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**The Influence of Human Resource Management Practices on Employee
Performance: The case of FH Ethiopia**

By

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**A Thesis Submitted to Graduate Studies Program in Partial Fulfillment of the
Requirements for the Award of Master of Arts Degree in Human Resource
Management**

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Declaration

I, Biniam Haile, hereby declare that the dissertation entitled “The Influence of Human Resource Management Practices on Employee Performance: The case of FH Ethiopia” is my own work and I have duly acknowledged all the sources of information which have been used in the dissertation. This dissertation has not been submitted for any degree in any university previously.

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This is to Certify that the thesis prepared by *Biniam Haile Gogoto*, entitled “*The influence of HR Practices on Employee Performance: The Case of FH Ethiopia*” submitted in partial fulfillment of the requirements for the degree of Degree of Master of Arts *Human Resources Management* complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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ACRONYMS

ANOVA Analysis of Variance

FH Ethiopia Food for The Hungry Ethiopia

NGO Non-Governmental Organization

HRM Human Resource Management

HR Practices Human Resources Practice

ABSTRACT

This study examined the influence of Human Resource Management Practices on Employee Performance in FH Ethiopia. The objectives of the study were to examine the relationship that recruitment and selection practices, training and development initiatives, performance management system, compensation and benefit structure and lastly exploring employee engagement strategies adopted by FH Ethiopia. The study adopted a quantitative and qualitative research method used to collect and analyze using questionnaire. The study found out that the HR practices has positive contribution on the employee's performance but there were gaps observed per the perspectives reflected by selected respondents. This informs the management to critically look in to the policies and procedures, potential learnings. Thus, the research confirms the hypothesis which all the influence independent variables have on employee performance. It was discovered that HR practices at FH Ethiopia are facing challenges due to an influence of the donor interest and decision power they have over the resources which highly impacting strategic directions on the HR developments specially on the human resources development. The study therefore recommends FH Ethiopia to have a clear recruitment and selection, training and development, performance management system, compensation and benefits, and employee engagement and motivation policy to achieve and improve the employee performance and share lessons to the NGO sector as well.

Key Words: Influence of HRM Practices, donor interest and ecision power, strategic direction and NGO sector

Chapter 1: Introduction

1.1. Background

Currently organizations operate in highly dynamic and competitive business landscape, organizations continuously seek ways to optimize employee performance, because it is a critical factor influencing overall organizational success (Jiang et al., 2012; Hee & Jing, 2018). The implementation of effective human resource (HR) practices is among the key drivers of employee performance (Khoreva & Wechtler, 2018; Tabiu & Nura, 2013; Alsafadi & Altahat, 2021).

Human resource practices encompass various aspects, which includes recruitment and selection, training and development, performance management, compensation and benefits, and employee engagement strategies (Obeidat et al., 2018; Tehmina Sattar, 2015). Even though the impact of HR practices on employee performance has been studied extensively across the private and public sector and across sectors and industries, the non-governmental sector, which plays a key role in addressing socio economic challenges and engaged in promoting sustainable development has received less attention (Akingbola, 2013; Ridder & McCandless, 2010).

FH Ethiopia is one of the prominent international NGOs operating in Ethiopia. Currently FH Ethiopia operates in different programs such as foods security, Education, WASH, Health and Nutrition, integrated community development programs and Emergency Relief and Rehabilitation programs in five regions of the country i.e. Amhara, Oromia, Benshangul Gumuz and Tigray regions with over 1800 staff. Since FH Ethiopia is highly reliant on donor, funding it is clear that it operates in resource-constrained environment,

which may challenge attracting, retaining, and motivating a skilled and committed workforce.

The NGO sector has been facing challenges in implementing long-term HR strategies because of the factors such as resource limitation, donor dependencies, and requirement to balancing organizational goals with societal impact and many others. Therefore, it is important for NGOs like FH Ethiopia to work towards equipping their employees with the required set of skills, motivating them by designing careful strategies, and enhance their engagement in the process of achieving mission of the organization (Akingbola, 2013). In doing so research, which can identify challenges and help design carefully, tailored HR strategies is very important.

In spite of such a necessity, there is no sufficient study, which explores the relationship between Human Resource practices and employee performance specifically focusing on the NGO sector particularly in Ethiopia. This research gap is the first rationale, which initiates this study, which is an attempt to examine the relation therefrom and recommend strategies tailored for improvement, in this unique context.

By conducting this study, which is an attempt to examine the impact that Human Resource practices have on employee performance, the presumption is that NGOs, policy makers, and researchers can garner valuable lessons or insights. And the findings are believed to contribute for the improvement of effective HR strategies which can help in sustainably building employee performance for the NGOs in particular and the wider context in general.

1.2. Statement of the problem

The influence that Human resource practices have on employee performance has been extensively studied in the past two decades. Attention was also being given for the employee-centered outcomes, particularly focusing on the Effect that HR practices have on employee performance (Vlachos, 2008) and currently on wellbeing (Khoreva & Wechtler, 2018).

Empirical evidence demonstrates that HR practices have a positive influence on employee performance (Van De Voorde et al., 2012; Devonish, 2013). Apart from these, some other studies have uncovered that HR practices have negative effect found triggering stress, burnout, exhaustion and dissatisfaction (Grant et al., 2007; Alfes et al., 2012). In addition, research over the area have indicates the existence of trade-offs between HR practices and different dimensions of employee performance (Khoreva & Wechtler, 2018). Most importantly however there is a growing recognition that Human resource practices are a crucial determinant of employee performance and organizational effectiveness (K. Jiang et al., 2012) (Obeidat et al., 2018).

In spite of such developments and more nuanced research on the influence of HR practices on employee performance across many contexts, sectors and settings little research has been done in the context of NGOs, which contextually have different sector specific challenges and practices. It is also imperative to recognize that the influence of HR practices vary across these contexts, sectors and settings which highly necessities investigation of sector specific challenges and best practices. (Tessema & Soeters, 2006). The non-governmental sector has different constraints such as limited resources, donor dependencies and primarily focusing on societal impact rather than profit maximization,

which makes implementing Effective HR practices which can maximize employee performance can be particularly challenging. The problem becomes more pronounced specifically when it comes to operating in developing countries like Ethiopia which have limited pool of skilled labor, rising employee turnover rates, and the requisite for balancing organizational effectiveness with norms and expectations (Akingbola, 2013).

FH Ethiopia, which is one of the prominent NGOs operating in Ethiopia, is dedicated to fighting hunger and poverty by developing sustainable development initiatives, is not immune to the challenge discussed above. These challenges coupled with resource constraints, reliance on donor funding can reduce its effectiveness in procuring and maintaining skilled workforce to achieving its mission.

Empirical research investigating the influence that Human resource practices have on employee performance indicates positive correlation also acknowledging the negative consequences that these practices pose on employee performance and wellbeing. Such investigations have been focusing on the private and public sector while leaving gap for context specific research in the NGO sector. some studies have been conducted to analyses the relationship in the NGO sector (Ridder & McCandless, 2010)(Akingbola, 2013) but have failed to provide a comprehensive understanding of sector specific contexts and failed to take into consideration organizational contexts that shape the link between HR practices and employee performance.

Furthermore, there is lack of research, which recognized and tried to explore the potential for learning from context specific research and cross-sector learning and collaboration in HR strategies, which can contribute for a better understanding on designing effective strategies tailored for NGOs. The Gap identified in the literature brings an opportunity to

identify strength and best practices so that can be scaled up to different sectors in an effort for addressing common HR challenges thereby optimizing employee performance.

Therefore, this case study on FH Ethiopia will be necessary for bridging the existing knowledge gap and providing valuable context specific insight. In doing so, the study will try to identify specific HR practices employed by FH Ethiopia and its perceived influence on employee performance; it will try to identify unique challenges and opportunities that are facing FH Ethiopia in designing and implementing effective HR strategies the enhance employee performance considering resource limitations, dependencies on donor funds, and socio-cultural landscape of Ethiopia; will try to identify HR practice that can be scaled up for cross sector learning and adaptation and will try to device practical recommendations for designing HR strategies to context specific challenges and needs faced by NGOs operating in developing economies like Ethiopia.

By addressing, this study will contribute for an in depth understanding of the role that HR practices play in Employee performance with in the NGO sector developing country context like Ethiopia. In addition, the findings will contribute for the development of HR strategies that can be tailored needs and unique challenges facing the NGO sector in Ethiopia and beyond.

1.3. Research Questions

1. What relationship exist between employee's performance and recruitment and selections processes at FH Ethiopia?
2. How Training and development strategies, plans and practices affect worker's performance at FH Ethiopia

3. How performance management system in place at FH Ethiopia affect individual and team performance?
4. How do compensation and benefit system influence employee performance at FH Ethiopia?
5. How employee engagement practices affect performance of employees at FH Ethiopia?

These research questions will guide the whole process of this research in an effort to provide a complete understanding of the influence that various HR practices have on employee performance with in the context of FH Ethiopia. The findings of this study will provide invaluable insight for the specific sector and will contribute for the broader academic and professional discussions.

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this study is to analyze the impact that Human resource practices have on employee performance by taking FH Ethiopia as a case study.

1.4.2. Specific Objectives:

- Examining the relationship between recruitment and selection practices on employee performance
- Analyzing the impact of training and development initiatives on employee performance.
- Evaluating the impact of FH Ethiopia performance management on employee performance

- Assessing the influence that organizations compensation and benefit structure have on employee motivation and productivity
- Exploring employee engagement strategies adopted by FH Ethiopia and its contribution for the overall workforce performance.

1.5. Significance of the Study

This research has practical, theoretical and policy related significances. Practically uncovered insights for FH Ethiopia in particular and the NGO sector in general on the most effective HR practices which practically contribute for enhancement of employee performance and effectiveness of the organization. While theoretically, it has contributed to the existing body of literature exploring the relationship between HR practices and employee performance in the NGO sector in developing countries context in particular. In addition, the findings of this research can inform policy and practice in the effort for development of HR related policies and practices for FH Ethiopia and can inform broader HR related activities in the sector. Additionally, from the findings of this study, best practices will be identified and documented which were considered effective in enhancing employee performance form the context of FH Ethiopia probably which can potentially be useful for other similar organizations. Finally, yet importantly, this study by supplying better understanding on the influence that HR practices have on employee performance, will help in enhancing organizational competitiveness. In other words, understanding the impact that HR practices of this specific organization on employee performance can help it in optimizing human capital management strategies, which can potentially lead to enhanced organizational performance.

1.6. Scope of the Study

This study is an attempt to examine the impact of human resource management practices on the performance of employees within the context of FH Ethiopia in particular and the NGO sector in general. FH Ethiopia is one of the leading NGOs in Ethiopia and the wider region. Here, what amounts to HR practices is defined as to include recruitment and selection; training and development; compensation and benefits; performance management; and employee engagement. It will try to investigate the organizations processes for attracting, screening and selecting employees affect their performance; it will explore the impact that training and development endeavors, career development practices, opportunities for skill and knowledge enhancement and educational opportunities on employees performance; it will try to conduct an analysis the influence of organizations compensation structure, incentive schemes, and benefit packages on employees productivity and motivation; it will assess organizations' performance appraisal systems, feedback mechanisms and recognition programs impact on individual and team performance and it will explore the contribution of employee engagement efforts of the organization to enhancement of performance of the employees.

In addition, this study focuses on the context of FH Ethiopia in particular and the NGO (non-governmental) sector in general. It will mainly focus on identifying the context specific or unique challenges faced by FH Ethiopia for designing and implementing effective HR practices thereby uncovering the impact, they have on employee performance.

1.7. Limitations of the study

Primarily this study is conducted by taking FH Ethiopia as a case organization and generalizations are more pronounced to the study organization due to the limitation of this study in including similar NGOs. It is difficult to draw conclusion to the NGO sector which necessitates further research to understand context specific scenarios in the NGOs in Ethiopia.

The study is also having limitations which includes like limited variables by focusing on a specific set of HR practices other important factors that might influence the relationship are beyond the scope of this study. therefore, further research by taking other mediating variables can strengthen the findings for further research. The study also assumes linear relationship between variables which might not always be true in the real world so further advanced research aimed at developing this relationship is necessary. These limitations suggest the need for context specific and longitudinal research to understand the phenomenon in greater in detail.

1.8. Organization of the study

This study organized in four chapters. The first chapter introduces the reader with the background information and statement of the problem understudy, the research questions objectives and organizations and limitations of the study. The second chapter details both empirical and theoretical literature review along with conceptual framework of the study. The third chapter describes the methodological details, which includes the philosophical position, research design, methods, and tools used in conduct of the study. The fourth chapter covered the finding of the study. Finally, the last chapter has included summary of the findings, conclusion drawn from the findings and recommendations suggested.

Chapter 2: Literature Review

2.1. Introduction

Human resources are the most important asset of an organization but its potential are not fully harnessed except in a few exemplary organizations. However, it encompasses wide range of thoughts, perspectives and philosophies on how people should be managed. Human resource management defined as “a set of distinct but interrelated activities, functions, and processes which are directed at attracting, developing and maintaining an organizations human resources. To enhance the performance of organizations, fully utilizing this system is very essential.

