank but excluded from the study sample frame as it operates in the market for less than a decade since its establishment) prior to administering the questionnaire to the selected sample respondents. The pilot survey was conducted to check if the questionnaire was clear, easy to understand and straightforward to ensure that the respondents could answer with no difficulty.

Based on the feedback from the pilot survey, some changes were made on the questionnaire before administering to the selected sample respondents. The data were collected by a self-administered face to face survey in Berhane International Bank's head office located at Bole. The researcher personally distributed and collected the questionnaires in the working hours when majority of the employees were easily accessible and greater in number. This was a good time to meet most of them. Convenience sampling was employed and the researcher selected the respondents from different divisions of the bank with varying position and backgrounds.

3.8.1 Validity Analysis

Validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested, (Kothari, 2004). In other words, Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In order to ensure the quality of the research design content and construct validity of

the research were checked. According to Kothari (2004) Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. Validity can often be thought of as judgmental. Validity involves the appropriateness, meaningfulness, and usefulness of inferences made by the researcher on the basis of the data collected. The importance of validity in quantitative research can be identified in three categories: construct internal and external validity.

3.8.1.1 Construct Validity

Construct validity refers to the necessity of ensuring that the thing or things being examined in a study are valid proxies for the concepts that are the subject of the research question. In this study, that means the artifacts identified in the research process are valid proxies of the actions and intentions of senior managers with regard to corporate strategy and its relationship to HRM. Yen (2003) recommends three measures to ensure construct validity: use multiple sources of evidence, establish a chain of evidence, and have key informants review the study reports. All three measures were taken in this study, although the third to only a limited extent. On top of that, according to him, construct validity is determined by judgments on the appropriateness of the instrument's content. He identifies three principles to improve content validity such as (1) - use a broad sample of content rather than a narrow one, (2) - emphasize important material, and (3) - write questions to measure the appropriate skill. These principles were addressed when writing the survey items. To provide additional content validity of the survey instrument, the researcher contacted two experts in the field of HRM and three senior managerial staffs of commercial banks to provide input and suggestive feedback on survey items.

3.8.1.2 Internal Validity

Reliance on second-hand reports of events that cannot be observed at first hand often requires the researcher to make inferences. For example, a senior manager may assert that he or she has taken a certain decision but other staff may say they have no knowledge of it; alternative explanations may be that the senior manager's recollection is wrong, or that there was a breakdown in communication between the senior manager and the other staff, or that one or more parties involved are lying. The difficulties are compounded when data comes from interviews. Alvesson

(2000) has summarized the problems, including that statements are related to the interview context and not to any external reality; that interviewees are not mere truth-tellers but may be trying to persuade, request or accuse; and that the interviewer may unconsciously guide the respondent to answer in a particular way. In this study the data were drawn not only from multiple sources but from multiple categories of sources, namely interviews of employees at various levels in the study organizations, organizational documents and questionnaire responses. This breadth of data can be examined against the conceptual framework which has been formulated from the review of the scholarly literature to test for the patterns which one would expect to find if the frame is well-founded. This pattern-matching would help to strengthen the study's internal validity (Yen, 2003).

3.8.1.3 External Validity

This refers to the extent to which the findings and results of a study could be generalized to other particular research settings and other samples. In this work, to ensure external validity, the findings and results are generalized specifically to the public or government owned banking services. The external validity test involves defining the domain to which the research findings are generalizable, beyond the immediate case study. For example, if the conceptual framework is applied to other organizations, will it have the same impact? Indeed, one of the major concerns that researchers have with specific sector studies is their external validity.

3.8.2 Reliability Analysis

Reliability relates to the consistency of the data collected. Cronbach's coefficient alpha was used to determine the internal reliability of the instrument. The survey instrument was tested in its entirety, and the subscales of the instrument were tested independently. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. According to Zikmund (2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability. Thus, for this study, a Cronbach's alpha score of .70 or higher is considered as adequate to determine reliability.

3.9 Ethical Consideration

According to McNamara (1994), ethical concerns in research deal with voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, and analysis and reporting. To help eliminate or control any ethical concerns the researchers made sure that participation was completely voluntary but this can sometimes lead to low response rate which can in turn introduce response bias. To avoid possible harm such as embarrassment or feeling uncomfortable about questions to respondents, the study did not include sensitive questions that could cause embarrassment or uncomfortable feelings.

Harm could also arise in data analysis or in the survey results. Anonymity and confidentiality was exercised to protect a respondent's identity. A survey is anonymous when a respondent cannot be identified on the basis of a response (Kotheri, 2004). Participant identification was kept confidential and was only used in determining who had not responded for follow-up purposes. All prospective respondents knew the purpose of the survey. A cover letter was used to explain that the results of the study would be used in a thesis as partial fulfillment for a Master degree. Since advancements in academic fields come through honesty and openness, the researcher assumed the responsibility to report problems and weaknesses experienced as well as the positive results of the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter describes the analysis of data followed by a discussion of the research findings. The findings relate to the research questions and objectives that guided the study. Data were analyzed to identify and describe the overall strategic Human resources management practices of private commercial banks in Ethiopia as well as to identify the related factors that affect the implementation of SHRM in the sector.

Every data set contains some errors which can significantly affect the final statistical results and lead to drawing wrong conclusions if the errors have not been rooted out. In this study, data cleansing involved primarily examining and correcting the key variables. This involved detection and then correction of errors in the data set. Cleansing involved using SPSS to conduct consistency checks in order to identify the data, which are out of range, logically inconsistent or have extreme values. The missing responses were treated carefully to minimize their adverse effects by assigning a suitable neutral value or discarding them methodically. Errors that were easily detectable, included data entry and respondent errors were also corrected. Collected data was analyzed using descriptive statistics. Descriptive statistical analysis was used to identify frequencies and percentages of responses given to all the questions in the questionnaire. Most respondents answered all of the questions therefore percentages reported correspond to the total number of respondents answering the individual questions.

4.2 Data Analysis and Presentation of Findings

4.2.1 Response Rate Result

Data were obtained using a semi structured interview and a self-administered questionnaire from 14 senior managers (corporate and HR from each bank) and 418 targeted respondents from other staffs respectively. Out of 418 targeted respondents in seven private banks (Awash, Abyssinia, CBO, Dashen, Nib, United and Wegagen), out of this a total of 339 questionnaires were filled and returned by respondents. However, only 314 questionnaires were found to be usable for this study and met the required inclusion criteria. This represented 81.10% response rate by the

individual employees. According to Mugenda (2003) a response rate of more than 10% of the sample is adequate for data analysis. Cooper & Schindler (2003) also argues that a response rate exceeding 30% of the total sample size provides enough data that can be used to generalize the characteristics of a study problem as expressed by the opinions of few respondents in the target population. This also meets the acceptable response rate, 40%, as suggested by Sekaran (2003). This means that the data gathered from the 314 respondents demonstrated the true nature of the SHRM practices in private commercial banks under study. Therefore, the 81.10% response rate was adequate for the researcher to proceed with data analysis and interpretation.

Neither the reasons for refusal to participate nor the characteristics of the non-respondents are known. Of the remaining 25 questionnaires considered unusable, 16 respondents did not complete the questionnaire in the open-ended section of the questionnaires, were omitted. Besides, 9 respondents reported that they had worked in the banking sector for less than three months and thus did not meet the inclusion criteria for this study because they were assumed to lack adequate knowledge of the sector.

4.2.2 Reliability Test Result

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to be measured. As stated by Yen (2003), the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one-dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0 - 1 and the higher values reflects a higher degree of internal consistency.

Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003). The result of the Cronbach's alpha for this study's instrument was found to be in the acceptance range i.e. > 0.70 . Thus, showing as indication of acceptability of the scale for further analysis since all the six dimensions of SHRM (Strategic Alignment,

Placement, Training and Development, Employee Relation; Performance; Reward and Compensation) were found to be above 0.7. The Cronbach's alpha coefficient of the six dimensions of SHRM is shown in table 4.1 below.

Table 4.1 Reliability Analysis of the Variables

SHRM Dimensions	No. of Items	Cronbach's Alpha Coefficient
Strategic Alignment	4	0.701
Recruitment & Selection	6	0.729
Performance	5	0.913
Reward & Compensation	5	0.810
Training & Development	7	0.811
Employee Relation	11	0.779
Total	38	0.790

[Source: Own Survey, 2017]

As it can be seen from the Table, for each field value of Cronbach's Alpha is in the range between 0.701 - 0.913. This range is considered as high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.790 for the entire questionnaire which indicates very good reliability. So, based on the test the results are reliable.

