



**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**SCHOOL OF COMMERCE**  
**MASTER'S OF HUMAN RESOURCE MANAGEMENT**

**Assessment of Strategic Human Resource Management  
Practices: The Case of Commercial Bank of Ethiopia**

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Fulfillment of the Requirements for the Degree Master's  
of Arts in Human Resource Management**

**Addis Ababa University School of commerce**

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## Declaration

I the undersigned, hereby declare that the work contained in this thesis is my own original work and has not been presented previously in its entirety or in part at any university for a degree and that all the sources of materials used for the study have been dully acknowledged.

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This is to certify that the thesis prepared by Tekalign Asresahegn, entitled: Assessment of Strategic Human Resource Management Practices: The case of Commercial Bank of Ethiopia submitted in partial fulfillment of the requirements for the Degree Master's of Arts in Human Resource Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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# Acronyms

CBE	Commercial Bank of Ethiopia
HRBP	Human Resource Business Partnering
HRM	Human Resource Management
HR	Human Resource
NBE	National Bank of Ethiopia
SHRM	Strategic Human Resource Management
VP	Vice President

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## ***Abstract***

*Now a days the introduction of strategic human resource management in the world has shifted the basis of competitive advantage from tangible physical resources to intangible knowledge based assets. Having this in mind, The study have been conducted to assess the strategic human resource management practices of commercial bank of Ethiopia. The study addresses all the research questions and objectives stated in the objectives of the study. To undertake the study Descriptive research Design were employed. Both qualitative and quantitative Approach (mixed approach) were adopted. The data were collected from both primary and secondary sources . The primary source of data were collected from 106 sample respondents by using self-administered questionnaire and from five HR managers by Interview. Accordingly the data gathered by survey questionnaire were analysed by the help SPSS software. The findings revealed that CBE practiced HR integration to a higher extent, Consistency of HR practices to a lower extent, Devolvment of HR to line manager to a lower extent and averaged level of employee commitment. This implies that CBE practiced SHRM practices to alower Extent. Based on the findings CBE should implement strategic human resource management practices consistently acros the different stations they have in order to boost productivity and the overall performance of the bank.*

*Key Words: Strategic Human Resource management, HR integration, Consistency of HR, Devolvment, Commitmnet*

# CHAPTER ONE

## INTRODUCTION

This chapter consists of the background of the study, statement of the problem, objectives of the study, research question, significance of the study, limitation of the study, scope of the study, definition of basic terms and finally organization of the paper.

### 1.1 Background of the Study

Now a days the introduction of strategic human resource management in the world has shifted the basis of competitive advantage from tangible physical resources to intangible knowledge based assets. In a sense of strategic human resource management knowledge has become the major driver of business performance by creating core capability to an organization (Dermol, 2014). Thus, the logic behind the concept of strategic human resource management is linking such organizational core capabilities with business strategy so as to win competitive advantage against the rivals. It is the alignment of organizations' strategic human resource management function as a strategic partner to organizational growth in the formulation and implementation of the organization's strategies through human resource activities such as recruiting, selecting, training and rewarding of personnel.

The existence of strategic human resource management practices in an organization can be assured by the extent to which organization's goals are achieved through people by means of integrated HR policies and practices, by the consistency of HRM practices to each other, by the devolvement of HRM to line management and finally by high employee commitment towards the achievement of organizational goals (Armstrong, 2009). Internal Consistency is a key concept in Strategic Human Resource Management theory. The field of SHRM focuses on developing internally consistent HRM practices to build employees' knowledge, skills, and abilities in an effort to support competitive strategies and achieve business objectives.

Globally the service sectors have been facing unique challenges with the wave of privatization and globalization. The recent trend of globalized competitive business focused on the formulation and execution of SHRM in consideration of its substantial effect on the financial performance of the organization. Thus, organizations in the service industry need to adopt

strategic HR approaches to survive and be sustainable in the business arena. In the service sector the fundamental aim of strategic HRM is to generate strategic capability by ensuring that the organization has the skilled, engaged and well-motivated employees so as to create high level of commitment in order to provide quality service (Grant, 1996).

More specifically, competition in the banking industry has mainly focused on service quality and operational Excellency. Since service quality is a derivation of high level of employee motivation, the management of people in the banking sector needs special attention among others. The concept of strategic human resource management in the banking industry assured the alignment of such valuable, rare, and inimitable resources being an integral part of the business strategy as to create better performance against competitors (Barney, 1992). To achieve competitive success through people involves changing our way of thinking about employment relationships. It means successfully working with people, and seeing HR as a source of competitive advantage rather than as merely a cost (Pfefer, 1994).