Existing Body of research in the field of HR practices and their influence on organizational performance have significantly grown. Both scholars and practitioners have tried to analyze and understand the complex relationships between the various components of HR practices and their constituent impact on organizational performance in general and some have tried to investigate their influence on employee performance. Apparently, what is clear is that due to the continuous effort to maintain their competitive edge, the recognition for the effective management of human capital have increased.

In this literature review, synthetization of the theoretical and empirical evidence on the influence that HR practices have on employee performance is presented. in doing so the review is contextualized with in the NGO sector. in addition, the review will explore the key HR practices which are identified as highly influencing employee performance these are recruitment and selection, training and development, compensation and benefits, performance management and employee engagement. Their specific influence in shaping

employee performance is reviewed in addition to their constituent influence on organizational performance.

This study will draw from theories such as resource based view (RBV) theory, social exchange theory, and expectancy theory. These theories, which are highly established in the field, of human resource management provides solid conceptual foundation in understanding the mechanisms and processes through which HR practices contribute to employee performance specifically and organizational performance in general.

In addition, this review incorporates emerging theories such as talent management, sustainable HRM, to capture and give meaning to emerging themes and perspectives from the analysis on the strategic role the HR practices play.

Through exploration of literature in the field, key factors and processes that link HR practices with employee performance is identified, contextual factors that can influence this two-way relationship is depicted. In addition to these, gaps and limitations in the current research is highlighted in the review, by particularly focusing in the context of NGO sectors and developing countries, in the process of justifying the position of this study and its significance.

In general, this literature review provides the reader with the comprehensive understanding of the effect of HR practices on employee performance by specifically focusing on the developing countries context and NGO sector. By doing so, research design, data collection and analysis used to be informed and recommended based on evidence will be forwarded which can enhance the human capital strategies in the NGO sector in particular and in the wider human resource management body of knowledge in general.

2.2. Theoretical review

Several theories served as a theoretical foundation for the conduct of this study, which are highly established in the field of Human resource management and organizational behavior. Conceptual framework is drawn from the implications of these theories in addition to framing the relationship between the dependent and independent variables.

2.2.1. Resource based view

This theory posits that despite a firm having well-defined goals, how such goals will be fulfilled is often limited by resource availability. It largely focuses on utilizing and deploying resources in the way leading to development of resource driven competencies and eventually enhancing competitive advantage. Human capital according to this theory is one of the most significant resources of the firm and suggests for developing it and leveraging it to creating a sustainable competitive advantage. In the context of this study RBV theory underscores the importance of aligning HR practices with organizational goals to enhance employee performance consequently leading to organizational performance.

2.2.2. Human capital theory

This theory emphasizes on improving the skills and knowledge of employees through education and training. This theory is relevant particularly for this study because the success of the study organization (FH Ethiopian) is largely dependent on the capabilities of its employees. It suggests that one of the HR practices i.e. training and development, can enhance the productivity of employees and contribute for the overall organizational performance.

2.2.3. Social exchange theory

This theory is mostly employed to predict the employee commitment, employee motivation and their desire to stay in a particular organization. It suggests that the relationship between employee and organization is based on reciprocal exchange i.e. employee's efforts and commitment are contingent on the effort of the organizations provision of valued resources (fair compensation, development opportunities, and supportive work environment), it underscores the importance of HR practices which foster positive interrelationship between employees and the organization.

2.2.4. Expectancy theory

Different writers have come up with different forms of expectancy models but most of the variations are more of in terminology than a conceptual disagreement. Vroom (1964) was the first who attempted to use cognitive oriented assumptions for a general theory of motivation and he defines motivation as "force impelling a person to perform a particular action, these actions as determined by the persons expectancy will be followed by a particular outcome and the valence of that outcome" (Lawler & Suttle, 1973). According to this theory employee, motivation and performance are influenced by their perceptions of performance or effort and desired outcome. In the context of this study, this theory will help in explaining the findings that might emerge due to HR practices related to performance management, compensation, and employee recognition playing a part in shaping employee recognition.

2.2.5. Talent management theory

This theory emphasizes that attracting, developing and retaining high performing employees or described as “talents” is strategic importance for achieving organizational success (Collings & Mellahi, 2009). Managing talents has received wide spread acceptance owing to its potential in creating and maintaining competitiveness for organizations. Employee performance is mostly the outcome created by the action of individual over a specific time to fulfill the desired task or the ability of person to accomplish organizational goals many studies have indicated significantly positive effect of talent management practices on employee performance and job satisfaction(Bibi, 2018). This theory is particularly important for this study as it can help for explaining the study organizations ability to effectively manage its human capital and its resulting effect on overall performance and competitiveness.

2.2.6. Sustainable HRM theory

Sustainable human resource management is relatively new approach for human resource management, which involves achieving positive economic, social, human and environmental outcomes simultaneously, in the short term and in the long run. According to Kramar, (2014) there are three common characteristics in the attempts to define sustainable HRM i.e. first focusing on the development of human capital as an essential outcome of HRM processes, second, sustainable HRM challenges the premise that the primary purpose aligned with HRM which is achieving business outcomes and third its dominant concern involves the long term survival of the organization and the HRM processes and outcomes which can contribute for such. In general this theory

conceptualizes sustainability as a mutual benefit for all stakeholders and economic success alone is not regarded as sufficient for long-term organizational viability (Lynch, 1992).

This theory will help explain importance of HR practices for achieving work life balance, employee wellbeing and environmental sustainability, which in the long run contributes for organizational performance.

The above discussed well established theories and emerging concepts will supply this study robust theoretical foundation in the process of examining the impact of HR practices on employee performance in the context of FH Ethiopia. Each theory can be relevant due to the potential insight they offer in explain the relationship between the dependent and independent variables and mediating roles of other variables ultimately guiding the research process.

2.3. HR practices and Employee performance

2.3.1. Recruitment and selection practices

Effective recruitment and selection practices enables organization in the process of attracting, identifying best employees. It is mostly associated with reducing attrition, increased productivity and improvement of organizational performance in general. Pool of qualified and talented candidates can only be generated by developing effective recruitment practices while most suitable candidates can only be hired for specific roles by having robust selection processes (Ployhart, 2006). It is assumed that the recruitment and selection practices of FH Ethiopia significantly influences the performance of its employees and the overall organizational performance.

The linkage between recruitment and selection practices and employee performance has been explored by a growing literature. For example Breugh, (2013) indicates that it is important for employing multi-method approaches such as tests, interviews and reference checks for enhancing reliability and validity of selection processes. Also T. Jiang & Iles, (2011) found out that structured selection methods like behavioral based interviews and work sample tests are highly associated with employee performance.

Researches also identified that person-organization fit (P-O) fit i.e. an alignment of individual values, goals and personality with organizations culture and demand as influencing employee performance (Kristof-brown et al., 2005). It is also identified that those recruiters who prioritized P-O fit in the selection process are more likely to identify candidates who better assimilates with the organizations work environment which ultimately found to lead to increased job satisfaction, organizational commitment and enhanced performance (Kristof-Brown & Guay, 2023).

In the context of NGOs, in the recruitment and selection process, considering the alignment of candidates with the mission, values and social impact of the organization is necessary. Individual selected through this process can be passionate about the organizations goal achievements and can share its core values eventually contributing for their engagement, motivation and performance (Bauer & Erdogan, 2010).

In general, literature in the field of human resource management highlights the importance of recruitment and selection practices in shaping employee performance. It is indicated above that adopting multi-method approach, prioritizing P-O fit, aligning selection process with organizations missions, values and goals and leveraging technologies can enhance employee's performance.

2.3.2. Training and development practices

Training and development practices are considered one of the critical components of organizations human resource management strategies. They have a significant impact on employee performance in particular and organizational performance in general (Aguinis & Kraiger, 2009). Training and development initiatives implemented by an organization plays a very important role in enhancing the knowledge, skills, and capabilities of its workforce and organizational performance in general.

Literature exploring training and development practices and employee performance is rampant. One study which is a meta-analysis conduct by Salas et al., (2012) indicated that employee training programs that are well designed, implemented, and aligned with organizational goals leads to significant enhancement in productivity, organizational effectiveness and job performance. These authors also indicated the necessity for incorporating various training methods, such as classroom based instruction, on-the-job training, and technology-enabled learning, to cater to the diverse learning preferences and needs of employees.

Training and development programs are particularly valuable for the NGO sector since they are valuable in enhancing the competencies of employees, who navigates tin the complex social and environmental challenges. One research for example have found out that training and development practices as significantly influencing employee performance in NGOs in Afghanistan (Adil et al., 2021).

Now a days the concept of learning organization have gained paramount importance in the field of human resource development, asserting the importance of fostering a culture of continuous learning and knowledge sharing (Garvin et al., 2008). In the context of the study

organizations implementation of learning and development programs that promotes employee empowerment and collaborative problem solving and knowledge transfer can contribute for organizational performance.

In addition, modern technologies such as e-learning platforms, virtual training simulations and mobile learning applications are contributing for the accessibility and effectiveness of training and development programs. Catching up with these technological advancements is providing organizations the flexibility and personalization of learning opportunities while also enabling organization for easily tracking progress and its resultant influence on performance.

Moreover, training and development programs have to be integrated with HR practices such as performance management and career development because it can enhance the impact of these initiatives on employee performance. In addition aligning training and development programs with organizations performance evaluation criteria can provide a clear pathway for career progression which ultimately can enhance motivation and performance of employees (Paauwe & Boselie, 2005).

In summary, literature in the area have emphasized the critical role of training and development practices in influencing employee performance including those in the NGO sector. Therefore, designing and implementing comprehensive training and development programs by adopting modern technologies, integrating training and development with HR practices organizations can enhance the capacity of their employees and their contribution for overall organizational performance.

2.3.3. Performance management practices

Continuously measuring and actively managing employees performance in an organizational is currently being conceived as critical to improve organizational effectiveness and to the development and survival of any organization (Hartog et al., 2004). Performance management refers to a set of activities by organization, which are engaged in for enhancing the performance of individuals, teams with the ultimate purpose of improving organizational effectiveness (Biron et al., 2011). It one of the critical HR practices which encompasses the processes and systems, which are in place in organizations to align goals of employees and behavior's with the overall strategic objectives of organizations(Aguinis & Burgi-Tian, 2021). It is assumed in this study that performance management system in place in FH Ethiopia have a significant impact on performance of its employees and in its overall organizational performance.

The influence of performance management practices on employee performance and the relationship thereof are extensively studied empirically. A study by Ying, (2012) indicated that continuous communication within organization and personnel development have a significant and positive impact on employee performance. Another study which is a meta-analysis by Poister, (2003) have shown that the use of performance management systems which incorporates clear goal setting, regular feedback mechanism and appropriate reward and recognition leading to significant improvement in employee performance and organizational effectiveness.

Effective performance management have different components and aspects. One of the key aspect of effective performance management is the use of goal setting practices which according to Locke & Latham, (2002) posits specific, challenging and attainable goals as

can motivating employees their by enhancing their performance. In addition, the implementation of robust goal setting processes, which champions the collaboration between employee and their managers, can establish measurable and clear objectives. These are found to contribute to increased employee engagement, motivation and increased performance (Aguinis & Burgi-Tian, 2021).

Another critical aspect of performance management, as studies have shown, is providing employee's feedback, which is timely, constructive, timely and actionable. This is found to contribute for helping employees in identifying areas of improvement, develop their skills, and align their behaviors with the goals of the organization (London & Smither, 2002). Feedback mechanisms such as formal peer reviews, real time feedback, and peer-to-peer feedback can enhance performance management system of the study organization. Integrating performance management system with HR practices such as training and development, compensation and reward system can enhance the impact on performance of employees. It is generally accepted that performance management system when linked with talent management initiatives and fair reward systems, it can foster a culture of continuous learning and reinforce the commitment of organizations to their employees (Paauwe & Boselie, 2005).

In addition, technology based performance management systems can enhance efficiency and effectiveness of HR practices. Performance management software's are found to facilitate goal setting, real time feedback, and in helping generate data driven insight for decision-making (Aguinis & Kraiger, 2000).

2.3.4. Compensation and benefit practices

Compensation and benefit practices within an organization have significant impact on employee motivation, job satisfaction, and overall employee performance (Gerhart et al., 1992). In this study, it is assumed that FH Ethiopia's strategy or approach for compensation and reward plays a pivotal role in attracting, retaining and engaging its workforce, which eventually is essential for achievement of organizational goals.

The relationship between compensation and benefit practices and employee performance is extensively studied in the human resource management body of literature. According to Gerhart and Rynes (2003), the design and implementation of effective compensation systems (both financial and non-financial) can lead to improved employee performance and organizational effectiveness.