4.2.3 Demographic Characteristics

Referring Table 4.2 below, it is possible to deduce the following facts. The majority of the respondents were 185 (58.92%) males and the rest 129 (41.08%) were females. This implies that the sector is dominated by male employees and females' participation was lower relative to male.

Regarding the age interval of the respondent, the majority (205, 65.27%) of the respondents in the private banking sector was found in the age interval of 26 - 40 years which signifies that private banks have active, productive, and potential prospects as well as matured staffs. Following 91 (28.98%) of the respondents were found in the age of 25 and below; similarly, respondents in age interval of 41 – 65 years took the share of 23.58% (74 out of 314

respondents) but the rest 4 (1.27%) of the respondents were fall under the age category of 65 years and above. Generally, the majority of the respondents of the sector was middle aged by taking ILO (2013) as a reference implying that they could have good productive prospects.

Educational background of the employees is an important factor in undertaking their respective responsibilities and to make critical decisions in their working banks/branches. Considering the respondents' level of education, about 84% (264 out of the total respondents) was found to be first degree holders. In the contrary, Ph.D. holders constitute only 1.27%. The result is a good implication that it's uneconomical to assign highly educated labor at branch levels. The rest 30 (9.55%) and 16 (5.10%) were Masters and college diploma holders respectively. This signifies that the majority of respondents were first degree holders in terms of their academic background.

Meanwhile, referring the work experience of the respondents, the result shows that majority of the respondents (138, 43.94%) fall below 5 years' experience in the banking sector. Besides, about one third of the respondents (96, 30.57%) have relatively longer service times in the range of 5 - 10 years. The rest, over 10 years' experience only constitutes about 26% (80) of the total respondents. From this, one can conclude that majority of the respondents were new entrants with an experience below 5 years which implies that the sector's employee turnover rate is considerably higher and the banking operation has fallen on the shoulders of the new entrants. In other words, it implies that the sector isn't in the right track in capturing and developing well experienced staffs.

Respondents' job position in their respective banks revealed that 182 (57.94%) have been working as customer service officers but supervisory position was found to be the least, 27 (8.6%); similarly, the supporting staffs took the share of 33.44% (105 out of 314) in providing the banking services.

Table 4.2 Demographic Characteristic of the Respondents

Characteristics	Category	Frequency	Percent (%)
Sex	Male	185	58.92
	Female	129	41.08
	Total	314	100
Age	< 25	31	09.88
	26 – 40 years	205	65.27
	41 – 65 years	74	23.58
	> 65 years	4	01.27
	Total	314	100
Education	Diploma (10 ⁺³)	16	05.10
	Degree	268	84.08
	Masters	30	09.55
	Ph.D.	4	01.27
	Total	314	100
Service Year	< 5 years	138	43.94
	5 – 10 years	96	30.57
	11 – 20 years	57	18.15
	>20 years	23	07.34
	Total	314	100
Position	Supervisor	27	08.60
	Customer service officer	182	57.96
	Supporting Staffs	105	33.44
	Total	314	100

(Source: Own Survey, 2017)

4.3 Descriptive Statistics

4.3.1 Recruitment and Selection Strategies and Practices

Regarding recruitment and selection practices in Ethiopian private commercial banks, the survey study on operation level employees (supervisors, customer service officer and supporting staffs) other than senior managers found out that respondents strongly agreed with the highest mean scored value of 4.69 (Std. Dev., 0.379) that the bank had formulated an active recruitment and selection policy and also agreed that private banks linked their recruitment and selection policy to the overall banks strategy.

Even though this indicates that most private banks have well-formulated recruitment policies and procedures linked with the overall orgs' strategies, which effected application of efficient recruitment and selection process, the respondents disagreed with a mean scored value of 2.47 (Std. 0.962) that line managers' participation in the selection process that enabled banks to obtain the required quality of staff. Meanwhile, respondents revealed their strong agreement with a mean scored value of 4.19 (Std. 0.393) that it affects the realization of banks' financial performance improvement as well.

With same token, even if respondents strongly agreed (mean, 4.55; Std. 0.518) on 'banks have competitive selection system and processes that attract competent people' and agreed (mean, 3.81, Std. 0.894) on 'bank widely disseminates information about both external and internal recruitment and selection processes', respondents strongly disagreed on 'Recruitment and Selection processes of the bank are conducted by trained and impartial people' with the least mean scored value of 1.83 (Std. 1.471) that most private banks are intentionally ethnic biased whereas the highest standard deviation implies that there is a substantial attitudinal variation in this regards. The overall recruitment and selection practices as per the respondents' perception were rated with a mean scored value of 3.59 (Std. 0.769) level of agreement that the practice was aligned with corporate/ business strategies and have been carried out in accordance with organizational policies even if some discrepancies have been identified regarding line managers participation as well as fairness/ neutrality in selection process. (Table 4.3)

Table 4.3 Summary of Respondents' Perception on Recruitment and Selection Practices

Recruitment and Selection Practices	N	Mean	Std. Dev.
1. The bank has employee recruitment policy linked with corporate/ business strategies	314	4.69	0.379
2. The bank has competitive selection system and processes that attract competent people	314	4.55	0.518
3. The bank widely disseminates information about both external and internal recruitment and selection processes	314	3.81	0.894
4. In the bank, line managers (supervisors) participate in selection process	314	2.47	0.962
5. Recruitment and Selection processes of the bank are conducted by trained and impartial people	314	1.83	1.471
6. The recruitment and selection outcome affects the performance of the bank	314	4.19	0.393
Total	314	3.59	0.769

(Source: Own Survey, 2017)

○ **Summary of Interviews on Recruitment and Selection Practices**

According to the corporate managers' interview results, it was found that private owned commercial banks in Ethiopia were now taking recruitment and selection very seriously and have set budgets for the process. Specifically, this study identified that private banks are now-a-day emphasizing on the recruitment of new entrants or experienced people with high academic qualifications such as bachelors and masters' degree holders. Meanwhile, private banks' HR managers revealed that there is evidence of significant improvement of banks' performance in terms of competency and quality services offered by private commercial banks due to well-established and managed employees' recruitment and selection strategies. The high-quality services offered by employees made it possible for the banks to attract more customers which in turn led to increased number of branches, sales and profits. The cost of supervising the new employees was also reduced. Thus, from the interview (conducted from 17/04 – 05/05/2017) of

both corporate and HR managers, it was found that recruitment strategies have a high influence on banks day-to-day activities. The improvement in performance was noted in terms of attaining new customers on daily basis, profits, number of branches as well as market share.

4.3.2 Training and Development Strategies and Practices

With regard to the respondents' reaction, the survey result of EPCB's training and development practices revealed the degree of their agreement in Table 4.4 below. The respondents revealed that the degree of their agreement with mean score value of 3.56 on whether banks have clear and development plan aligned with business strategy. It implied that the private banks have clear T&D programs in alignment with corporate/ business strategies that may help to improve employees' competency and achieve organizational objectives as desired. In addition to that, respondents rated the banks' investment on employees' training, education and development for promoting personal and professional carrier with the highest (strongly agreed) mean scored value of 4.18 while the std. deviation (0.655) showed relative homogeneity of their responses. On the other hand, respondents showed their disagreement with mean scored value of 2.11 (Std. Dev. 0.751) on periodic assessment of training needs as well as provision of related trainings accordingly. Within the training context, needs assessment provides a picture of skills and knowledge of the people in an organization.

Here, training needs assessment can determine level of optimal performance and standards for excellence, evidence of individuals' actual performance level, attitudes affecting performance and root causes of performance problems. However, in the private banking sector, as the finding implies, the existence of problems with respect to training needs assessment which is a determining factor for human resource development. This shows that much was not done from this perspective in order to realize organizational goals. Similarly, they also disagreed (Mean, 2.77) that the banks facilitate the training aids while the courses were conducted either in the bank's premises or outsourced. On top of that, evaluation of conducted training either by line managers or the participants was rated with the least mean scored value of 1.33. This shows that respondents revealed their strong disagreement on the subject matter with slight variation (Std. Dev. 0.627). Most of the respondents took 'neutral' stand (Mean, 3.07). This implies that large number of the respondents was neither agreed nor disagreed towards the stimulation of skill and

knowledge transfer. From this perspective, the sector needs to device or facilitate convenient working environment so as to enable employees share their values for the best interest of their organization.