Banks in the Ethiopian case are ideally tried to implement strategic human resource management practices. The central theory of SHRM revealed that successful organizations in implementing SHRM practices depend on a close fit or alignment between business and human resource strategy (Armstrong, 2009). According to some empirical studies conducted by Abraraw, 2015 on selected large business organizations in Ethiopia, it was found that there was a moderate level of HR and business strategy integration. Even though very few studies are conducted regarding SHRM practices in Ethiopian context, a lot of untapped areas are available which needs further studies. Thus having this in mind, the study has undertaken a thorough asesment on the SHRM practices followed by the dominant bank in the country, Commercial bank of Ethiopia (CBE). In this study the researcher has viewed strategic human resource management practices from four dimensions. The first one is by looking HR strategy alignment with business strategy of the bank secondly by exploring HRM practices consistency to each other thirdly the devolvement of HRM to line manager and finally by measuring the level of employee commitment.

Commercial Bank of Ethiopia (CBE) is one of the leading banks in Ethiopian banking industry. CBE was first established as a state bank of Ethiopia in 1942. CBE has more than 1280 branches throughout the country. Now CBE has a total asset of birr 565.5 billion as at June 30, 2018. It has about 18.8 million account holders and more than 33,000 employees. More over CBE was

pioneer to introduce various foreign money transfer agents in 1990s and currently it is working with 20 money transfer agents (CBE's Annual Performance Report, June 30, 2018).

## **1.2 Statement of the Problem**

In a knowledge-based economy, different globalization forces and technological discontinuities are causing organizations to rethink the way they do business and how to be profitable. As it is clearly shown from the mission statement of CBE, “realizing the best of stakeholders value by deploying motivated, skilled and disciplined work force”, managers are aware that beyond the state of the art of technology the main source of achieving organizational objectives are from proper management of its employees. However, having an appropriate system of attracting, retaining and managing the organizations human resources in line with the corporate business strategy are in question.

According to National Bank of Ethiopia Annual Report 2017/18, There were high level of employee movement among the existing banks in the country. This is mainly due to banks are focused on snatching scarce skilled labor from the market through alluring them with attractive benefit packages. Since CBE are market price follower, unless the deployment of other HR strategic options in the future, the snatching will adversely affect the market position of the bank. And also acquiring and maintaining highly qualified staffs is becoming difficult in the market due to the stiff competition among the existing banks. Thus this demand the bank to review its HR policies to stay in the market as well as to achieve its vision, “To become world class commercial bank by the year 2025’.

In the past seven years CBE has been investing in acquiring new potential employees and maintaining existing staffs in order to build sufficient successor pool by developing and implementing various policies and strategies concerned with human resource (CBE Annual performance report 2017/18). However a survey conducted by Senait, 2017 on Employee commitment revealed that there is high level of potential successor's turnover, moderate employee engagement, low morale, and reduced employees' desire to learn and apply new skill. This helped the researcher to think there is some sort of gaps in the organization with respect to the concept of strategic human resource management practices and need additional assessment in the area.

Therefore, this study is carried out to assess the overall SHRM practices followed by CBE. Even though a number of studies conducted with different titles on CBE, still there is little research has been undertaken regarding the assessment of SHRM practices in the bank. The study assessed SHRM practices of the bank by looking in to four strategic dimensions. Namely, HR integration with business strategy, consistency of HRM practices to each other, devolvement of HR to line manager and level of employee commitment.

### **1.3 Research Questions**

The study addresses the following research questions;

1. To what extent do the HR Strategy of CBE is integrated to its business strategic plan?
2. To what extent do the different HRM practices are consistent to each other?
3. To what extent do the HRM systems of the Bank are Devolved to line managers?
4. What is the level of employee commitment towards achieving organizational goals in the Bank?

### **1.4 Objectives of the Study**

The general and specific objectives of this study are as stated below.

#### **1.4.1 General Objectives**

The general objective of the study is to assess strategic human resource management practices of Commercial Bank of Ethiopia.

#### **1.4.2 Specific Objectives**

The specific objectives of the study that can lead to achieve its general objective are to:

1. Assess the extent to which the overall HR and Business strategy are integrated.
2. Examine the extent to which HRM practices are consistent to each other.
3. Identify the degree to which HRM system involves and shared responsibility to line managers rather than HR specialists.
4. Measure the level of employees commitment towards achieving a particular task effectively.

## **1.5 Significance of the Study**

The undertaking of this study is primarily helpful for the researcher, beside the academic qualification, by creating the exposure to broaden the understanding of SHRM practices with a kind of practical look.

Moreover, the findings of the study are believed to be significant to Commercial Bank of Ethiopia. The results will enable the management to establish or amend the existing HR policies and maintain strong human resource management strategies in alignment with the corporate business strategies of CBE. And also the overall findings of this research will contribute to other similar organizations as a tool to customize the suggested recommendations in to organizational context to improve their HR related strategic gaps.

Finally, it can also serve as an ingredient for future studies in the area for reference.