One of the important aspects of effective compensation and benefits system is the alignment of pay structures with organizations strategic objectives and market conditions (Gerhart et al., 1992). The organization i.e. FH Ethiopia shall ensure that its compensation packages are competitive within the NGO sector. It should also ensure that its compensation packages are competitive within the NGO sector, in order to attract competent and retain top talent. The application of performance based pay systems are found to motivate employees to achieve their individual and team level goals (Gerhart & Fang, 2015).

Compensation and benefit packages like health insurance, retirement plans, work life balance programs, can also have a significant impact on the performance of employees. Designing robust compensation and benefits program, which really caters to the diverse

needs of employees, can demonstrate organizations commitment to employee wellbeing, enhanced sense of loyalty and commitment, and enhance performance.

It also important to integrate compensation and benefit systems with other HR practices such as performance management, training and development can increase its impact on employee performance. For example, if FH Ethiopia integrates employee contributions with reward outcomes, it can motivate its employees to excel in their assigned roles.

Technology based compensation and benefits administration can enhance the efficiency and transparency of these practices. In doing so employing digital tools such as digital based payroll and benefits management platforms can provide real-time data for analytics and can enable organization make an informed decision.

By conducting survey on the perception of employees on the design and implementation of compensation and benefit, systems can help organization to gain insight on the factors that are valued most and tailor its compensation and benefits accordingly (Gerhart et al., 1992).

In general, the critical role that compensation and benefits practice have in shaping employee performance with in organizations is recognized, including the NGO sector. Therefore, designing and implementing equitable and competitive compensation system, providing comprehensive benefit packages, and integrating these practices with the wider HR initiative can enhance the motivation, job satisfaction and over all employee performance of organization thereby contributing to organizational success.

2.3.5. Employee engagement and motivation practices

According to Seijts & Crim, (2006) employee engagement and motivation are critical factors which significantly affect employee performance and organizational success.

Therefore, in the context of FH Ethiopia fostering employee engagement and motivation can contribute to the organizations ability in achieving its strategic objectives.

The link between employee engagement, motivation and performance is studied extensive in HRM literature. A meta-analysis by Harter et al., (2002) indicates that organization which have highly engaged employees have experienced higher level of customer satisfaction, productivity, and profitability. These positive outcomes according to the authors are due to discretionary effort, commitment and motivation demonstrated by employee who are engaged.

According to many writers one of the most important aspect of employee engagement is the creation of positive and supportive work environment which promotes open communication, collaboration and a sense of belongingness (Kahn, 1990). Cultivating an environment by implementing practices like encouraging employee voice, recognizing and celebrating achievements and fostering a culture of mutual respect and trust is essential for organization like FH Ethiopia.

Another important factor which influence's employee performance is motivation. Researchers have come up with different motivation theories such as self-determination theory(Ryan & Deci, 2000) and expectancy theory (Vroom,1964), which highlights the importance of inculcating both intrinsic and extrinsic factors in driving employee behavior and performance towards organizational goal.

Organizations can leverage both intrinsic and extrinsic motivational factors for enhancing employee performance. Like providing autonomy for employees, skill development opportunities, and a sense of purpose which aligns with organizations goals can enhance intrinsic motivation (Gagne & Deci, 2005) while implementing performance based

rewards, opportunities for career advancement, and initiative that enhance work-life balance initiative can address extrinsic motivation (Aguinis & Burgi-Tian, 2021).

Integrating other HR practices with employee engagement and motivation practices like training and development, performance management can further enhance their impact on employee performance. If for example performance evaluation and feedback processes are aligned with employee engagement initiatives, organizations like FH Ethiopia can strengthen the link between employee recognition and contribution while enhancing motivation and commitment of employees (Paauwe & Boselie, 2005).

Utilizing technologies and tools, such as surveys on employee engagement, pulse checks, and social collaboration platforms are considered to generate real time insight in to the drivers of employee engagement and motivation that enables organizations to tailor their initiatives accordingly.

To summarize, literature in this area emphasizes that employee engagement and motivation plays a crucial role in shaping employees performance in organizations. Creating positive work environment, addressing both intrinsic and extrinsic motivational factors, and integrating them with other HR initiative can enhance employee engagement, commitment and performance, which ultimately contributes for organizational effectiveness.

2.4. Human Resource Management Practices in NGOs

Non-governmental organizations encompass groups of organization that function independently of any government with objectives of improving social wellbeing. They play a critical role in addressing social, economic and environmental challenges in different societies. But they are confronted with the conflicting demands of providing high quality

services while their funding is getting reduced and markets pressuring them to make efficient use of resources (Ridder et al., 2012). Nonprofit organizations have also multiple accountabilities, and the need to display accountability and meet performance requirements in order to generate funds (Frumkin & Andre-Clark, 2000). Among many other reasons, donors and funders' drive for documented outcomes is pushing nonprofit organizations in the direction of greater programmatic efficiency (Frumkin & Andre-Clark, 2000).

In recent years, the role that HRM plays within non-governmental organizations has received growing attention among practitioners and theoreticians alike (Bartram et al., 2017). Since employees in this sector are viewed as strategically important, investments in HR practices that can enhance the skill and motivation of employees is being seen as an important strategy for coping with the unique challenges that this sector is facing (Ridder et al., 2012).

However, among many things one key consideration for nonprofit organizations or NGOs is the need to balance professional human resource practices with the organization's goals, values and missions. Many researchers found out that NGOs often struggle to reconcile the desire for professionalization with voluntary and mission driven nature of work in response some NGOs adopted "high-commitment" HRM strategies emphasizing employee empowerment and development.

Talent management and recruitment are critical focus areas for NGOs. With regard to these NGOs are required to develop robust interviewing processes to identify candidates whose values align with organization's values and culture, in addition to their technical culture (Alagaraja & Shuck, 2015). To appeal to purpose driven individuals NGOs also employ techniques such as offering a secondment opportunities or leveraging their social impact.

Compensation and benefits are also another important areas where NGOs shall focus. When they are not able to offer competitive salaries it is recommended for resorting to non-monetary rewards, such as flexible work arrangements, professional development opportunities, and positive work life balance (Akingbola, 2013). Some other NGOs introduced profit sharing or revenue sharing models to align incentives of employees with organization's mission and performance

In sum, by addressing, the unique challenges discussed above and adopting best practices NGOs can enhance their ability to attract, develop, and retain talented individuals.

2.5. Human Resource Management practices and employee performance in NGOS

Nonprofit organizations often face financial and human resource constraints, which limits their ability to efficiently and cheaply execute large-scale programs as do for non-profit organizations. The main reasons for such is that they lack large-scale information technology and management experience, they are unable to absorb risk and raise capital and they have difficulty in recruiting and retaining best talents (Frumkin & Andre-Clark, 2000). . Researches over the areas suggest that the effect of HRM do not stem from single practice only but from the mutually reinforcing set of practices. These set of practices play a crucial role in enhancing employee performance for NGOs (Ridder et al., 2012).

One of the most important practices, which is found to positively affect employee performance in NGOs, is talent management. Resourcing talent, for organizations grappling on mechanism for enhancing employee performance, is considered one best option organizations have to enhance organizational competitiveness and employee

performance(Sayagues, 1989). Talent management encompasses recruitment, selection, onboarding, mentoring, performance management, career development, leadership development, replacement planning, career planning, recognition, and reward. Researchers over the area have indicated that NGOs should invest in robust recruitment and selection processes to identify the best skill and knowledge with value orientation to their culture and values (Mutambara S & Mutambara J, 2012) (Sayagues, 1989)(Batti, 2014) (Abrokwah et al., 2018). Value fitting is identified as leading to higher level of employee engagement and performance (Brunt, 1991).

Another critical component of HRM practices for NGOs is employee training and development. According to studies, NGOs that provide their employees with opportunities for continuous learning and skill building have higher level of employee performance and retention (Enock Katere et al., 2022) (Adil et al., 2021). This practically implies that in NGO context where complex social, political and environmental challenges abound it is very essential to continuously engage in training and development.

Another area of HRM practices which influences employee performance in NGOs is compensation and benefits management. Studies have indicated that positive relationship exists between reward management and employee performance in NGOs and effective reward management systems have shown to attract, motivate and retain employees. Compensation and benefits mostly include reward management, benefits, well-being, recognition and development. In NGOs, most studies indicated the effect of non-financial incentives in influencing employee performance. Moreover, they have shown that training, employee recognition, participative decision-making and career advancement

opportunities influence performance in non-governmental organizations (Nyagwoka Faith Kerubo, 2022) (Omolo & Mose, 2019).

Further, effective performance management systems have an influence on the performance of employees of NGOs. Evaluating and management of performance of employee in NGOs can help them determine organizations goals and how employees can contribute achieving these goals. Effective performance managements systems are systems, which mostly involves goal setting, planning, developing, evaluating and rewarding performance in away achieving organizational goals. It is important for NGOs because they have funding insecurities, multiple stakeholder requirements and demands for effectiveness and accountability (Magdy & Wadongo, 2011). One of the components of performance management is performance appraisal; it plays a crucial role in the development of employees, helping uncover weaknesses and strengths for executives. Researches have indicated that NGOs which implement robust performance management practices, such as regular feedback, goal setting, and career development planning, have procured higher levels of employee performance and organizational commitment (Yap & Ferreira, 2011). In general, existing literature in the field suggests that a strategic and holistic approach to HRM, which addresses the unique challenges that NGOs face can positively influence employee performance and achievement of organizational goals.

2.6. Empirical literature review

Empirical literature over the relationship between HRM practices and employee performance strongly indicates that effective HR practices are foundational for enhancing

employee performance. Several studies have tried to investigate the relationship between the two across different sectors and contexts.

Researches over recruitment and selection practices and employee performance have shown that effective recruitment and selection practices are highly correlated with enhanced employee performance. For example, a study by (Breaugh, 2013) found out that the employment of multi-method approaches, like tests, interviews, and reference checks, can enhance the reliability and validity of selection processes which directly correlates with employee performance. In addition T. Jiang & Iles, (2011) indicated in their study that selection methods which are structured i.e. behavioral based interviews and work sample tests are highly correlated with the performance of employees.

Numerous studies are also conducted to discern the relationship between training and development and employee performance, significant of them indicates positive impact of training and development. A study which is a meta-analysis by Salas et al., (2012) indicated that training programs which are well-designed and are implemented in alignment with organizational goals significantly enhances productivity, organizational effectiveness, and job performance.

Studies, which investigated the relationship between performance management practices and employee performance, have shown that effective performance management systems have contributed for the improvement of employee performance. A study by Poister, (2003) demonstrated that performance management practices which have clear goal setting, regular feedback mechanisms and appropriate rewards and recognition led to significant improvements for employee performance and organizational effectiveness. A

study by Ying, (2012) indicated that continuous communication and enhanced personnel development positively influences employee performance.

Several studies which dedicated efforts to understanding the relationship between compensation and benefits practices and employee performance shown positive relationship between the two. A study by Gerhart et al., (1992) have demonstrated that effective compensation systems leads to improved employee performance and organizational effectiveness. In addition, the same study suggests that aligning pay structures with strategic objectives and market conditions positively influences employee motivation and productivity.

Different researches also consistently indicated that employee engagement and motivation are necessary factors, which affect employee performance and organizational effectiveness. A meta-analysis by Harter et al., (2002) have shown that organization which have highly engaged employees have experienced higher level of customer satisfaction, productivity, and profitability due to increased effort, enhanced commitment and improved motivation of engaged employees.

The above empirical studies are conducted in either private or public organizations. Few studies have also attempted to explore the impact of HRM practices on employee performance. A study by Ridder et al., (2012) have suggested that mutually reinforcing set of HRM practices which includes talent management, training and development, and effective reward management systems positively influences employee performance in NGOs. A study by Akingbola, (2013) indicated that non-monetary incentives like professional development opportunities, flexible work arrangements, professional

development opportunities, work life balance initiatives enhances employee performance in the context of NGOs.

While other studies indicated that, the relationship between HRM practices and employee performance can be influenced by various contextual factors like organizational culture, resources availability, and stakeholder's demands (Khoreva & Wechtler, 2018; Tessema & Soeters, 2006).

In general, the empirical literature reviewed have consistently indicated the existence of positive relationship between effective HRM practices and employee performance across sectors including NGOs. While the unique challenges and contexts in which the relationship unfolds and particularly the unique case which developing countries exhibit when designing and implementing HRM practices needs careful consideration so therefore an investigation like this can help in this endeavor.