The overall training and development practices of EPCB based on respondents’ perception mean scored value of 2.84 and Std. Deviation 0.753, it is possible to infer that the private banking sector was not in a good track in practicing training and development. He has conducted the study concerning human resource management decentralization because of lack of commitment, lack of managerial capacity, inappropriate selection criteria and insufficient budget. (Table 4.5)

Table 4.4 Summary of Respondents’ Perception on Training and Development Practices

Training and Development Practices	N	Mean	Std. Dev.
1. The bank has a clear training and development plan which is aligned with business strategy	314	3.56	0.801
2. Formal need assessment is carried out periodically and related trainings are provided to employees accordingly	314	2.11	0.751
3. The bank stimulates learning and application of knowledge	314	3.07	0.769
4. Internal and external Trainings are sufficiently aided with required materials and facilities	314	2.77	0.913
5. Invests in employee’s development and education for promoting personal and professional growth at large	314	4.18	0.655
6. Training is evaluated by line managers and participants	314	1.33	0.627
Total	314	2.84	0.753

[Source: Own Survey, 2017]

○ **Summary of Interviews on Training and Development Practices**

It is unquestionable fact that the organization’s productivity is determined by the motivation level and effectiveness of its workforce. Training and development implies to the systematic process of developing the competencies relating to the job of employees for the present and future roles and responsibilities. Today most organizations believe that a competitive success is achieved through people as the skills and performance of people are critical resources. Many

organizations spend much money on training, considering that training will improve their employees' performance and productivity. Recruiting, selecting, orienting and then placing employees in jobs do not ensure success.

Referring the interview conducted to senior (corporate and HR) managers of respective banks, it was found that EPCB are engaging in training and development of their employees and have training budgets for the purpose. They also conduct periodic training needs analysis as the main determinant of the training that is required for the employees. The purpose of formal needs assessment is to identify the training targets. This focus is critical for uncovering whether a training program was effective or ineffective due to characteristics of the program or factors outside the control of the training system. It was found that senior managers deeply believed that the employees in EPCB are happy with the training offered by the bank itself and/or in collaboration with Ethiopian Institute Financial Studies (EIFS); and have noted improvement in their individual as well as banks' performance. EPCB were found to offer training on customer care, quality management, and use of computers in accounting and detection of fake currency, time management, team work, work life balance among other areas.

From interview, it was also found that training and development led to increased skill among the employees which in turn led to improved quality of service to customers. The efficiency and effectiveness of operations were also found to have increased after training. The number of losses due to errors, the cost of overtime and the time taken to serve a customer was found to have reduced when the bank cashiers (Tellers) were trained. This helped to reduce the waiting time by the customers as a result of which more customers were able to open new accounts with the bank. Thus, referring the interview results (Interview from 17/04 – 05/05/2017), it was found that there is an implication of significance effect of training and development strategies on the performance of EPCB.

However, according to Human Resource Development expert in Abyssinia bank (Interview on 28/04/2017), he emphasized that the training programs conducted in most banks are short-term courses last for half a day. Besides, the contents only focus on marketing strategies intended for attracting new customers. In supporting his idea, the corporate manager in Dashen bank (Interview on 02/05/2017) said that “the Ethiopian Institute of Financial Studies (EIFS) provides short term training courses under the four categories of banking, microfinance, insurance and

management development. These courses are either provided in half day or full day sessions with different duration. The EIFS is based and mainly supported by the National Bank, but it also is supported by the public financial institutions: CBE, CBBE, DBE and EIC. The trainings of the Institute are open to private banks but the industry needs most is a financial training institute offering long-term courses. He commended that “the Institute under the NBE is great; however, what is most needed now is an institution, which offers long-term training to graduates.”

For Alemayehu Dibaba, a business strategy expert in CBO (Interview on 26/04/2017), argued that the growth of the banking industry, though commendable, is straying towards a negative path. Although banks have to compete to recruit highly trained and experienced professionals in order to stay competitive, they also have to contribute their share in reducing unemployment by offering short-term trainings to less experienced staff. Such an institution would give graduates specialization before they start working in the financial industry, something that they currently lack. Moreover, graduates only have academic knowledge and lack practical experience within the banking industry when they search for jobs. There is a need for an institution devoted to offering courses in banking and acquainting students with the opportunities and challenges in the banking industry.

4.3.3 Performance Appraisal Strategies and Practices

As it can be clearly understood in the Table 4.5 below, the average scored mean value of the major attributes such as respondents’ perception towards the existing performance appraisal system (Mean, 4.29); periodic performance appraisal assessment along with immediate action (Mean, 4.15) when employees lack capacity, short & long term evaluation, and identifying areas in need of improvement; as well as dissemination of criteria and results (Mean, 4.22) showed that they were strongly agreed on the stated system implementation. Similarly, majority revealed that their agreement on ‘competency-based appraisal is the basis for decisions about promotions, development and salary increment’ with mean scored value of 3.24 (Std. Deviation 0.501); and ‘Acknowledgement for good performances’ was also rated as level of agreement with mean scored value of 3.83 (Std. Deviation 0.447). On the other hand, they were strongly disagreed (Mean, 1.91 with Std. Deviation 0.904) on the neutrality of evaluators from subjective biases. Most HR managers also shared such cases as they are common employees’ complaints in every

appraisal session especially in relation with gender sensitivity and subordinate’s personal relation with the respective supervisor or evaluator.

Based on the finding one can conclude that the study areas were in a way taking good performance appraisal in relation to competency Accordingly, performance appraisal is useful for self-development and individual counseling, remuneration, quality feedback, communication and motivation. From these perspectives, thus, the respondents were satisfied (Mean, 3.61) with the appraisal system conducted by the banking sector.

Table 4.5 Summary of Respondents’ Perception on Performance Appraisal Practices

Dimension: Performance Appraisal	N	Mean	Std. Dev.
1. The bank implements good performance appraisal system	314	4.29	0.471
2. Periodically conducts competency-based performance appraisals and immediate action is taken accordingly	314	4.15	0.922
3. Competency-based appraisal is the basis for decisions about promotions, development and salary increment	314	3.24	0.501
4. Disseminates competency-based performance appraisal criteria and results to its employees	314	4.22	0.669
5. Performance appraisal is free from evaluator’s personal interest	314	1.91	0.904
6. Acknowledgement for good performances	314	3.83	0.447
Total	314	3.61	0.652

[Source: Own Survey, 2017]

○ **Summary of Interviews on Performance Appraisal Practices**

The HR policy manuals of all EPCB specify that ‘performance feedback, where the manager and employee set aside time for a performance discussion, should occur at six month intervals as a minimum.’ The applicability of the performance management and training and development procedures to unionized supervisory, clerical and non-clerical staffs is articulated clearly. While internal documentation makes no distinctions between groups of employees, it was evident from

some interviews that in the performance appraisal procedures are only being implemented in respect of managers and higher-level staff but it has to be based upon the employee review and development tool that has been written for each position. These documents contain detailed task areas drawn from the relevant position description, together with 'evidence of effectiveness' for each task area. They provide for supervisors to nominate 'personal development goals' for the future, as well as an 'individual learning plan' for the next fiscal year. It might be noted, however, that only two and a half pages of the 20 pages in the performance management policy deal with performance feedback; the remainder are concerned with procedures for disciplining and dismissing employees whose performance is unsatisfactory.

The 'learning and development' policy draws on the policies concerning performance management and position descriptions to present a corporate view that their ability to continue learning is critical to their success in achieving the respective objective and supporting 'Foundations for Success'. It states that learning and development opportunities are provided to ensure that all staffs have the skills required to do their job and also to grow and develop. Thus, according to the interview, almost all banks reimburse all course fees to staff upon successful completion of approved learning activities and will pay for all textbooks required. They also provide that courses of study should normally be taken outside of normal working hours but now a day, banks got started to extend their working hours to the evening as a marketing strategy to attract more customers. These situations may impose considerable stress on the supervisors and concerned managers to reconcile the congruency of the courses given almost in all universities' extension program at evening and the banks' extended working hours at the same time. Where the course does not offer this option then time off work will be granted for final exams specifically but the majority used to be enforced to miss some important sessions.