## **1.6 Scope of the Study**

Concerning methodological scope, the study used both quantitative and qualitative research approach. The reason for using mixed approach is the nature of the research questions and adopts both primary data collection techniques (Questionnaire and interview).

Conceptually, the study covered only those four principles of strategic Human Resource Management practices. Namely, HR Integration, Consistency of HRM Practices, Devolvement of HR to Line Manager and Employee Commitment. Even if various conceptual theories available in the literature regarding SHRM practices, the study conceptual scope is limited to these SHRM practices.

Geographically, the study concentrated only in Addis Ababa Area offices i.e. Head Office and four Districts of the Bank. The logic behind to this is it's difficult to cover all areas and offices throughout the country and the study assumed that the sample respondents will represent the whole population.

The Time frame work of the study was mainly relied on the university schedule. And also since the study were assessing a certain practices followed by the bank, the data used in the study were from the establishment of the bank.

## **1.7 Limitation of the Study**

This study has encountered the following limitations and constraints:

Limited availability and access to documents related to HR and Business strategy of the Bank due to confidentiality. And also lack of willingness among respondents to fill the questionnaire with due care and return ontime. Time constraint of some interviewees and survey respondents due to busy office works. However with the help of the support letter from the university and with the support of some relatives in the bank, the study has got the opportunity to collect both the primary and secondary data.

## **1.8 Definition of Terms**

Strategic HRM is an approach that defines how the organization's goals will be achieved through people by means of HR strategies and integrated HR policies and practices (Armstrong, 2009).

Integration of HRM refers to the involvement of HRM in the formulation and implementation of organizational strategies and the alignment of HRM with the strategic needs of an organization (Chaddie, 2001).

Internal consistency of HR practices refers to the degree to which all HR practices of a SHRM system are consistent and complementary (Baron and Kreps, 2005).

Devolvement of HRM refers to the degree to which HRM system involves and gives responsibility to line managers rather than HR specialists (Cooke et al, 2003).

Employee commitment is the psychological state that characterizes an individual strength and involvement in a particular task in a given organization (Allen and Meyer, 1997).

## **1.9 Organization of the Study**

This thesis paper is organized under five chapters. The first chapter deals with introduction which includes research background, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitation of the study, definition of terms and finally organization of the study.

The second chapter is composed of review of related literature. In this chapter there is concepts of SHRM, integration of business and HR strategy, consistency of HRM practices, devolvement of HR to line manager, employee commitment, why SHRM and conceptual frame work.

Chapter three is about research design and methodology. In this chapter also there are different sub topics which describes the methodology of the overall thesis paper. Research approach and design, population and sample, data source and type, data collection procedure, ethical consideration, validity and reliability and data analysis are the main sub topics that has been raised in this chapter.

The fourth chapter is data analysis and interpretation. The collected data from both primary and secondary sources are properly analyzed in this chapter.

The final chapter is composed of the summary of findings, conclusion and recommendation for the study. In this part proper conclusion of the overall part of the paper and some recommendations are presented based on the research findings.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1 Availability of Literature

Despite a considerable body of organizational literature that has been conducted to assess Strategic human resource Management practices in commercial bank of Ethiopia as well as the industry, there are very little literature regarding this concept due to it is new to the whole world and our country as well. Although most of the researches around the world were undertaken on the relationship between SHRM and firm performance, little has been done to examine SHRM in the banking industry. The rationale for the study is therefor to address this gap.

#### 2.2 The Concept of SHRM

In the 1990s the increasing forces of globalization and stiff competition through technological innovation changed the bases of organizational effectiveness from the traditional use of human resources to the more strategic version of human resource management.

Different scholars in the late 20<sup>th</sup> century was defined Strategic Human Resource Management in different perspectives. Among the many definitions in the literature, Batt, 2007 stated that SHRM is the process of developing HR strategies that are integrated with business strategy vertically and horizontally with one another. It is the macro-organizational approach of viewing the role and function of Human Resource Management. In this definition all HRM practices in the organization are linked and have a direct impact on the overall corporate business strategy of the organization. It is looking holistically towards the traditional HRM. The main focus on this definition is to achieve organizational objectives through people management.

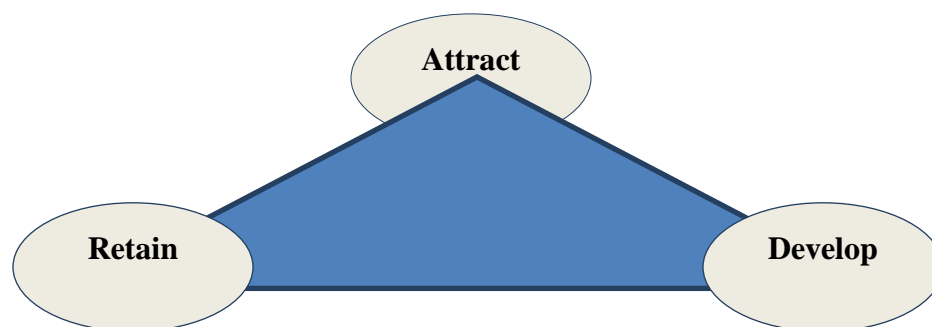
Another interesting definition was proposed by Holbeche, 2004, who have said “Strategic HRM has a clear focus on implementing strategic change and growing the skill base of the organization to ensure that the organization can compete effectively in the future”. By this definition employees in the organization have looked as they are strategic resource, not costs, and their contributions will affect the organization goals.