Based on the literature review above there are several gaps, which are identified which justify the need for this study, in the context of NGOs operating in developing countries like Ethiopia. The first rationale is limited research in the NGO sector i.e. which the relation between the dependent and independent variables have been studied extensively in the private and public sectors there is lack of research focused on the NGO sector particularly in developing countries (Akingbola, 2013; Ridder & McCandless, 2010). The second rationale is the unique challenges and contexts of NGOs i.e. NGOS operate in unique contexts with limited resources, donor dependencies and the need to balance between societal impact with organizational goals (Akingbola, 2013; Frumkin & Andre-Clark, 2000). It is assumed that these factors can influence the relationship between the dependent and independent variables, which contextually differs from other sectors. The third

rationale for this study is it is to be conducted in one of the developing countries context. Developing countries like Ethiopia have a unique socio-economic and cultural context, which may shape the implementation and effectiveness of HRM practices. This supplies the need for context specific research in developing countries like Ethiopia. The fifth rationale for this study is supplying comprehensive understanding of the relationship. The above reviewed literature provides evidence in the relationship between HRM practices and employee performance, this study will attempt to generate a comprehensive understanding of the specific mechanism and processes through which components of HRM practices influence employee performance in the NGO sector in Ethiopia. Addressing these gaps in the literature can contribute for providing valuable context specific insights for NGOs operating in developing countries like Ethiopia and can supply additional input for the existing knowledge.

2.7. Literature Gap and Justification for this study

The relationship between human resource management practices and employee performance has been extensively studied. These studies however are conducted focusing on the private and the public section, leaving the nog governmental sector, which is playing a significant role in addressing socio-economic challenges both locally and globally. Such a gap in the literature can only be met by an investigation of this kind, which presents an opportunity to understand the relationship with in this sector context, particularly developing countries like Ethiopia.

There are factors, which makes the NGO sector unique, since they face unique challenges such as limited resources, donor dependencies, and the requisite to balancing societal

impact with organizational goals. These factors and others that can be uncovered in this study contributes for the unique context at which the relationship between the dependent and independent variables can exhibit new and unique peculiarities.

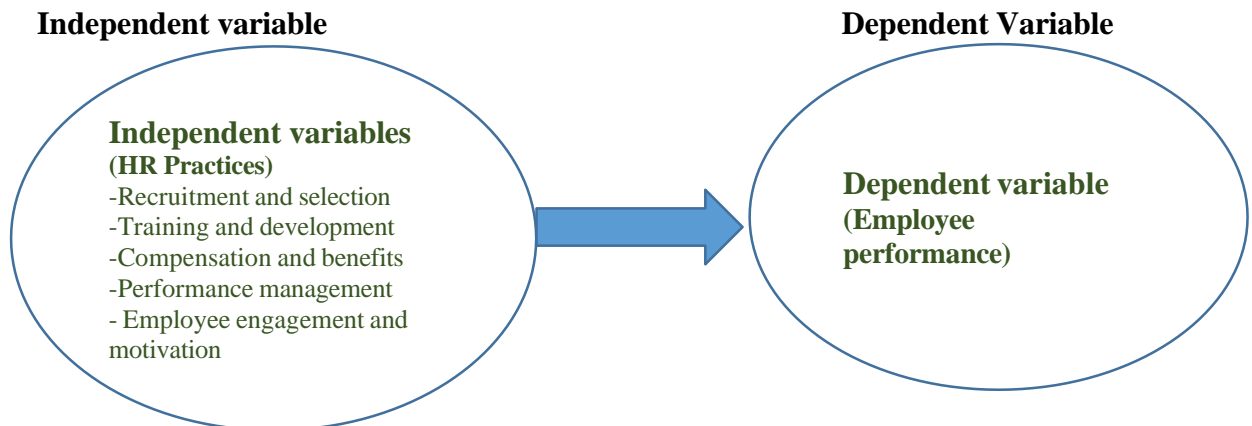
In addition, it is important to conduct this study because understanding the sector specific challenges and best practices, which can enhance employee performance, can provide a new insight in to the subject.

The findings of this study can contribute for the development of sector specific HR strategies that can be adopted to the needs and challenges faced by NGOs operating in different context and environment like developing country like Ethiopia. This in one way or the other can contribute for attracting, retaining, and motivating skilled and committed workforce, which can enhance organizational effectiveness in the sector.

In general, because significant gap in the literature exists analyzing the relationship between HR practices and employee performance in NGO sector, particularly in developing countries, this research is worth conducting. It also can contribute for the development of context specific HR strategies, which can be adopted based on the specific needs and challenges of NGOs operating specifically in developing countries. In addition, the findings can help NGOs for effective talent acquisition, retaining and motivating in the process of building committed workforce thereby enhancing organizational effectiveness. Finally, the findings can contribute for the academic and professional discussion revolving around human capital management in non-profit sector.

2.8. Conceptual framework

Figure1 Conceptual Framework of Human Resources Practices on Employee Performance at FH Ethiopia



2.9. Research Hypotheses

Research hypotheses are mostly reasonable assumptions, which guides research design, data collection and analysis. Based on the literature reviewed in the second chapter the following hypotheses are development to be tested in the process of the study:

H1: There is a significant and positive relationship between recruitment and selection practice in FH Ethiopian and employee performance.

H2: There is significant and positive relationship between training and development practice of FH Ethiopia and employee performance.

H3: There is significant and positive relationship between performance management system of FH Ethiopia and employee performance

H4: There is significant and positive relationship between compensation and benefit practice of FH Ethiopia and employee performance

H5: There is significant and positive relationship between Employee Engagement and Motivation practice in FH Ethiopia and Employee Performance.

Chapter 3: Research Methodology

3.1. Research Philosophy

For the conduct of this study pragmatism research philosophy followed because this philosophy emphasizes the practical implications and real world implication for a research finding (Creswell, Creswell, 2021). This approach is suitable for this study since it allows the researcher to focus on the research problem and in selecting appropriate methods for addressing its research objectives rather than getting constrained by a single philosophical lenses or paradigm (Saunders et al., 2007).

This study is an attempt to investigating the impact of HR practices on Employee performance by taking FH Ethiopia as a case study, which is amongst of the leading NGOs in Africa. By adopting this philosophical stance, the researcher can utilize both qualitative and quantitative data for providing a comprehensive analysis and understanding of the research problem thereby generating practical insights that can inform HR strategies in the NGO sector and contributed to the broader body of knowledge over the field (Creswell, Creswell, 2021).

3.2. Research Approach

For the conduct of this study, mixed-methods research approach used which combines both quantitative and qualitative collection of data and analysis techniques (Leal Filho & Kovaleva, 2015). The reason for adopting a mixed-research method is to leverage the strength of both quantitative and qualitative methods, along with enabling for more comprehensive understanding of the issue in question (Saunders et al., 2007). Quantitative methods of this study involved the collection and analysis of quantitative data, such as employee's perception over their performance, HR practice Ratings, and demographic information of the respondents. Such data will be necessary for examining the relationship between the various HR practices

with in the study organization and employee performance, as well as the moderating effects of organizational factors (Creswell & Creswell, 2018).

The qualitative aspect of the study consisted of information gathered through open ended questionnaire from key stakeholders, such as Managers and selected employees at FH Ethiopia. These data enabled for garnering a deeper understanding or insight in to the implementation and perceived effectiveness of HR practices, challenges faced by FH Ethiopia, and the contextual factors that are shaping the relationship between the dependent and the independent variable (Saunders et al., 2007).

Integrating both methods and the finds there from enabled the researcher to develop a more robust understanding of the phenomenon in question, triangulate the findings and coming up with well-developed and context specific recommendations for FH Ethiopia in particular and the NGO sector in general. Moreover, this method aligns well with the philosophical worldview adopted for the study, which as mentioned above, values the utilization of diverse methods for addressing real world problems.

3.3. Data collection instruments

3.3.1. Semi structured interviews

In-depth semi-structured used and conducted with a sample of employees, which represents different job levels and functions within the FH Office. This questionnaire enables for the gathering of rich data on the employee's perceptions, experiences, and insights with regard to the HR practices and their influence on the individual and organizational performance.

3.3.2. Employee survey

In addition to the semi-structured interviews, this study will conduct a survey to data on employee's demographic characteristics, their perceptions of HR practices, their level of engagement, and self-reported performance.

3.3.3. Document review

Relevant organizational documents, such as HR policies, employee handbooks, performance management records, and training manuals gathered and employed for triangulating the data collected through questionnaire.

3.4. Sampling technique

3.4.1. Purposive sampling

For including participant in the questionnaire response, purposive sampling technique were employed. This sampling technique were allowed the researcher to intentionally select participants who believed to have firsthand experience and knowledge of the HR practices and employee performance with in FH Ethiopia Office.

3.4.2. Stratified sampling technique

For collecting data using the survey questionnaire, stratified sampling technique used. This technique used to ensure proportional representation from each employee group. The sample size from each stratum determined based on the percentage of the total population they represent.

3.4.3. Sample size determination

It is known that for the conclusion to be free of bias, samples should be representative enough to the general population size. Therefore, an appropriate formula has to be taken to minimize the risk of bias. In this sampling techniques, well known sampl determining formula used *Kothri(2004)* which can determine the correct sample size.

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

Where by n = sample size

N= size of population
 Z= is the score for confidence level 95% which is 1.96
 p = sample proportion
 e = Sampling error
 q= 1-p, where q=0.5

Source: Kothri(2004)

$$n = \frac{(3.8416 \cdot 0.5 \cdot 0.5 \cdot 1800)}{(0.0025 \cdot (1799) + 3.8416 \cdot 0.5 \cdot 0.5)}$$

$$(0.0025 \cdot (1799) + 3.8416 \cdot 0.5 \cdot 0.5)$$

$$n = 1,728.72 / (4.4975 + 0.9604) = 1728.72 / 5.4579$$

$$n = 316 \text{ employees}$$

For the conduct of the survey questionnaire, three stratum are defined which managerial stratum, middle-level stratum are and support staff stratum. To determine sample size for each stratum using stratified sampling approach the following formula is applied:

$$n_s = (N_s / N) \cdot n$$

Where: “n_s” is the sample size for each stratum, “N_s” is the population size of stratum “s”, “N” is the total population size and “n” is the total sample size.

Total population of the study is 1800 employees: managerial stratum has 190 employees, middle level stratum has 1170 employees and support staff stratum have 440 employees.

Now we can calculate the sample size for each stratum summarized using the below table:

No	Stratum	Formula	Sample (n)
1	Managerial stratum (n ₁)	$n_1 = (N_1/N) * 316$	35
2	Middle level stratum (n ₂)	$n_2 = (N_2/N) * 316$	205
3	Support staff stratum (n ₃)	$n_3 = (N_3/N) * 316$	77

3.5. Method of data analysis

A mixed method approach of both quantitative and qualitative data analysis techniques employed. Quantitative data analyzed using descriptive statistics such as means, standard deviations, frequencies and percentages for summarizing the demographic characteristics of respondents and for providing an overview of survey responses. Correlation analysis such as Pearson's correlation coefficient employed to examine the relationship between various HRM practices and employee performance. Multiple regression analysis also being conducted for assessing the impact of different HRM practice on employee performance.

3.6. Validity and reliability

The validity and reliability of the study measures such as triangulation, internal consistency and flexibility were ensured. Findings were triangulated with literature and documents for enhancing validity and credibility of results. When conducting survey an internal consistency of multi-item scales were measured, using Cronbach's alpha for ensuring the reliability of measurement instruments. Flexibility being pursued throughout the research for critical bracketing researchers' biases, assumptions, and potential influences and this has contributed for the credibility of findings.

Reliability test is a test conducted to measure how dependable or consistent is an instrument. Mostly it produces matrices of correlations or covariance's between items in questionnaire. To measure the reliability of the instrument used to collect data for this study Cronbach's alpha is employed. Cronbach's alpha enables to measure the reliability or internal consistency of scale items used for measuring a certain variable. Cronbach's alpha values range from 0 to 1. A higher value indicates strong consistency between items and reliability of an instrument. Mostly, it is argued that a Cronbach's alpha of 0.7 or higher is considered acceptable. According to George & Malley (2016) the rule of thumb for Cronbach's alpha is that if $\alpha < 0.5$ it is unacceptable, if $0.5 \leq \alpha < 0.6$ it is poor, if $0.6 \leq \alpha < 0.7$ it is questionable, if $0.7 \leq \alpha < 0.8$ it is acceptable, if $0.8 \leq \alpha < 0.9$ it is good and if $\alpha \geq 0.9$ it is excellent. For this study, Likert scale questions are employed to study the impact of Human resource practices on employee performance. Reliability test therefore is conducted for both the dependent and independent variables.

Table 4.12: reliability statistics of variables

Variable	Cronbach's alpha	N of items
Recruitment and selection	0.860	3
Training and Development	0.851	3
Performance appraisal	0.864	3
Compensation and benefits	0.849	3
Employee engagement and motivation	0.827	3
Employee performance	0.913	6

Source: developed for research

As shown in the above table the Cronbach alpha analysis result indicates that all the items included in this instrument are reliable and are consistent. As it is evident from above for each variable the Cronbach's alpha result is ≥ 0.8 , which according to George and Mallery (2016) is within the range of good and excellent indicating the reliability of the instrument. In summary all independent variables have good ab above range with three Likert scale items which indicates the internal consistency of items used to measure recruitment and selection, training and development, performance appraisal, compensation and benefits and employee engagement and motivation practices. In addition, the result for the dependent variable, which is employee performance, is within an excellent range, which indicates the internal consistency between items included in the instrument.