According to Awash Bank HR manager (Interview on 27/04/2017), this focus on skills enhancement would be one of the keys to bank's future competitive advantage. The Strategic Development Manager was not so positive, claiming that bank's management staff had a long way to go before they could even meet the demands already being placed upon them (interview Dashen Manager, 02/5/2017). As far as the HR manager was concerned, the program was the centerpiece of his contribution to corporate management of the firm, even though he was uncertain about future corporate objectives and directions. Nevertheless, it was common ground

in the corporate head office that the performance management and training and development programs are important elements in preparing banks for the future. Nevertheless, the process by which the programs are to be implemented basically focusing on maximizing opening of new bank accounts as the main criteria for attainment of org objectives. The HR manager commented that corporate management was 'directive to a point but if the business doesn't take ownership of it then it falls over' (interview Dashen HR Manager, 25/4/2017).

As the information gathered through interview and as per review of relevant reports pertaining performance appraisal in the sector they have used methods like: BSC (Balanced Scorecard) and ROPA (Result Oriented Performance Appraisal) and attempts have been made to assess the scientific nature of the process and its implications on the performance and behavior of the employees. In effect, it was expected to improve the performance; however, the working environment is not conducive as the findings revealed from the respondents. The reasons for these were lack of incentives and training, lack of human capacity to set targets, lack of objective performance criteria and lack of commitment. The response also illustrated that some employees and department heads were not happy of the result of their performance. Performance appraisal equally gives room for open dialogue but, subjectivity, transparency and continuous follow up is so weak and loose attachment between performance and reward. This was due to lack of participation, inconsistent implementation and lack of resources.

4.3.4 Reward and Compensation Strategies and Practices

Based on the empirical findings on Reward and Compensation, it was found that incentives in the form of both financial and non-financial allowances, respondents strongly agreed (mean scored value of 4.11 and Std. Dev., 0.833) that their respective banks have been providing them with attractive incentives. Similarly, the result revealed the level of respondent's strong agreement with mean scored value of 4.03 and 4.40 on reward and compensation are directly linked to employee's performance or competency level; and remuneration (salary) offered is competent in Ethiopian labor market respectively. Even though the practice attracts/ retains high quality employees (mean scored value, 3.91), they disagreed (mean, 2.29) on consideration of employee's feedback on the improvement of reward and compensation system and management strategies. On summary, the over level of respondents' agreement (average mean, 3.75) on Reward and Compensation practices revealed that both financial and non-financial rewards and

compensations were found to be sufficient to motivate employees to perform their work efficiently and effectively. If private commercial banks in Ethiopia improve both types of rewards for the employees then they will have the opportunity to increase their employees' performance to higher levels. (Table 4.6)

Table 4.6 Summary of Respondents' Perception on Reward and Compensation Practices

Dimension: Reward and Compensation	N	Mean	Std. Dev.
1. Employees get incentives such as promotions, loans, awards, bonuses, etc.	314	4.11	0.833
2. Considers the suggestions of its employees when designing a system of employee rewards	314	2.29	1.318
3. Rewards and compensation is directly linked to performance	314	4.03	0.913
4. Remuneration is offered at the labor market levels	314	4.40	0.677
5. The bank's rewards and compensation practices can attract and retain high quality employees	314	3.91	0.703
Total	314	3.75	0.889

[Source: Own Survey, 2017]

○ **Summary of Interviews on Rewards and Compensations Practices**

Referring to the interview, findings show that banks use rewards as a means towards ensuring that they achieve their strategic goals. From this research, it was also found that education level of employees had an influence on the perception of the employees on whether the rewards and compensation offered by the bank is attractive or not. All HR managers unanimously believed that the diploma holders felt that they were well paid and therefore devoted most of their time and energy to the achievement of the goals of the bank. On the contrary, the first and second-degree holders felt that they were poorly paid and hence sought alternative sources of income by engaging in businesses to earn extra income. This greatly affected their commitment to work which in turn affected their output. With the obtained interview data, there is evidence of formulating private banks' employee reward and compensation strategies in relation to individual employee competency level and related performance. Interviews revealed that private banks that rewarded their employees felt that their organization performed better than their

competitors. They justified that this was because when an employee is well rewarded their motivation to work increases leading to improved commitment towards achieving the goals of the bank. However, according to Ato Teklu G., deputy CEO in Awash Int. Bank argued that “the completion in Ethiopia financial sector, particularly in banking industry, became intensified to the extent that some banks have reached incurring about 40% of their annual profits as reward and compensation allocated budgets (Interview on 27/04/2017). Thus, snatching qualified personnel in the market might be served as short term strategy but rather the valuable solution heavily relies on working towards employee learning and development strategies.”

From this study, it was found that EPCBs use both financial and non-financial rewards to motivate their employees. The financial rewards offered in terms of salary increases, cash bonuses, commissions and stock options while non-financial rewards included recognition, learning opportunity, career advancement, challenging assignments and expanded responsibilities, praises and commendations from managers, security, status, attention from leaders and opportunities to lead projects. Other instituted packages were personal loans, housing loans, car loans, overtime allowance, car maintenance allowance, fuel allowance, transfer allowance, leave allowance, day trip allowance, refund of fees, and yearly appraisal. Interviews with the managers to get the extent of knowledge about existing reward systems among the employees revealed that not all staff and managers are abreast with the compensation packages of the banks and some level of ignorance noticed by some senior managers about their reward packages. From this study, it was also found that commercial banks use the same financial and non-financial rewards but at different levels, that means that some offer higher financial rewards as well as better non-financial rewards, thereby making them more competitive.

4.3.5 Employee Relation Strategies and Practices

From the study, Table 4.7, it was found that majority of the respondents expressed their strong agreement on private commercial banks’ concern in regards to their employees’ wellbeing and treatment respectfully with mean scored value of 4.51 (Std. Dev. 0.513) and 4.09 (Std. Dev., 0.722) respectively. The standard deviations showed that respondents’ unanimity on the subject. Banks’ recognition of their employees’ achievement was rated with highest mean scored value of 4.74 (Std. Dev., 0.291). Similarly, they also strongly agreed (mean, 4.22) on managers/ supervisors’ follow up on the adaptation of employees to their functions. It implied that most

(almost all) banks now a day are working towards increasing their number of branches as a strategic marketing practices results in increasing their number of customers. Thus, banks set a goal of reaching a pre-specified target in terms of new customers who opened new account; and evaluate their staffs’ performances based on their persuasion of new customers considerably.

Meanwhile, the result also revealed respondents’ agreement that managers/ supervisors create a conducive working environment of understanding and confidence between colleagues (mean, 3.29 encouraging them to participate in problem solving and decision making (mean, 3.79); giving freedom in doing tasks (3.51); enjoying consistent information exchange to expedite their duties properly (3.21); reconciling their discourse and practices (3.18); and developing trust among colleagues (3.63). In the contrary, employees perceived negatively that banks’ weakness in regards to encouraging their respective employees’ social interaction (mean, 1.84). The overall private commercial banks’ employee relation practices were perceived positively with an average mean scored value of 3.64 of respondent’s agreement. (Table 4.7)

Table 4.7 Summary of Respondents’ Perception on Employee Relation Practices

Employee Relation Practices	N	Mean	Std. Dev.
1. The bank is concerned with employee’s well-being	314	4.51	0.513
2. The bank treats employees with respect and attention	314	4.09	0.722
3. There is an environment of understanding and confidence between managers and employees	314	3.29	0.793
4. Encourages employees’ participation in problem solving	314	3.79	0.874
5. Favors autonomy in doing tasks and making decisions	314	3.51	0.704
6. The bank recognizes employees’ work and their achievement	314	4.74	0.291
7. Follows up on the adaptation of employees to their functions	314	4.22	0.915
8. Managers and employees enjoy constant exchange of information in order to perform their duties properly	314	3.21	0.571
9. There is a consistency b/n discourse and management action	314	3.18	0.606
10. There is an environment of trust among colleagues	314	3.63	0.833
11. Encourages interaction among its employees (<i>e.g.</i> , social gatherings, social events, sports events, etc.)	314	1.84	0.910
Total	314	3.64	0703

- **Summary of Interviews on Employee Relations Practices**

The overall notion of the interview result, regarding employee relations in private commercial banks, revealed that senior managers perceived as a strategic employee relation is concerned with the formulation and implementation of plans designed to meet the needs of the business for harmonious and productive relationships as well as the needs of employees to be treated justly and well. These plans usually are intended to be based on the organization's policies on how it should relate to employees and their performances. Meanwhile, according to the interview result, two main views/ standing have been reflected; the first one is the unitary viewpoint, the principle of mutuality which was found to be advocated by only two banks' corporate managers (Interview CBO on 26/04/2017 and Awash Banks on 27/04/2017), is the belief that management and employees share the same concerns and it is therefore in both their interests to cooperate. The second view in contrary, majority of the interviewees (the rest five banks) supported the pluralist viewpoint which refers the interests of employees will not necessarily coincide with their employers and that they criticized the unitary view as naive, unrealistic and against the interests of employees. People of this persuasion didn't believe that partnership agreements can work. Scholars, in this regard, advocate a social partnership policy that aims to develop and maintain a positive, productive, cooperative and trusting climate of employee relations. Besides, they commend the relations policies as an expression of the organization philosophy on what sorts of relationships are wanted between management and employees.