3.7. Ethical Considerations

As Ethics is a moral philosophy which deals with one's conduct and serves as a guide to one's behavior (Mugenda & Mugenda, 2003). The Researcher has demonstrated the integrity to ensure that this study has no negative effect on others and considered the works of others to be properly stated and acknowledged in this study. The study has also protected respondent's identity in order to avoid being misquoted by others. It has also ensured the confidentiality of all data and privacy of individuals contacted in this study.

Chapter 4

Presentation, Analysis and Interpretation of Results

4.1. Introduction

The result collected from the study questionnaire is the response of 306 sampled respondents, which is presented in this chapter. This chapter is presented in two sections; in the first section, descriptive analysis of the study is presented while in the second section, tests and inferential statistics are presented. The output of the study is conducted using IBM SPSS statistical software and the analysis is presented using tables, graphs and charts.

4.2. Response Rate of the Study

The researcher puts all means to meet the required sample size by reaching more respondents than the expected sample. According Mugenda 2003 a 50% or less shows in adequate sample for analysis, 60% indicates that good for analysis, and if it is more than 70%, sounds very good for analysis.

Table 4.1 Response Rate of the Study

	Category of Employees	Population size	Sample Size	No of respondents	Response Rate (%)	None Response Rate(%)
1	Managerial	190	35	35	100%	0
2	Middle level	1170	205	201	98%	2%
3	Support staff	440	77	70	91%	9%
	Total	1800	316	306		

Source: Primary data

From the table 4.1 above, the study had a high response rate of the respondents from managerial stratum and almost those sampled at the middle level also responded with 98% and some lower level staff didn't respond with 9% none response rate.

4.3. Descriptive analysis

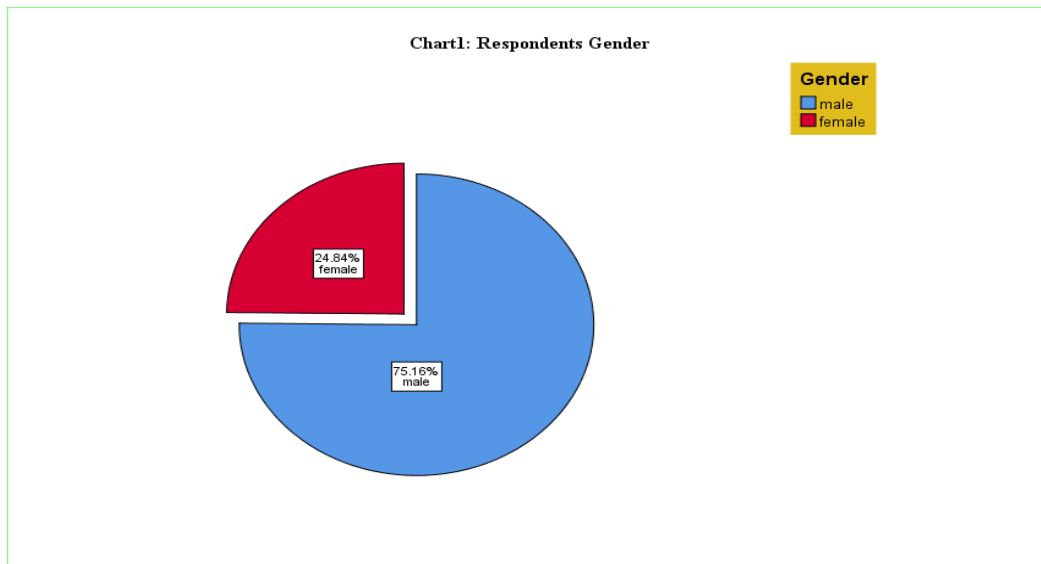
In this analysis, the demographic information from sampled data is going to be presented which are gender and Age of respondents, educational status, years of service in the study organization and highest educational status attained.

4.3.1. Demographic Characteristics

4.3.1.1. Gender profile of respondents

In this section, gender profile of respondents is presented. The following figure 4.2 and table 4.2 presents the gender profile of sample respondents included in this study.

Figure 4.2. Respondent's gender



Source: developed for research

Table 4.2. Respondent's gender

What is your gender?			
		Frequency	Percent
Valid	Male	230	75.2
	Female	76	24.8
	Total	306	100

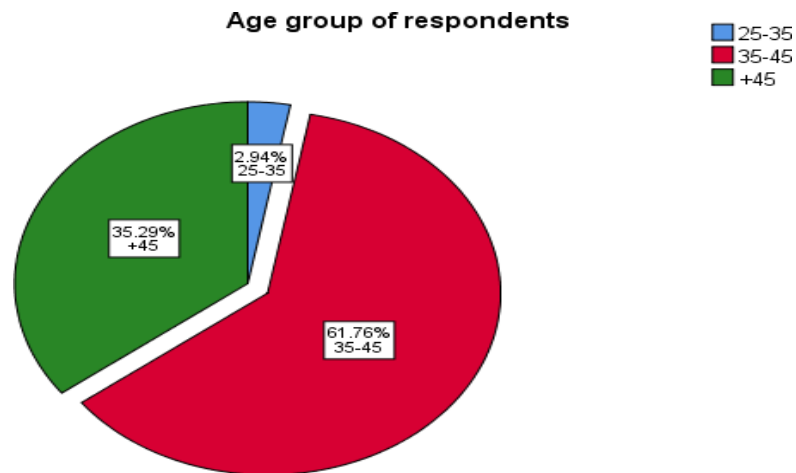
Source: developed for research

The gender profile of respondents is presented in the above table. Accordingly, from the total 306 respondents 230 of them (75.2%) are male respondents while the rest 76 (24.8%) are female respondents. As can be inferred from the above table there are more male sampled respondents and though the proportion has no effect on the influence of HR practices have on employee performance, it gives an indication that the organization has more male staff than female since the respondents are selected randomly.

4.2.1.2. Age group of respondents

The following Figure and table presents the age of respondents included in this study. The questionnaire is distributed randomly giving all age groups equal chance of being included in this study. In the following table the age group of respondents is presented by creating range of

Figure 4.3. Age of respondents



Source: Developed for research

Table 4.3: Age of respondents

What is your age?			
		Frequency	Percent
Valid	25-35	8	2.6
	35-45	189	61.8
	+45	108	35.3
Total	Total	306	100

Source: developed for research

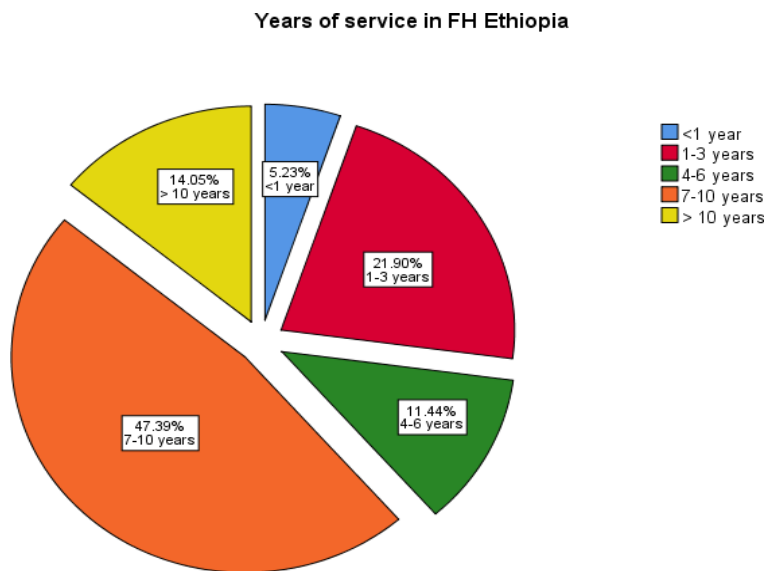
In figure 4.2 and table 4.2 above the respondent's age group is presented. From the total sampled respondents 8 (2.6%) respondents are between 25-35 age group, 189(61.8%) are between 35-45 age group and 108(35.3%) are above 45 years of age. This indicate that

the majority of staff are young where the organization need to be curious in terms of managing the human element to use its competitive advantage.

4.2.1.3. Years of Service in FH Ethiopia

In the following table sampled respondent's year of service in FH Ethiopia is presented. years of service is grouped in to 6 groups.

Figure 4.4: years of service in FH Ethiopia



Source: Developed for research

Table 4.4: years of service in FH Ethiopia

Years of service in FH					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1 year	16	5.2	5.2	5.2
	1-3 years	67	21.9	21.9	27.1
	4-6 years	35	11.4	11.4	38.6
	7-10 years	145	47.4	47.4	85.9
	> 10 years	43	14.1	14.1	100.0
	Total	306	100.0	100.0	

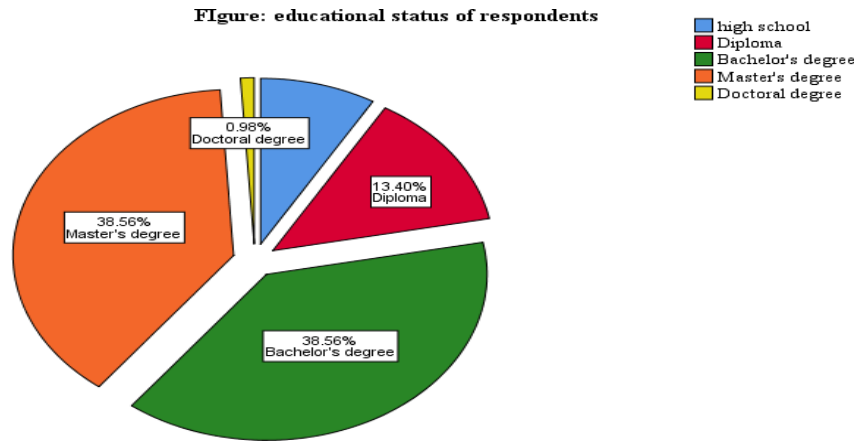
Source: developed for research

From the description above we can understand that 16(5.2%) of respondents have less than one year experience followed by 67(21.9%) with 1 up to 3 years of experience, 35(11.4%) with 4 up to 6 years of experience, 145(47.4%) with 7 up to 10 years of experience, and 43(14.1%) with more than 10 years of experience in working with in FH Ethiopia respectively. More staff have serving at FH between 7 to 10 years which indicates that employees are interested to serve more if there is more resource and effort being exerted in the HRM.

4.2.1.4. Educational status of respondents

In this section, the educational status of respondents is presented. Based on the data collected the following summary description of educational status of respondents is presented.

Figure4.5: educational status of respondents



Source: Developed for research

Table 4.5: educational status of respondents

		Highest level of education			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	high school	26	8.5	8.5	8.5
	Diploma	41	13.4	13.4	21.9
	Bachelor's degree	118	38.6	38.6	60.5
	Master's degree	118	38.6	38.6	99.0
	Doctoral degree	3	1.0	1.0	100.0
	Total	306	100.0	100.0	

Source: developed for research

According to the data collected and summarized above the educational status of respondents is can be clearly understood. From the total sampled respondents 26(8.5%) have completed high school education, 41(13.4%) have a diploma, 118(38.6%) have bachelor’s degree, 118 (38.6%) have a master’s degree and 3(1%) have a doctorate degree. As the table indicates most of FH’s staff are educated and all the HR practices need to consider their level of education to explore staff competency and increase their performance accordingly.

4.2.2. Descriptive analysis of variables

This section of the questionnaire was developed for collecting data on the existing HR practices in FH Ethiopia and analyze the influence of these existing HR practices on employee performance. Descriptive statistics are mostly used to present a quantitative description of the nature of the data. For doing so, mean, standard deviation, minimum and maximum are presented to make sense of the data. The mean indicates the average Weight of responses while the standard deviation is used to explain the variance or in other terms the spread of the data around the mean. A low standard deviation indicates the reliability of the data to explain the variation.

4.2.2.1. Recruitment and selection practices

Table 4.6. Descriptive summary of recruitment and selection practices					
	N	Minimum	Maximum	Mean	Std. Deviation

How would you rate the effectiveness of FH Ethiopia's recruitment and selection practices in attracting and hiring the right talent?	306	1	5	3.66	.920
To what extent do the organization's recruitment selection practices align with its mission, values and goals?	306	1	5	3.59	.934
How transparent and fair do you perceive the recruitment and selection process to be?	306	1	5	3.71	.912
Valid N (listwise)	306				

Minimum: 1, Average 2.5 and Maximum: 5

Source: own computation

According to the above table, the minimum mean standard is 1 and average mean is 2.5 and the highest mean is 5. Thus, the highest mean score is found in the item included to measure the “perception of transparency and fairness in recruitment and selection” with the mean of 3.71. The item with the second highest mean score is the item included to measure “effectiveness of recruitment and selection practices in attracting and hiring the right talent” with the mean of 3.66. While the third score is found on the item included to measure “extent of recruitment and selection practices alignment with the mission, values and goals of the FH Ethiopia”.