4.3.6 Integration of HRM with Corporate Strategy

The results revealed that majority of private banks have well defined and articulated vision, mission and goals as rated by respondents by their strong agreement with average mean scored value of 4.03 and Std. deviation 0.394. Lesser value of the deviation is an implication of their stands/ perceptions' homogeneity. Besides, they have also agreed (mean, 3.51) that HR strategies were derived from corporate strategy but to the contrary they strongly dis agreed (mean, 1.55) on employees/ subordinates internalized their organizations' objectives and working towards its achievement. Similarly, they expressed their disagreement on senior managers' support the best practices and have proactive approach to people management; and expedition of line managers' responsibility towards ensuring the implementation of HR practices in line with corporate strategy with mean scored value of 2.49 and 2.37 respectively.

The overall strategic link and integration of HR practices with corporate strategy was negatively perceived (average mean scored value of 2.79). This purely implies that, formulated strategies on paper-works are well-articulated but poorly implemented in practices as concerned senior/ line managers' failure in support or execution of the intended strategy; lack of transparency and ignorance in regards to internalizing the objectives in a holistic manner/ approach. The banks should encourage their senior managers to support best HR practices and have a proactive approach to people management along with progressive and positive HR philosophy that senior managers encourage transparency and fairness. (Table 4.8)

Table 4.8 Summary of Respondents' Perception on HRM Integration

SHRM Alignment with Corporate Strategy	N	Mean	Std. Dev.
1. The bank has well defined Vision, Mission and Goals	314	4.03	0.394
2. HR Strategies are derived from Corporate Strategy	314	3.51	0.847
3. Senior managers support the best HR practices and have a proactive approach to people management	314	2.49	1.061
4. Line managers expedite their responsibility to ensure the implementation HR practices in line with corporate strategy	314	2.37	0.914
5. Employees internalize org's objective and its achievement	314	1.55	0.887
Total	314	2.79	0.821

(Source: Own Survey, 2017)

4.4 Summary of Overall SHRM Practices

In order to achieve the specific objectives, the overall strategic human resource management practices along with their integration with corporate strategy are summarized as depicted on the graph below (Figure 4.1). All except training & development as well as integration SHRM dimensions of strategic HRM practices in Ethiopian private commercial banks were perceived positively with mean scored value of 3.37. This implies that still there is a room for improvement in human resource planning, developing and retaining in the sector.

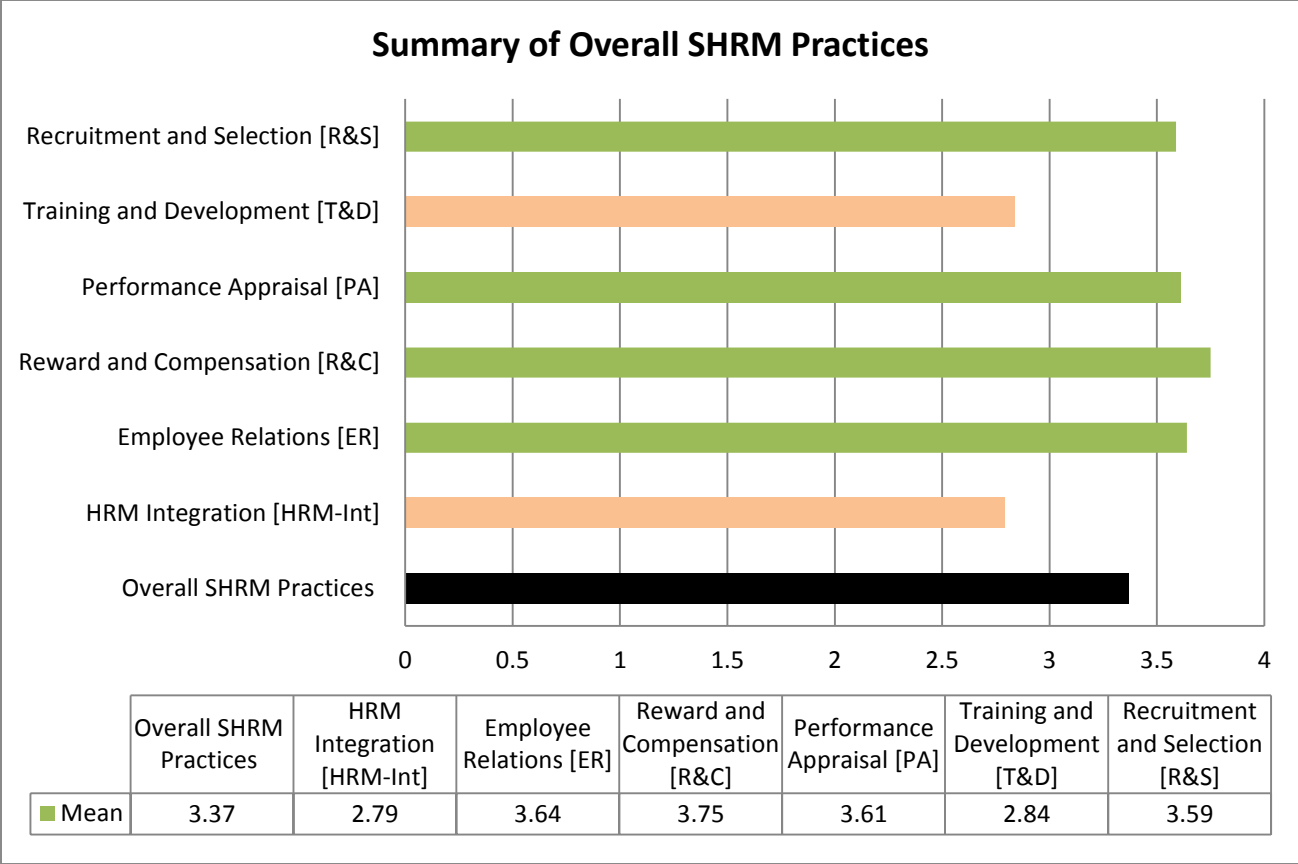


Figure 4.1 Summary of Overall SHRM practices

Referring the open-ended questions, respondents expressed their level of satisfaction on the overall SHRM practices of their respective organizations (banks). The results in Table 4.9 show that respondents from BOA and United bank satisfied (mean, 3.58 and 3.60 respectively) with the HRM practices of their organizations. Whereas respondents from Nib slightly satisfied (mean, 3.14) while Awash, Dashen and Wegagen were neutral but respondents from CBO dissatisfied with its HRM practices. However, the overall satisfaction level was found mean scored value of 3.15 which is a bit closer to the result (mean, 3.37) found from the closed-ended questions. This implies that respondents’ consistency in their perceptions and responses as well. On top of that it can be considered as a good implication for banks’ management that a lot HRM home-works awaited for them. (Table 4.9)

Table 4.9 Summary of Employee Satisfaction on Banks' SHRM Practices

Scale	Description	BOA	Awash	CBO	Dashen	Nib	United	Wegagen	Total
[5]	S/satisfactory	32	19	14	28	30	36	14	173
[4]	Satisfactory	5	15	9	14	12	8	14	77
[3]	Neutral	3	8	5	7	4	3	4	34
[2]	Dissatisfactory	0	8	2	0	4	1	2	16
[1]	S/Dissatisfactory	1	6	3	1	2	0	0	14
Total		41	56	33	50	52	48	34	314
Mean		3.58	2.99	2.67	3.07	3.14	3.60	3.02	3.15

On the other hand, a number of reasons accounted for their dissatisfaction were forwarded by respondents. Among them, the major ones are summarized as high degree of favoritism in hiring and promoting employees; jobs in banking is so boring due to monotonous' nature of activities (duties); limited access for career development; lack of consideration for banking work experience in other sectors; performance appraisal basically focused on the number of new customers pursued to open bank account; and lack of management's integrity and consistency in decision making. Besides, valuable suggestions have also been recommended but the researcher has summarized and included in the recommendation part, chapter five.