In general, the mean score for all variables are above 3 with implies that the respondents have a positive perception with regard to the recruitment and selection practices of the FH Ethiopia.

4.2.2.2. Training and development practices

In the following table, descriptive summary of questionnaire items used to measure training and development practices in FH Ethiopia is presented.

Table 4.7. Descriptive summary of training and development practices					
	N	Minimum	Maximum	Mean	Std. Deviation
How would you rate the quality and relevance of the training and development opportunities provided by FH Ethiopia?	306	1	5	3.62	.985
To what extent do the training and development programs equip employees with the necessary skills and knowledge to perform their roles effectively	306	1	5	3.60	.894
How supportive is the organization in providing opportunities for continuous learning and professional growth?	306	1	5	3.58	1.006
Valid N (list wise)	306				

Average mean 2.5 minimum 1 and maximum 5

Source: own computation

As can be seen from the above table, the highest mean score is found in the item designed to measure the “quality and relevance of training and development opportunities provided by FH Ethiopia” with the mean of 3.62. The item with the second highest mean score is the item included to measure “the extent at which the training and development programs equip employees with the necessary skills and knowledge in performing their assigned duties” with the mean of 3.60. While the third score is found on, the item included to measure “How supportive the organization is in providing opportunities for continuous learning and professional growth” with the mean of 3.58.

Generally, we can infer from the description that the mean score for all variables is above 3 indicating a positive perception of respondents with regard to the training and development practices of FH Ethiopia.

4.2.2.3. Performance evaluation practices

In the following table descriptive summary of performance evaluation practices are presented.

Table 4.8. Descriptive summary of Performance evaluation practices					
	N	Minimum	Maximum	Mean	Std. Deviation

How clear and well defined are the performance objectives and expectations for your role?	306	1	5	3.69	.856
How effective is the organization's performance evaluation system in providing constructive feedback and recognizing outstanding performance?	306	1	5	3.70	.934
To what extent does the performance management system motivate you to improve your performance and contribute to the organization's goals?	306	1	5	3.72	1.001
Valid N (listwise)	306				

Average mean 2.5 minimum 1 and maximum 5

Source: own computation

According to table 4.8. the highest mean score is found in the item designed to measure the “the extent of motivation by the performance management system in improving employee performance for contributing to organization’s goals” with the mean of 3.72. The item with the second highest mean score is the item included to measure “how effective the organizations performance management system is in providing constructive feedback and recognizing outstanding performance” with the mean of 3.70. The item included to

measure “how clear and well defined are the performance objective and expectations for your role” with the mean of 3.69.

Overall, mean score for all variables is above 3 indicating a positive perception of respondents on the performance evaluation practices of FH Ethiopia.

4.2.2.4. Compensation and benefits practices

Table 4.9. Descriptive Summary of compensation and benefits practices					
	N	Minimum	Maximum	Mean	Std. Deviation
How competitive and fair do you perceive the compensation and benefits packages offered by FH Ethiopia to be?	306	1	5	3.65	1.001
To what extent does the organization's compensation and benefits practices align with employee's performance and contributions?	306	1	5	3.62	.979
How satisfied are you with the non-financial benefits and incentives provided by the organization?	306	1	5	3.62	.961
Valid N (listwise)	306				

Average mean 2.5 minimum 1 and maximum 5

Source: own computation

According to table 4.9. the highest mean score is found in the item designed to measure the “perception of competitiveness and fairness of compensation and benefits packages offered by FH Ethiopia” with the mean of 3.65. The item with the second highest mean score is the item included to measure “alignment of compensation and benefits practices with employee’s performance and contributions” with the mean of 3.62. Equally, with the second mean score, the item, which measures “how satisfied are respondents with non-financial benefits and incentives provided by FH Ethiopia”, have mean score of 3.62. Overall, mean score for all variables is above 3 which indicates a positive perception of respondents on the performance evaluation practices of FH Ethiopia.

4.2.2.5. Employee engagement and motivation

The following table presents the descriptive summary of employee engagement and motivation practices.

Table 4.10. Descriptive summary of employee engagement and motivation					
	N	Minimum	Maximum	Mean	Std. Deviation
How would you rate the overall level of employee engagement and motivation within FH Ethiopia?	306	1	5	3.73	.905

To what extent does the organization foster a positive and supportive work environment that promotes employee well-being and job satisfaction?	306	1	5	3.61	.903
How effective are the organization's practices in recognizing and valuing employee contributions and achievements?	306	1	5	3.62	.909
Valid N (listwise)	306				

Average mean 2.5 minimum 1 and maximum 5

Source: own computation

According to table ... the highest mean score is found in the item designed to measure the “respondents rating of the overall level of employee engagement and motivation with in FH Ethiopia” with the mean of 3.73. The second highest mean score is found on the item, which is designed to measure “how effective are the practices of recognition and valuing the contributions and achievements of employees” with the mean score of 3.62.

The item with the third mean score is found on the item included to measure “the extent that FH Ethiopia fosters positive and supportive work environment which promotes employee well-being and job satisfaction” with the mean of 3.61.

In general, the mean score for all items is above 3 which indicates a positive perception of respondents on the employee engagement and motivation practices of FH Ethiopia.

4.2.2.6. Employee performance

The following table presents the descriptive summary of employee performance indicators.

Table 4.11. Descriptive summary of employee performance					
	N	Minimum	Maximum	Mean	Std. Deviation
I demonstrate a high level of commitment to achieving the goals and objectives of my organization	306	1.00	5.00	3.7582	1.02126
I consistently meet the deadlines set for completing my assigned tasks	306	1.00	5.00	3.7222	1.03921
I take initiatives and actively seek out opportunities to improve processes or solve problems	306	1.00	5.00	3.7876	1.06693
I consistently deliver high quality work that meets the expectation of colleagues and supervisors	306	1.00	5.00	3.8725	.98851
I consistently meet or exceed the performance standards set for my role	306	1.00	5.00	3.7941	.99841
I demonstrate a willingness to take on additional responsibilities or tasks when required	306	1.00	5.00	3.7778	1.01608
Valid N (listwise)	306				

Average mean 2.5 minimum 1 and maximum 5

Source: Developed for research

According to the above table the item “I consistently deliver high quality work that meets the expectation of colleagues and supervisors” with the mean of 3.8725. The second highest mean score is “I consistently deliver high quality work that meets the expectation of colleagues and supervisors” with the mean of 3.7941. The third highest mean score is the item “I take initiatives and actively seek out opportunities to improve processes or solve problems” with the mean of 3.7876. The fourth mean score is the item “i demonstrate a willingness to take on additional responsibilities or tasks when required” with the mean score of 3.7778. The items “I demonstrate a high level of commitment to achieving the goals and objectives of my organization” have a mean of 3.7582 followed by item “I consistently meet the deadlines set for completing my assigned tasks” with the mean of 3.7222. As it can be concluded from the above table, the mean score is above 3 which indicates that most of the respondents have a positive perception towards their performance.

4.2.2.7. Summary of descriptive statistics of each variables

In the following table, the summary statistics of all variables is presented.

Table 4.12. summary of statistics for all variables					
	N	Minimum	Maximum	Mean	Std. Deviation
EMPPERFORM	306	1.50	5.00	3.7854	.85308
RECANDESELECT	306	1.00	5.00	3.6536	.81505
TRAINANDDEV	306	1.00	5.00	3.5991	.84531

PERFREVAL	306	1.00	5.00	3.7048	.82647
COMPBENEFT	306	1.33	5.00	3.6307	.85899
ENGAGEMOT	306	1.33	5.00	3.6547	.78106
Valid N (list wise)	306				

Average mean 2.5 minimum 1 and maximum 5

Source: developed for research

From the above table we can infer that employee performance have the highest mean score with the mean of 3.7854. Performance evaluation practices have the second highest mean score with the mean of 3.7048. While employee engagement and motivation practices have the third highest score with the mean of 3.6547. recruitment and selection practices have the fourth highest mean score with the mean of 3.6536 followed by compensation and benefit practices and training and development practices with the mean of 3.6307 and 3.5991 mean scores respectively.

In general, it can be summarized here that the mean scores of Human resource management practices is above 3 which indicates positive perception on the HR practice in FH Ethiopia. While standard deviation values are relatively low indicating low variation from the mean.

4.3.2. Inferential analysis and Regression Results

Correlation is a statistical measurement, which is mostly used to analyze the extent to which two variables are related. It usually is used for showing the strength of a linear relationship of two different variables. Correlation coefficients are measured on a scale between +1 and -1. It can be described as strong or weak and as positive or negative.

For the conduct of this study, Pearson’s correlation is used. Pearson’s correlation coefficient is mostly employed to check the linear correlation between variables. Pearson correlation coefficients has a rule of thumb. Coefficients between $0 \leq r \leq 0.19$ it indicates very low correlation, if it is between $0.2 \leq r \leq 0.39$ it indicates low correlation, if it is between $0.4 \leq r \leq 0.59$ it indicates moderate correlation, if the result is between $0.6 \leq r \leq 0.79$ it is highly correlated and if it is between $0.8 \leq r \leq 1.0$ it indicates very high correlation.

In table 4.13 below the result obtained from SPSS analyzing the association between HRM Practices and employee performance is presented. The following table indicates the spearman’s rank correlation coefficients between six variable included in this study. The variables, which are included in this study, are EMPPERFORM (employee performance) which is the dependent variable. RECANDSLECT (recruitment and selection), TRINANDDEV (training and development), RECANDSLECT (Recruitment and selection), TRAINANDDEV (Training and development), PERFREVAL (Performance Evaluation), COPBENEFT (Compensation and Benefits), and ENGAGEMOT (employee engagement and motivation) which are independent variables.

This analysis is conducted to check the hypotheses that there is no significant relationship between the dependent and independent variables.

Table 4.13: correlation analysis

Correlations						
	EMPPE		TRAI			ENG
	RFORM	RECAND	NAND	PERFR	COMPB	AGE
		SELECT	DEV	EVAL	ENEFT	MOT

EMPP	Correlation	1.000	.707**	.739**	.742**	.757**	.755**
ERFO	Coefficient						
RM	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	306	306	306	306	306	306
RECA	Correlation	.707**	1.000	.759**	.765**	.735**	.724**
NDSE	Coefficient						
LECT	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	306	306	306	306	306	306
TRAI	Correlation	.739**	.759**	1.000	.804**	.786**	.744**
NAND	Coefficient						
DEV	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
	N	306	306	306	306	306	306
PERF	Correlation	.742**	.765**	.804**	1.000	.808**	.812**
REVA	Coefficient						
L	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	306	306	306	306	306	306
COMP	Correlation	.757**	.735**	.786**	.808**	1.000	.780**
BENE	Coefficient						
FT	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	306	306	306	306	306	306
ENGA	Correlation	.755**	.724**	.744**	.812**	.780**	1.000
GEMO	Coefficient						
T	Sig. (2-tailed)	.000	.000	.000	.000	.000	.

N		306	306	306	306	306	306
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Correlation is significant at the 0.01 level (2-tailed)

Source: developed for research

According to the above table, the correlation coefficients of all variables are significant at 0.01 significance level (2-tailed), which is to mean that strong relationship exists between the variables included in this study.

The correlation coefficients range from 0.707 to 0.812, which implies a strong and positive correlation between all variables. As can be inferred from above employee performance has strong and statistically significant relationship with compensation and benefits (0.757) followed by performance evaluation (0.742), training and development (0.739), employee engagement and motivation (0.755), and recruitment and selection (0.707). Therefore, we can indicate that employee performance have a strong and statistically significant relationship with HR practices which are considered in this study. The significance level is compared against a predetermined level of alpha, which usually are 0.05 or 0.01 to see the level of significance of the correlation. It is shown in the above table that the significance value for all variables is 0.000, which is less than the alpha level of 0.01. This is a strong evidence for rejecting the null hypothesis of no correlation between variables. Therefore, we can generally conclude based on the above result that the correlations between observed variables considered in this study are statistically significant at 0.01 significance level. This shows strong evidence on the existence of significant relationship between employee performance and human resource practices considered in this study.

In general, the correlation result indicates strong and positive relationship as existing between the variables considered in this study. From this result, we can infer that effective

human resource practices like recruitment and selection, training and development, performance appraisal, compensation and benefits and employee engagement and motivation practices are highly associated with employee performance. Therefore, it is imperative to stress the importance of a comprehensive and carefully designed approach to human resource management for improving the performance of employees with in FH Ethiopia.

4.3.3. Multiple linear regression analysis

Multiple linear regression is a statistical technique which usually is employed to predict the outcome of a variable by using two or more predictor variables. It is mostly an attempt to modeling the relationship between two or more explanatory variables with a response variable by including them in to a linear equation. In the following table below the summary of the multiple regression models', explanatory power for analyzing the relationship is presented.

4.3.3.1. ANOVA

ANOVA is used to test the regression models fitness in analyzing the data.

Table 4.14: ANOVA

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	175.222	5	35.044	224.923	.000 ^b
	Residual	46.742	300	.156		
	Total	221.964	305			

a. Dependent Variable: EMPPERFORM
b. Predictors: (Constant), ENGAGEMOT, TRAINANDDEV, RECANDSELECT, COMPBENEFT, PERFREVAL

According to the above table, the sum of squares of the regression is 175.222 with 5 degrees of freedom, which indicates the amount of variation, which is explained by the independent variables. The residuals for the sum of squares is 46.742 with 300 degrees of freedom this is the amount of variation, which is not explained by the independent variables. The total variation in the dependent variable is 221.964. The F-statistic is 224.920, which indicates that the independent variables as a group have a significant influence on employee performance. The P-value of the F-statistic is 0.000, which is less than 0.05 significance level indicating the significance of the overall significance of the regression model and shows that the independent variables have a statistically significant influence on employee performance.

In general, we can conclude that the regression model which includes the independent variables in this study effectively explain a significant portion of the variation of employee performance.

4.3.3.2. Regression result

Table 4.15: Regression result

Coefficients						
Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	Collinearity Statistics

		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.151	.112		1.351	.178	-.069	.371		
	RECANDSELECT	.265	.057	.254	4.691	.000	.154	.377	.240	4.162
	TRAINANDDEV	.227	.056	.225	4.034	.000	.116	.338	.225	4.439
	PERFREVAL	.023	.071	.023	.327	.744	-.117	.164	.147	6.812
	COMPBENEFT	.168	.057	.170	2.966	.003	.057	.280	.215	4.658
	ENGAGEMOT	.314	.064	.288	4.908	.000	.188	.440	.204	4.900

a. Dependent Variable: EMPPERFORM

Source: developed for research

The above table summarizes the regression result of coefficients. The unstandardized coefficient indicates the change in the dependent variable because of a one-unit increase in each variable. Unstandardized coefficient for this study indicates that 0.265 for recruitment and selection, 0.227 for employee performance, 0.168 for compensation and benefits, 0.314 for employee engagement and motivation and 0.023 for performance evaluation. This indicate a one-unit increase in each independent variable mentioned above it results in 0.265, 0.227, 0.168, 0.314, 0.023 associated change in employee performance respective holding other variables constant.

The standardized coefficient (Beta) indicates the change in standard deviation units for a unit change in the independent variable. Employee engagement and motivation has the strongest impact on employee performance compared with other variables followed by recruitment and selection, training and development, compensation and benefits. The Beta value of performance appraisal is the lowest compared with other variables.

The t-statistic and significance indicates that recruitment and selection, training and development, compensation and benefits and employee engagement have p-values, which are less than 0.05 significance level, which suggests that these variables have a statistically significant impact on employee performance. While performance evaluation has p-values of 0.744, which is greater than 0.05 significance level, which indicates that performance, evaluation does not have statistically significant impact on employee performance according to this model.

As can be inferred from the collinearity statistics column, tolerance and Variance inflation factor (VIF) results are presented to assess multi-collinearity. All the tolerance values are above 0.1 and the VIF values are not all below 10, indicating that multi-collinearity is an issue for this model.

To summarize the above table presented the level of influence of each variable of employee performance. From the results, we can infer that recruitment and selection, training and development, compensation and benefits and employee engagement are statistically significant predictors of employee performance. While performance appraisal is not statistically significant

4.3.3.3. Model summary

Table 4.16: Model summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.888 ^a	.789	.786	.39472	2.122

a. Predictors: (Constant), ENGAGEMOT, TRAINANDDEV, RECANDSELECT, COMPBENEFT, PERFREVAL
b. Dependent Variable: EMPPERFORM

Source: developed for research

The model summary above provides a useful information related to the fitness of the model. The R column is the sum of the coefficients of correlation in the data set. R square is generally a statistical measure usually employed to determine the proportion of variance in the dependent variable, which can be explained by the independent variable. The adjusted r square helps in accounting for predictors, which are not significant in the regression analysis. While the standard error of the estimate indicates the average dispersion of the points around the line of best fit, in other words it is the average deviation of the errors. In addition, the Durbin Watson test is a test for detecting auto correlation in the models output. The R-value from the above model summary is 0.888, which indicates strong positive correlation between the independent variables and the independent variable. The R square value is 0.789, which indicates the independent variables in the model can explain 78.9% of variation in the dependent variable employee performance. The adjusted R square value is 0.786, which indicates that the model is within a strong model fit category. It indicates the independent variables collectively are significant in predicting employee performance. The standard error of the estimate is 0.39475, which represents the average amount of error in predicting employee performance. The Durbin Watson statistic, which his 2.122 is, close to 2 suggesting that no significant auto correlation in the residuals.

In general, the model summary indicate that the independent variables are collectively effective in predicting the variation in the dependent variable with a higher degree and a good model fit.

4.3.3. Test of Hypothesis

Here, the significance value for each variable in relation to employee performance is presented to cross validate and check the hypotheses of the study. 0.05 level of significance is used to determine the rejection and acceptance region. The following table presents the significance values of each variables.

Table 4.17: Test of Hypothesis

Hypothesis	Significance value	Decision on the alternative hypothesis
H1	0.000	Accepted
H2	0.000	Accepted
H3	0.744	Rejected
H4	0.003	Accepted
H5	0.000	Accepted

Source: developed for research

The hypothesis for recruitment and selection i.e. recruitment and selection practices has significant impact on employee performance (accept H₁, if $p < 0.05$) is accepted because the p-value is 0.000 which is below the significance level 0.05.

The hypothesis for training and development i.e. training and development has significant impact on employee performance (accept H₂, if $p < 0.05$) is accepted because the p value

0.000 is less than the significance level 0.05. As a result, the alternative hypothesis that is training and development practices have, a significant influence on employee performance is accepted.

The hypothesis for performance appraisal i.e. performance appraisal has significant impact on employee performance is accepted (H_3 , if $P > 0.05$) because the p-value is 0.744 which is greater than 0.05 significance level. Therefore, the alternative hypothesis, which states that performance evaluation has a statistically significant influence on employee performance, is rejected. In the performance management practice response, the respondents

The hypothesis for compensation and benefits i.e. compensation and benefit practices has significant impact on employee performance is accepted (Accept H_4 , if $P < 0.05$) because the p-value is 0.03 which is less than 0.05 significance level. Therefore, the hypothesis for compensation and benefit is accepted and has a statistically significant impact on employee performance.

The hypothesis for employee engagement and motivation i.e. employee engagement and motivation practices have statistically significant influence on employee performance (accept H_5 , if $p < 0.05$) is accepted because the P-value 0.000 is less than 0.05 significance level. Therefore, the alternative hypothesis is accepted.

Model Specifications:

$$Y = B_0 + b_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \dots$$

The model specification indicates no inherent bias which means all the measured factors are important in explaining the dependent variable which suggests indirectly that employee performance in FH Ethiopia is primarily driven by factors which are included in the model. The negative constant reinforces in other terms the importance in comprehensive approach which includes all these practices which are included in this model. P-value 0.178 is greater than 0.05 significant value which means that the constant is not statistically significance which means when none of the measured variables are present employee performance is not statistically different from zero which explains the above mentioned interpretations.

4.4. Summary of qualitative findings

In this section, summary qualitative data gathered from the open-ended section of the questionnaire. The results are summarized and presented with in each variable and are presented below,

4.4.1. Recruitment and Selection

According to respondents', in order to improve the recruitment and selection practice of FH Ethiopia giving priority for employees that are working within the organization or promoting internal staff, hire through an employee referral program, creating a standardized candidate evaluation mechanism which works across all departments and branches, building talent pool for recruitment and developing effective interviewing mechanisms for identifying the best candidates are forwarded as a suggestion to improve recruitment and selection practices. In addition to these, onboarding new hires for successfully integrating them with the culture and formal rules of the organization, regularly providing feedback and reward for motivating employees and fostering a culture

of continuous learning and improvement are also suggested by respondents for enhancing the recruitment and selection practice of FH Ethiopia.

4.4.3. Training and Development practice

The respondents suggested that there should be a targeted training need assessment and an appropriate budget assigned for successful implementation of training and development practices, designing interactive and engaging trainings which can provide hands on skills for employees, ensuring that training contents are up to date and are applicable in a day to day activities, designing trainings by following participatory framework. In addition, respondents also indicated that forging partnership with donors for granting training and development schemes, providing opportunities (sponsoring) for international on job training, Partnership with universities (academic) for provision certification trainings are indicated to enhance the training and development practices of FH Ethiopia. In addition to this, contracting research organizations, forums and networks for thematic training and development initiatives are suggested for improving training and development practices. Moreover, providing opportunity and access for continuous leadership development, in-person trainings and promoting cross learning among trainees are suggested for improving training and development practices.

4.4.4. Performance management practice

According to respondents, performance management should be a continuous process whereby a supervisor records employees' performance and shares with the employee continuously. The content of the evaluation should be more connected with reward and

recognition and graded accordingly. Promoting the performance based reward management system.

In addition, respondents also indicated that providing chance for employee to reflect on their performance measurement, reducing subjectivity bias by promoting more objective measurement, supervisors mentoring employees with regard to performance evaluation results, providing training on the conduct of performance evaluation, establishing clear goals, providing regular feedback and encouraging employee self-assessment and offering development opportunities based on performance evaluation results is indicated. In addition, providing employees with regular recognition on achievements and accomplishments is also suggested.

4.4.5. Compensation and benefit practice

As per the respondents, continuously surveying the competitiveness of the salary of FH employees, ensuring competitive pay, introducing annual bonus payments, benchmarking annual increments, improving monthly living allowance; introducing family package initiatives (in case of wedding, new born baby, death of spouse/child); annual/biannual health checkups; annual/biennial retreat are suggested as can potentially improve compensation and benefits practices of FH Ethiopia.

Additionally, promoting and including in the design of compensation and benefits structure the importance of non-financial incentives, such as paid time off, improving medical allowance and investing on wellness programs for staff and providing adequate training, promotions and enhancing transparency in compensation and benefits practices are suggested for improving the compensation and benefits practices of FH Ethiopia.

4.4. 5. Employee Engagement and Motivation Practice

Respondents suggested that promoting an open communication and transparency between employees and management, promoting the culture of collaboration, teamwork and sense of belongingness, recognizing and celebrating individual and team achievements regularly and enhancing work-life balance and promoting employee wellness and wellbeing initiatives are suggested in order to enhance positive work environment. Moreover, empowering employees to make decisions, enabling employees to have say in decision making, promoting a flexible work arrangement, investing in continuous learning, offering career advancement opportunities, inspiring and motivating employees actively seeking feedback from employees and encouraging employees to take breaks and promoting work-life integration are suggested for improving employee feedback and motivation practices in FH Ethiopia.

Chapter 5

Summary of findings, Conclusion implications and recommendation

5.1. Summary of findings

The analysis of this study is presented in three sections. The first section presented descriptive analysis, which is comprised of demographic characteristics and descriptive summary of variables. The second section presented inferential statistics that includes correlation analysis and regression analysis.

The demographic description of respondents indicates that from the total 306 respondents 75 %(230) were male and 24.8 %(76) are female. the age distribution of respondents indicate that 2.6%(8) respondents are within 25-35 age group, 61.8%(189) are within 35-45 age group and 35%(108) are above 45 years of age. in terms of years of service in FH Ethiopia 5.2%(16) have less than 1 years of experience, 21.9%(67) have 1 up to 3 years of experience, 11.4%(35) have four up to six years of experience, 47.4%(145) have seven up to 10years of experience 14.1%(43) have more than 10years of experience in FH Ethiopia. with regard to respondents educational status 8.5%(26) completed high school, 13.4%(41) have diploma, 38.6%(118) have bachelor's degree, 38.6%(118) have master's degree and 1%(3) have doctoral degree.

The descriptive summary for each variable have also indicated meaningful information. average mean of the items for measuring recruitment and selection practices is above 3.5 which indicates on average respondents have a relatively positive attitude towards recruitment and selection practices in FH Ethiopia. The mean average of scale items for training and development practices is greater than 3.5, which indicates the respondent's positive response towards these practices on average. Performance evaluation practices

scale items also have a mean average, which is greater than 3.5 indicating respondent's positive attitude towards performance evaluation practice in FH Ethiopia. The average mean of scale items for compensation and benefits practices is greater than 3.5 indicating positive attitude with regard to compensation and benefits practices. Likewise, the average mean for scale items of employee engagement and motivation is above 3.5 indicating positive attitude of respondent on the existing employee engagement and motivation practice in FH Ethiopia. The average mean for employee performance is also greater than 3.5 indicating employee's perception towards their own performance as positive.

In order to understand the linear relationship between variables correlation analysis is conducted. The correlation coefficients range from 0.707 to 0.812, which implies a strong and positive correlation between all variables. Among the variables of interest, compensation and benefits (0.757) have a strong and significant relationship followed by performance evaluation (0.742), training and development (0.739), employee engagement and motivation (0.755), and recruitment and selection (0.707). This shows strong evidence on the existence of significant relationship between employee performance and human resource practices considered in this study.