4.5 Challenges of HRM Practices

The major challenges or constraints that hindered human resource development practices in the EPCBs sector were identified in this section. As it was revealed from the interviews, there were some challenges encountered private banks while implementing HRM functions. Major HRM challenges include lack of:

- Developing comprehensive HRM strategies,
- Aligning HRM strategic priorities,
- Creating positive work environment,
- Developing managerial leadership and capacity,

- Accepting challenges of modern technological changes,
- Paying attention to professional development,
- Adequate training and development,
- Enforcement and accountability,
- Attracting and retaining qualified personnel and
- Unbiased (both ethnically and politically) proper merit system.

In addition, the information gathered through open-ended questionnaire and as per HR annual report documents, confirmed that similar results were found in comparison with the information obtained through interview. In this regard, respondents claimed the challenges that encountered HRM practices in their respective working banks. Some of these major challenges reported were lack of sufficient budget for training and education, accountability and transparency, emphasis for development, creating an environment for attracting and retaining qualified personnel, insufficient managerial capacity building and lack of employee's motivation were becoming great challenges for the effective HRM practices in the sector. From this one can understand that the findings indicated above are key human resource management challenges of the sector that need to be overcome. From this fact, it is possible to conclude that in the sector there were challenges that hindered and constrained the efficiency and effectiveness of human resource management practices.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents a summary of the major findings from the study as presented in the previous chapter. Conclusions are then presented based on the findings of the study. Recommendations are then presented based on the findings and conclusions of the study. The chapter ends with suggested areas in which further research can be undertaken.

5.1 Summary of major Findings

The major findings of this research have been summarized as follows:

Demographic:

- The private commercial banks in Ethiopia are male dominant (58.92%); adults within age range between 26 – 40 years; BA holders (84.08%); with less than 10 years services experience (75%); and majority in the customer service officer's position.

Overall Strategic HRM practices

- All except training & development as well as integration SHRM dimensions of strategic HRM practices in Ethiopian private commercial banks were perceived positively with mean scored value of 3.37.

Recruitment and Selection Practices:

- Regarding Recruitment and Selection, majority of the respondent strongly agreed (mean, 4.19) on 'private banks have well-defined and articulated placement (recruitment and selection) policies and procedures' that linked to the corporate strategy as positively rated with highest scored value (mean, 4.69);
- It was also found that banks have competitive selection system and processes which attract competent people as respondents strongly agreed on the subject matter with scored value (mean, 4.55); but they strongly disagreed on the selection processes are conducted by impartial personnel (mean, 1.83; Std. dev., 1.471).

Training and Development Practices:

- Referring Training and Development practices, respondents rated the banks' investment on employees' training and education for promoting personal and carrier development with the highest mean scored value of 4.18 (Std. deviation, 0.655);
- However, the overall training and development practices of the private banking sector was not in a good track (average mean scored value of 2.84 and Std., 0.753);

Performance Appraisal Practices:

- Majority of the respondents believed that competency-based performance appraisal is the basis for decisions about promotions, development and salary increment as rated with mean scored value of 3.24 (Std., 0.501) but pursuing new customers to open account takes the lion-share of the criterion; besides, they were also strongly disagreed on the "neutrality" of evaluators from subjective biases as well;

Reward and Compensation Practices:

- Based on the empirical findings on Reward and Compensation, respondents strongly agreed (mean scored value of 4.11 and Std. Dev., 0.833) that their respective banks have been providing them with attractive incentives.
- Similarly, the result revealed the level of respondents strong agreement (mean scored value of 4.03 and 4.40) on reward and compensation are directly linked to employees performance or competency level; and remuneration (salary) offered is competent in Ethiopian labor market respectively;
- The overall level of respondents' agreement (average mean, 3.75) on Reward and Compensation practices revealed that both financial and non-financial rewards and compensations were found to be sufficient to motivate employees to perform their work efficiently and effectively.

Employee Relations

- The overall private commercial banks' employee relations practices were perceived positively with an average mean scored value 3.64 (Std. Dev., 0.703) of respondents' agreement.

Integration of HRM with Corporate Strategy

- The results revealed that majority of private banks have well defined and articulated vision, mission and goals as rated by respondents by their strong agreement with average mean scored value of 4.03 and Std. deviation 0.394. Lesser value of the deviation is an implication of their stands/ perceptions' homogeneity.
- To the contrary they strongly disagreed (mean, 1.55) on employees/ subordinates internalized their organizations' objectives and working towards its achievement. Similarly they expressed their disagreement on senior managers' support the best practices and have proactive approach to people management; and expedition of line managers' responsibility towards ensuring the implementation of HR practices in line with corporate strategy (mean scored value of 2.49 and 2.37 respectively).
- However, the overall strategic link and integration of HR practices with corporate strategy was negatively perceived (average mean scored value of 2.79).

Challenges of HRM Practices:

- The major challenges or constraints that hindered HRM practices in the EPCBs sector were identified as developing comprehensive HRM strategies, aligning HRM strategic priorities, developing managerial leadership and capacity, promoting manpower attitude, modern technological changes, paying attention to professional development, in adequate training and development, lack of enforcement and accountability, retaining qualified personnel and lack of unbiased (both ethnically and politically) proper merit system.

5.2 Conclusions

The primary objective of this study was to assess the strategic human resource practices of Private Commercial Banks in Ethiopian financial sector. Nowadays the Ethiopian financial sector is dominated by government-owned commercial bank (CBE) and the industry is characterized by recently privatized new entrant banks which are in stiff competition against each other to dominate the market. Having the core competence in regards to attracting developing and capitalizing on the most valuable human resource of the organization is undeniable. Hence, this study tried to assess the overall HRM practices in the private banking

sector by addressing the six specific objectives namely Recruitment and Selection; Training and Development; Performance Appraisal; Reward and Compensation; and HRM Integration with corporate strategy.

- **Recruitment and Selection Practices**

Quality services offered by employees made it possible for the banks to attract more customers for the reason that now-a-day they are taking recruitment and selection very seriously and have set budgets for the process. Specifically this study identified that private banks are now-a-day emphasizing on the recruitment of new entrants or experienced people with high academic qualifications such as bachelors and masters' degree holders. The improvement in performance was noted in terms of attaining new customers, profits, number of branches as well as market share. These findings are consistent with those of a study by Khatoon (2013) which found a significant positive relationship between recruitment and selection and employee performance. However, the process is suffered with lack of autonomy and biases in majority of private banks due to personal interests as well as Socio-political affiliation.

- **Training and development Practices**

The gap was also identified between senior managers and operation staffs' perception in regards to training and development practices that the former believed that employees are happy with the stated practices and a substantial improvement in terms of reduced waiting time, losses due to error minimized. This supports previous arguments by Sheehan (2013) that training and development is a process of sharpening the employee skills and at the same time helps change of attitude and behavior in order to enhance the performance level of employees. Whereas employees expressed the overall training and development practices of the private banking sector was not in a good track. This implies that there was inconsistency in training need assessment as well as evaluation of participants' feedbacks after conducting the intended training. This was in agreement with Guest (2007) that training and development policy are meaningless unless they are integrated and provided for the right person at the right time.

- **Performance Appraisal Practices**

The finding on performance appraisal also supports the above argument for the reason that employees accepted there is a competency-based performance appraisal system implemented in their respective organization. But the practice is highly subjected to personal (evaluators/ supervisors/ line managers...) biases as well as high dependency on interpersonal relations between managers and employees particularly during appraisal period, once in every six months in most cases. In this regard, Sorab (2006) strongly argued that as long as a tailored performance appraisal system in line with organization culture, employee attitude and other related behavioral factors is implemented, controlled and evaluated periodically, the system functions well and flawlessly. It could be concluded that the performance appraisal systems were implemented in respective banks without customizing accordingly as they were adapted directly from developed countries context. In addition to that pursuing new customers to open bank account takes substantial credit among other performance appraisal criterion. It's also a good implication of the implementation lacks holistic approach and naïve for manipulation. Such misleading practices resulted in forcing customer service officers and branch managers to exert the maximum effort in concentrating mainly on the "number" rather than working on bank's overall performance.

- **Reward and Compensations Practices**

From this study it can also be concluded that EPCBs use both financial and non-financial rewards to motivate their employees. Other instituted packages were personal loans, housing loans, car loans, overtime allowance, fuel allowance, transfer allowance, leave allowance, refund of fees, and yearly appraisal (leading to increase in pay levels). The existing reward systems revealed that not all staff and managers are abreast with the compensation packages of the banks and some level of ignorance noticed by some senior managers about their reward packages. From this study it was also found that commercial banks use similar financial and non-financial rewards but at different levels, which means that some offer higher financial rewards as well as better non-financial rewards, thereby making them more competitive. This finding is supported Guest (2007). He claimed that performance related pay is an effective motivator and conveys a clear message that high levels of performance are expected and will be rewarded. They should not be distributed on the basis of narrow definition of the output of each individual, but also on the basis of appraisals of how well the individual contributes to the performance of the team, unit

or company as a whole depending on the company structure. According to Scholes and Whittington (2013) planning of rewards should take on board the reality of more team working in delivering strategy.

- **Employee Relations Practices**

The overall private commercial banks' employee relation practices were perceived positively. Some of the major reasons, as per respondents' perception, were banks' concern on their employees' wellbeing; due attention and treatment with respect; recognition of their achievement; and adaptation of employees to their functions. The result is consistent with the argument of Whitener (2001) social exchange theory and social identity theory, indicating that employees who feel they are appreciated by their organization may perceive high status in the organization and may reciprocate an organization by increasing their contribution to the achievement of the goals of the organization. This in turn leads to improved individual as well as organizational achievement. This is also consistent with findings of other studies by Dessler (2007) and Armstrong, (2008). To develop motivated employees, a manager must therefore treat people as individuals, empower workers, provide an effective reward system, redesign jobs, and create a flexible workplace. It is through behavior that people influence the organizational environment.

In contrary, majority (five out of seven banks) of the managements believed pluralist viewpoint approach have been exercised which referred the interests of employees would not necessarily coincide with their respective employers and they also criticized the unitary view as naive, unrealistic and against the interests of employees. People of this persuasion don't believe that partnership agreements can work. However, Scholars in this regard advocate a social partnership policy that aims to develop and maintain a positive, productive, cooperative and trusting climate of employee relations Dessler (2008) and Armstrong, (2008).

- **Alignment of HRM with corporate strategy**

The overall strategic link and integration of HR practices with corporate strategy was negatively perceived in private banks. This purely implies that, formulated strategies on paper-works are well-articulated but poorly implemented in practices as concerned senior/ line managers' failure in support or execution of the intended strategy; lack of transparency and ignorance in regards to

internalizing the objectives in a holistic manner/ approach. One of the common themes of the typical definitions of HRM is that human resource policies should be integrated with strategic business planning (Storey, 2009). He also suggests that the concept locates HRM policy formulation firmly at the strategic level and insists that a characteristic of HRM is its internally coherent approach. Meanwhile, these findings are also consistent with the study of Noe (2008) on *'The best perspectives to HRM in Developing Countries'*. He found that most banks in Africa use to formulate strategies based on best practices adapted from westerns. Then, during implementation, it gives than hard time to commercialize and integrate with their respective situations and requirements. He also argued that when a firm's human resource practices are consistent with each other (i.e. internal fit), and with the firm's strategic goals (i.e. external fit), organizational efficiency will be enhanced.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher provides the following recommendations aimed at ensuring that the human resources strategies and practices adopted by private commercial banks in Ethiopia play a positive role in ensuring the improved performance and competitive advantage of the commercial banks that implement them.

Recruitment and Selection Practices

- Whatever the mode of recruitment (external/ internal) preferred by the banks, it should be detailed and communicated clearly in what an organization needs and easily understandable by prospective employees at large so as to avoid favoritism (ethnic/political/ Nepotism).
 - Hence banks should be clear and thoroughly check its requirements before posting recruitment; disclose its evaluation criteria procedures; and update results (if possible) with justification online Medias.

Training and Development Practices

- Private Banks in Ethiopia should formulate strategies for both short and long-term training and development policies for their employees. To achieve this:

- Employees should be involved in all activities of the bank starting from the formulation through implementation and up to evaluation of training and development strategies.
- Managements should undertake different HRD programs including continuing education and training, IT-orientation, career development, etc.
- It should create opportunities for employee's higher studies with fellowship/ scholarship at home and abroad as banks' have good number of bright employees.
- The private commercial banks' managers should ensure that training needs analysis is conducted regularly in order to establish the training needs of the employees in line with corporate strategy. As half-day trainings are not sufficient to support the overall corporate strategy, managers should also plan for long-term training requirements in collaboration with Ethiopian Institutes for Financial Studies.

Performance Appraisal Practices

- Private commercial banks in Ethiopia need to re-evaluate their performance appraisal within the context of their corporate and HR strategy to ensure that they are consistent with the necessary performance measures required by the banking sector.
 - Hence, the banks should apply standard techniques for employees' job evaluation, performance measurement and audit as a routine work.
 - On the basis of the result, their duties and responsibilities should be redesigned and restructured. Because it will reduce the repetitive work and reduce monotonous environment.

Reward and Compensation Practices

- Results indicate that officers in private banks are very satisfied with the reward and compensation practices followed in their respective banks. However,
 - The reward should be given to the officers who are performing better than others and such incentives should be kept as a variable factor.
 - Also, provision can be made regarding overall hike in salaries in regard to completion of no. of respective years spend by an officer in bank, according to the rate of inflation etc.

Employee Relations Practices

- Managers must strive to maintain an enjoyable, family oriented atmosphere in which all employees focus on achieving team goals. This can be achieved through:
 - Organizing seminars, workshops, conferences, different short courses, and training programs on financial matters, current issues, software up-gradation on regular basis that would definitely help to develop knowledgeable manpower, create awareness and change mental attitudes among the professionals.
 - Taking care of the officers, who are leaving their jobs and exit policy should be designed in such a way that it can easily predict the reason behind leaving the organization.

Alignment of HRM Strategy with Corporate Strategy

- Private commercial banks in Ethiopia should match their business strategies with the human resources strategy and management practices in order to achieve organizational outcomes and organizational bottom-line performance. This can be achieved through:
 - All banks and supporting bodies should allocate sufficient budget and send competent employees to international conferences and seminars to prepare them for the competitive knowledge market.
 - Banks should encourage participation of line managers (branch managers and supervisors) in every decision related to human resource function
 - Managements should identify and support best practices in banking sector
 - Private commercial banks should ensure that the way they use HRM strategies is unique in order to guarantee that they are able to have a competitive edge over their competitors.

Suggestions for Further Research

This study was done in private commercial banks in Ethiopia; similar studies can be done in other sectors of the economy such as the manufacturing and transport sector among others in order to compare the findings from these different sectors. Further research and data collection will help to develop the theory of SHRM-performance linkage in contemporary organizations in the various sectors of the economy. Further research should also be undertaken on impact of

factors other than rewards, recruitment, training and development and employee relations on employees' performance of commercial banks in Ethiopia. Further research in this area should focus on the other factors that affect the performance of private commercial banks. Further research in the areas of strategic human resource management practices would be useful in understanding the impact that the practices have on organizations competitiveness and management process for enhanced productivity.

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APPENDICES

Appendix I – Survey Questionnaire

**ADDIS ABABA UNIVERSITY,
FACULTY OF BUSINESS AND ECONOMICS,
THESIS ON THE STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES OF ETHIOPIAN
PRIVATE COMMERCIAL BANKS
[MBA PROGRAM]**

Survey Questionnaire

Dear respondents:

I am a graduate student at Addis Ababa University School of Business and economics, currently conducting a research for the completion of my master’s degree in Business Administration. The purpose of this questionnaire is to assess the overall Strategic Human Resource Management practices of private commercial banks in Ethiopia. Your valuable feedbacks that the researcher will use to determine the current practices of the HRM divisions along with their alignment and integration with business strategies and other HR functions respectively. As a result, the researcher recommends valuable suggestion towards the improvement of HRM practices which have positive contribution for organizational effectiveness so as to fill the gaps identified. The study is purely for academic purpose and thus does not affect you in any case. Your genuine, frank, timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully and oblige.