Multiple regression analysis was performed to understand the degree of influence of each independent variable. The R-square result of the model is 0.789 which the independent variables (recruitment and selection, training and development, compensation and benefits, performance evaluation and employee engagement and motivation) in the model can explain 78.9% of variation in the dependent variable employee performance. The t-statistic and significance indicates that recruitment and selection, training and development, compensation and benefits and employee engagement have p-values, which are less than

0.05 significance level, which suggests that these variables have a statistically significant impact on employee performance. While performance evaluation has p-values of 0.744, which is greater than 0.05 significance level, which indicates that performance, evaluation does not have statistically significant impact on employee performance according to this model. Unstandardized coefficient for this study indicates that 0.265 for recruitment and selection, 0.227 for employee performance, 0.168 for compensation and benefits, 0.314 for employee engagement and motivation and 0.023 for performance evaluation. This result indicate that employee engagement has the highest influence followed by training and development, recruitment and selection, compensation and benefits and performance evaluation. Based on this analysis the hypotheses that recruitment and selection, training and development, compensation and benefits and employee engagement have a positive and significant impact on employee performance is accepted while the null hypothesis that performance evaluation have no positive and significant relationship with employee performance is accepted.

Based on the findings of this study conclusion is drawn and recommendations are provided based on these findings. In conclusion, the findings indicated that the predictors for recruitment and selection, training and development, compensation and benefits and employee engagement and motivation are statistically significant in influencing employee performance, as their respective p-values are less than the significance level of 0.05.

The standardized coefficients (Beta) indicates that employee engagement and motivation have the strongest positive impact on employee performance followed by recruitment and selection, compensation and benefits and training and development. While performance management system does not have a statistically significant impact on employee

performance. All predictors have variance inflation factor, which is below 10, which indicates that the data have no multi-collinearity issue.

5.2. Conclusion

This study tried to examine the influence that human resource management practices have on employee performance. From this study, valuable insights are generated that align with established theories in human resource management.

The significant positive influence of recruitment and selection, training and development, performance management system, compensation and benefits and employee engagement and motivation confirms the theory of resource-based theory of the firm, which postulates that human resource practices provide a competitive and sustainable advantage to organizations.

The strong influence indicated in the study by employee engagement and motivation on employee performance confirms social exchange theory, which posits that positive social interaction and exchange between employees and the organization contributes for improved employee performance and enhanced organizational commitment.

Training and development practices have found to indicate positive and significant influence on employee performance, which aligns with the underlining assumptions of human capital theory. This theory postulates investment in human developments such as skill and knowledge and development can contribute in the long- run for improved organizational performance.

Compensation and benefits practices also show a positive and significant influence on employee performance which confirms expectancy theory which posits that employees are

motivatee when they believe their efforts contributed for desired outcome thereby leading to reward. Therefore, from here we can understand that linking performance with reward can improve employee motivation and in turn performance.

The findings support HR theories, Employee engagement showing strong impact indicates that FH Ethiopia is cultivating a high performance work system. Nevertheless, the insignificant result that performance management exhibits requires attention and working for aligning performance management practices with other human resource management practices and goal achievement of the organization.

In conclusion, we can generally infer from the findings that, FH Ethiopia's human resource practices are aligned well with the outcomes of employee performance. Therefore, FH Ethiopia should work for the continuation of investing in maintaining and enhancing the HR practices positive contributions. Employee engagement is found to be the stronger predictor variable for employee performance, therefore FH Ethiopia should focus and prioritize initiative which enhances the engagement and motivation of employees in the organization. The strong correlation coefficients between variables implies that a comprehensive and integrated design and implementation of HR practices can contribute for the positive contribution of these practice on employee performance. Further, recruitment and selection, training and development and compensation and benefit practices indicate a positive and significant impact on employee performance. Therefore, FH Ethiopia must build in these area to further enhance their contribution by increasing resources allocated and investing in research and development.

Nevertheless, Performance management practices show insignificant influence and this could be due to lack of integration of performance management practices with other HR

practices. Therefore, thorough revision of the performance management system, reassessing the evaluation mechanism and integrating results with decision-making framework need to be stressed.

In addition, in the model there is 21.1% variation which is unexplained by HR practices. Therefore, continuous improvement shall be sought to enhance the contribution that HR practices have for promoting employee performance in FH Ethiopia.

In general, the quantitative findings indicate HR practices in FH Ethiopia are holistically significant in influencing the performance of employees. The organization shall prioritize employee engagement and motivation initiatives and address the gaps in the effectiveness of performance management practices.

5.3. Implications and Recommendations

The findings of the study implicate that Human resource practices shall be viewed as strategic resources, which plays a key role for organizational success. In addition, the findings indicate that employee engagement have the highest influence on employee performance indicating the need for prioritizing employee engagement and motivation practices for improving performance and creating a positive and engaging work environment in FH Ethiopia. Added to these, following an integrated approach in the design and implementation of Human resource practices in a holistic way can help the management in maximizing the performance of employees.

FH Ethiopia shall focus on employee engagement and motivation because it is found to have strongest positive influence on employee performance. Carefully reviewing and trying to enhance recruitment and selection practices, compensation and benefit policies

can significantly contribute for the improvement of employee performance in FH Ethiopia as these factors significantly have shown to contribute for it. The current training and development practices have to be evaluated for further enhancing its contribution for employee performance. Further research also can unravel other potential influencers, which this model cannot account for.

In addition, implementing regular survey of engagement levels, developing training programs, which are geared towards improving the leadership ability for enhanced employee engagement and creating a collaborative platforms and teamwork, can enhance the engagement level of employees in FH Ethiopia.

Developing and maintain a recruitment and selection process which is trustworthy, standardized and designing in away promoting employee referral program and enhancing onboarding process can contribute for enhancement of these practices contribution for employee performance.

Conducting regular monitoring and needs assessment for ensuring the relevance and effectiveness of training and development initiatives, collaborating with external think thank organization for further enhance the effectiveness of the design of training and development programs and promoting continuous learning and development culture with in FH Ethiopian can enhance employee performance.

Designing performance management system based on continuous interaction and feedback, providing training and coaching managers on performance evaluation and aligning performance evaluation results with other HR practices can enhance its contribution for employee performance.

Conducting regular and timely market survey's for developing competitive compensation and benefit structure, introducing pay for performance system, which is transparent and effective, and developing, and introducing non-financial incentive such as employee wellbeing and wellness programs can enhance employee performance.

I addition to the above, fostering an open communication environment, empowering employees to take part in decisions affecting FH Ethiopia, introducing work-life balance initiatives and technological integration for implementing and developing and managing learning can benefit FH Ethiopia in improving the contribution of Human Resource practice on employee performance.

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APPENDIX I: Questionnaire

Dear respondent,

I very much appreciate for giving me your consent to participate in this study. The purpose of this study is to analyze the impact of Human resource practices on employee performance by taking FH Ethiopia as a case study. Your insight and participation is vital for understanding such a relationship and the impacts therefrom on individual and organizational performance.

This section of the questionnaire asks about your background information and demographic details. This information will be used for research purposes only and will remain strictly confidential. Please answer each question truthfully. Whenever you have questions with regard to this study or the questionnaire, please do not hesitate to ask the researcher.

Sincerely

Section 1: Demographic Information

1. What is your age?

1. Below 18 years

2. 19-29 years

3. 30-45

4. 46-60

5. Above

2. What is your gender?

1. Male

2. Female

3. What is your highest level of education?

1. High school

2. Diploma

3. Bachelor's degree

4. Master's degree

5. Doctoral degree

4. How long have you been working with FH Ethiopia?

1. Less than one year

2. 1-3 years

3. 4-6 years

4. 7-10 years

5. More than 10 years

5. What is your current position/role within the organization?

Section 2: Recruitment and Selection Practices

1. How would you rate the effectiveness of FH Ethiopia's recruitment and selection processes in attracting and hiring the right talent?

- 1. Very ineffective
 - 2. Ineffective
 - 3. Neutral
 - 4. Effective
 - 5. Very effective
2. To what extent do the organization's recruitment and selection practices align with its mission, values, and goals?
- 1. Not at all aligned
 - 2. Slightly aligned
 - 3. Moderately aligned
 - 4. Largely aligned
 - 5. Completely aligned
3. How transparent and fair do you perceive the recruitment and selection processes to be?
- 1. not at all transparent and fair
 - 2. Slightly transparent and fair
 - 3. Moderately transparent and fair
 - 4. Largely transparent and fair
 - 5. Completely transparent and fair
4. In your opinion, what improvements could be made to the recruitment and selection practices to enhance employee performance?

Section 3: Training and Development Practices

1. How would you rate the quality and relevance of the training and development opportunities provided by FH Ethiopia?

1. Very poor

2. Poor

3. Average

4. Good

5. Excellent

2. To what extent do the training and development programs equip employees with the necessary skills and knowledge to perform their roles effectively?

1. Not at all

2. Slightly

3. Moderately

4. Largely

5. Completely

3. How supportive is the organization in providing opportunities for continuous learning and professional growth?

1. Not all supportive

2. Slightly supportive

3. Moderately supportive

4. Largely supportive

5. Extremely supportive

4. In what ways could the training and development practices be improved to better enhance employee performance?

Section 4: Performance Management Practices

1. How clear and well defined are the performance objectives and expectations for your role?

1. Not all clear

2. Slightly clear

3. Moderately clear

4. Largely clear

5. Completely clear

2. How effective is the organization's performance evaluation system in providing constructive feedback and recognizing outstanding performance?

1. Very ineffective

2. Ineffective

3. Moderately effective

4. Effective

5. Very effective

3. To what extent does the performance management system motivate you to improve your performance and contribute to the organization's goals?

- 1. Not at all
- 2. Slightly
- 3. Moderately
- 4. Largely
- 5. Completely

4. What suggestions do you have for improving the performance management practices to better support employee performance?

Section 5: Compensation and Benefits Practices

1. How competitive and fair do you perceive the compensation and benefits package offered by FH Ethiopia to be?

- 1. Not at all competitive and fair
- 2. Slightly competitive and fair
- 3. Moderately competitive and fair
- 4. Largely competitive and fair
- 5. Extremely competitive and fair

2. To what extent does the organization's compensation and benefits practices align with employee performance and contributions?
- 1. Not at all aligned
 - 2. Slightly aligned
 - 3. Moderately aligned
 - 4. Largely aligned
 - 5. Completely aligned
3. How satisfied are you with the non-financial benefits and incentives provided by the organization?
- 1. Very dissatisfied
 - 2. Dissatisfied
 - 3. Neutral
 - 4. Satisfied
 - 5. Very satisfied
4. In your opinion, what improvements could be made to the compensation and benefits practices to better motivate and retain employees?
-
-

Section 6: Employee Engagement and Motivation

1. How would you rate the overall level of employee engagement and motivation within FH Ethiopia?

1. Very low

2. Low

3. Average

4. High

5. Very high

2. To what extent does the organization foster a positive and supportive work environment that promotes employee well-being and job satisfaction?

1. Not at all

2. Slightly

3. Moderately

4. Largely

5. Completely

3. How effective are the organization's practices in recognizing and valuing employee contributions and achievements?

1. Very ineffective

2. Ineffective

3. Moderately effective

4. Effective

5. Very effective

4. What suggestions do you have for enhancing employee engagement and motivation practices to improve employee performance?

Section 7: Employee Performance

1. I demonstrate a high level of commitment to achieving the goals and objectives of my organization

- 1. Not at all
- 2. Slightly
- 3. Moderately
- 4. Largely
- 5. Completely

2. I consistently meet the deadlines set for completing my assigned tasks

- 1. Not at all
- 2. Slightly
- 3. Moderately
- 4. Largely
- 5. Completely

3. I take initiatives and actively seek out opportunities to improve processes or solve problems

- 1. Not at all
- 2. Slightly
- 3. Moderately

4. Largely

5. Completely

4. I consistently deliver high quality work that meets the expectation of colleagues and supervisors

1. Not at all

2. Slightly

3. Moderately

4. Largely

5. Completely

5. I consistently meet or exceed the performance standards set for my role

1. Not at all

2. Slightly

3. Moderately

4. Largely

5. Completely

6. I demonstrate a willingness to take on additional responsibilities or tasks when required

1. Not at all

2. Slightly

3. Moderately

4. Largely

5. Completely

Section 8: Challenges and Opportunities

1. In your opinion, what are the major challenges faced by FH Ethiopia in implementing effective HR practices that support employee performance?

2. How do the organization's resource limitations, donor dependencies, and the socio-economic and cultural landscape of Ethiopia influence the effectiveness of HR practices?

3. What opportunities do you see for cross-sector learning and collaboration in HR practices between NGOs and other sectors (e.g., private sector) to enhance employee performance?

4. Are there any best practices or successful initiatives in HR management that you believe could be replicated or adapted to improve employee performance within FH Ethiopia?

APPENDIX II: Table for Determining the Sample Size of the population

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364

120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381

Source: C. R. Kothari, 2004