If you would like further information about this study, or have problem in completing this questionnaire please contact me via +2519 11 26 25 97.

Thank you for your cooperation!

Note: - No needs of writing your name. Where alternative answers are given, encircle your choice and put “x” mark where necessary; and please return the completed questionnaire in time. Thank you in advance for your cooperation and timely response.

Key

- [1] – Strongly Disagreed [SD]
- [2] - Disagreed [D]
- [3] - Neither Agreed nor Disagreed [NAD]
- [4] – Agreed [A]
- [5] - Strongly Agreed [SA]

Part I - Strategic Human Resource Management (SHRM) Dimensions:

You are kindly requested to answers your perceptions based on the 5-scale Likert scale 1-strongly disagree to 5-strongly agree.

Item	Dimensions	Scale				
		SD	D	NAD	A	SA
SHRM alignment with Corporate Strategy		1	2	3	4	5
1	The bank has well defined Vision, Mission and Goals					
2	HR Strategies are derived from Corporate Strategy					
3	Senior managers support the best HR practices and have a proactive approach to people management					
4	Line managers expedite their responsibility to ensure the implementation HR practices in line with corporate strategy					
	Employees internalize organization’s objective and working towards its achievement					
Recruitment and Selection Practices		SD	D	NAD	A	SA

		1	2	3	4	5
5	The bank has employee recruitment policy linked with corporate/ business strategies					
6	The bank has competitive selection system and processes that attract competent people					
7	The bank widely disseminates information about both external and internal recruitment and selection processes					
8	In the bank, line managers (supervisors) participate in selection process					
9	Recruitment and Selection processes of the bank are conducted by trained and impartial people					
10	The recruitment and selection outcome affects the performance of the bank					
Employee Relation		SD	D	NAD	A	SA
		1	2	3	4	5
11	The bank is concerned with employee's well-being					
12	The bank treats employees with respect and attention					
13	There is an environment of understanding and confidence between managers and employees					
14	Encourages employees' participation in problem solving					
15	Favors autonomy in doing tasks and making decisions					
16	The bank recognizes employees' work and their achievement					
17	Follows up on the adaptation of employees to their functions					
18	Managers and employees enjoy constant exchange of information in order to perform their duties properly					
19	There is a consistency b/n discourse and management action					
20	There is an environment of trust among colleagues					
21	Encourages interaction among its employees (e.g., social gatherings,					

	social events, sports events, etc.)					
Training and Development		SD	D	NAD	A	SA
		1	2	3	4	5
22	The bank has a clear training and development plan which is aligned with business strategy					
23	Formal need assessment is carried out periodically and related trainings are provided to employees accordingly					
24	The bank stimulates learning and application of knowledge					
25	Internal and external Trainings are sufficiently aided with required materials and facilities					
26	Invests in employee's development and education for promoting personal and professional growth at large					
27	Training is evaluated by line managers and participants					
28	The organization helps employees develop the skills they need for the successful accomplishment of their duties (e.g., training, conferences, etc.)					
Performance Appraisal Practices		SD	D	NAD	A	SA
		1	2	3	4	5
29	The bank implements good performance appraisal system					
30	Periodically conducts competency-based performance appraisals and immediate action is taken accordingly					
31	Competency-based appraisal is the basis for decisions about promotions, development and salary increment					
32	Disseminates competency-based performance appraisal criteria and results to its employees					
33	Performance appraisal is free from evaluator's personal interest					
	Acknowledgement for good performances					
Reward and Compensation Practices		SD	D	NAD	A	SA

		1	2	3	4	5
34	Employees get incentives such as promotions, loans, awards, bonuses, etc.					
35	Considers the suggestions of its employees when designing a system of employee rewards					
36	Rewards and compensation is directly linked to performance					
37	Remuneration is offered at the labor market levels					
38	The bank's rewards and compensation practices can attract and retain high quality employees					

Part II – Open-ended Questions

1. In your perception, how do you evaluate the overall SHRM practices of your organization?

- Strongly Satisfactory
- Satisfactory
- Neither Satisfactory nor Dissatisfactory
- Dissatisfactory
- Strongly Dissatisfactory

Reason: (if your answer is not (Strongly) Satisfactory)

Suggestion

2. In your perception, what are the factors that hinder the implementation of SHRM in the organization?

Challenges:

Solutions:

3. What measures should be taken to improve SHRM practices of the organization to your level of strong satisfaction?

Challenges:

Solutions:

4. Any other comments?

Part III - Personal Information

Note: - Please mark [X] in the appropriate box to indicate your choice

Gender

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
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Age Group

≤ 25 years	<input type="checkbox"/>	26 – 40 years	<input type="checkbox"/>
41 – 65 years	<input type="checkbox"/>	Over 65 years	<input type="checkbox"/>

Position

Supervisors	<input type="checkbox"/>	Supporting Staff	<input type="checkbox"/>
Customer Service Officer	<input type="checkbox"/>		

Service Year

Less than 5 years	<input type="checkbox"/>	6 – 10 years	<input type="checkbox"/>
11 – 20 years	<input type="checkbox"/>	More than 20 years	<input type="checkbox"/>
Educational Level			
Ph.D.	<input type="checkbox"/>	Masters	<input type="checkbox"/>

Diploma	<input type="checkbox"/>	Degree	<input type="checkbox"/>
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Current Position			
Supervisor	<input type="checkbox"/>	Customer Service Officer	<input type="checkbox"/>
Diploma	<input type="checkbox"/>	Supporting Staffs	<input type="checkbox"/>

Many thanks for your kind cooperation!!

Appendix
ADDIS ABABA UNIVERSITY,
FACULTY OF BUSINESS AND ECONOMICS,
SENIOR ESSAY ON THE STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES OF
ETHIOPIAN PRIVATE COMMERCIAL BANKS
[MBA PROGRAM]

Interview Questions

Introduction

I am a graduate student at Addis Ababa University School of Business and economics, currently conducting a research for the completion of my master's degree in Business Administration. The purpose of these questions is to assess the overall Strategic Human Resource Management practices of private commercial banks in Ethiopia. Your valuable feedbacks that the researcher will use to determine the current practices of the HRM divisions along with their alignment and integration with business strategies and other HR functions respectively. As a result, the researcher recommends valuable suggestion towards the improvement of HRM practices which have positive contribution for organizational effectiveness so as to fill the gaps identified. The study is purely for academic purpose and thus does not affect you in any case. Your genuine, frank, timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully and oblige.

Let's get started with the first question:

1. In your perception, how do you describe the overall Strategic Alignment of HR with your organization objectives in regards to ensure that programs/activities link clearly and directly to specific business impacts and objectives the line functions are required to achieve?

- Challenges:

- Suggestions:

2. Regarding Recruitment and Selection practices of your organization,
 - a. Can you describe the selection and recruitment procedures and practices?
 - b. Does the procedure help to recruit the right person at the right time?
 - c. What actions could the organization have taken to keep their human resources and attract other applicants?

- Challenges:

- Suggestions:

3. Referring Training and development practices of your organization.
 - a. How would you describe the training programs provided by your company?
 - b. Does your company convert its working experience into improved processes and services systematically?
 - c. Do your training and development programs help in acquiring employees with new skills that assist in retaining new customers for the company?

- Challenges:

- Suggestions:

4. Regarding the Reward and Compensation practices, In your opinion,
- a. How would you rate employees' compensation and benefits in the organization?
 - b. Do job descriptions and performance assessment processes acknowledge the importance of growing, sharing, and re-using knowledge?
 - c. Can you describe your performance appraisal?

- Challenges:

- Suggestions:

5. Referring Employee's relation

- a. Is the HR function prepared and positioned to play an integral role in strategic partnerships of other functions? ^
- b. Does HR at your company ensures that line management considers workforce issues during the business strategy formulation process? ^ ^ ^
- c. At your company, do different work groups reach out to help and support each other?

- Challenges:

- Suggestions:

6. Identify specific aspects in this organization that you would change in order to improve the workplace environment

7. Can you identify the barriers that affect the SHRM practices at your organization?
8. What is the most critical employee management issue that your organization regularly faces?

Many thanks for your valued time and cooperation!!