Schuler (1992) defined Strategic human resource management in a manner that this study has framed; it is about integration and adaptation. According to her, SHRM is largely deals about

ensuring three major concerns in an organization firstly; ensure human resource management is fully integrated with the strategy and strategic need of the firm second HR policies cohere both across policy areas and across hierarchies and finally HR practices are adjusted, accepted and used by line managers and employees as part of their everyday work.

Moustaghfir, 2014, defined SHRM in connection with HRM practices. SHRM is a set of managerial activities related to developing and maintaining highly qualified work force that excel organization effectiveness in order to achieve organizational objectives. It is about giving HR manager more responsibility of working towards organizational mission in partnership with other line managers and to make sure that they have the required knowledge and human capabilities. Hence HR managers become accountable for the achievement of organizational goals and operational objectives. And also Cole (2004) emphasize that ‘the HR function brings in the strategic value of people in organization by making contribution to value added and contribution to competitive advantage.’

To strength this concept Cascio, 2012 argued that in strategic thinking HR Managers should be appraised based on the value they added to the organization in terms customer satisfaction, cost reduction, quality standard, productivity ratio, and other performance oriented indicators. Thus as it is indicated in Figure 1 below, the strategic objective of HRM is mainly focused on ensuring the capacity of such an organizational function to attract, retain, and develop human resources to ensure the efficient and effective materialization of the organizational vision and goals.



***Figure 1: Strategic definition of HRM (Moustaghfir, 2014)***

## 2.3 Why SHRM

Various scholars have been stated about the rationality of Strategic Human resource management in an organization. According to Bailey (1993) SHRM is about the capitalization of potential source of profitability for an organization. Managers can use HR practices such as the development of selection, appraisal, training and compensation systems, to attract, identify and retain high-quality employees. Thus, a firm which develops a valid selection system and has attractive HR programmes, such as higher than normal compensation packages and numerous development opportunities, can attract, select and maintain the highest quality resource pool.

The first basic purpose of SHRM for an organizations is to focus on actions that distinguish an organization from its competitors (Balkin and Logan, 1988). In SHRM, organizations more focus is solely on the companies human asset. But previously HR function has consistently faced a battle in justifying its position. However now a days sustained competitive advantage derived from the resources and capabilities a firm controls that are valuable, rare, imperfectly imitable, and not substitutable. These resources and capabilities can be viewed as bundles of tangible and intangible assets, including firms' management skills, its organizational processes and routines alongside the information and knowledge it controls (Barney, 1991).

As stated by Ulrich,1998, the strategic HR framework aims to leverage HR practices to build critical capabilities that enable an organization to achieve its goals. Strategic HRM offers both financial and non financial benefits to an organization.

SHRM further design the foundation of organization to achieve efficient business benefits, business structure, organization culture, employees values propositions and effective communication strategic plan for HRM (Miles and Snow, 1978). And also consistent SHRM practice brings enhanced business decision making, keep track of down turns, down falls and major organizational risks.

According to Schuler, 1992 SHRM provides new innovations by adding smoothness in workforce morale and capabilities. In doing so it brings motivated employees, development of flexible work force, employees' empowerment and positive work environment.

In order to higher the employees' performance graph, companies need to boost their employees motivation. This can be achieved by proper implementation of integrated reward management like annual incremental, employee of the month, employee of the year and promotions are the

tactics to appreciate loyal employees. The HRM strategic plan also included the activities to make flexible workforce development. Strategic HRM includes the policy to convert work into flexible one. Flexibility in employee's shifts, schedules and work location allow them to work freely. These relaxations will generate more quality in their work & performance. Moreover, Strategic HRM, developed more enthusiasm in employee behavior. The employee's development includes some courses, training sessions and short lectures that will change employees into more skilled assets. These skill assets will be used in future to enable an organization to have competitive advantage against business competitors.

Finally, Strategic Human Resource Management, encourage positive work environment within the organization. This environment will eventually brings rise in the employee's progressive & productive work graph. The positive work environment ensures the favorable benefits in organizational aspects.

## **2.4 Integration of HRM**

Integration of HRM refers to the involvement of HRM in the formulation and implementation of organizational strategies and the alignment of HRM with the strategic needs of an organization (Chaddie, 2001). He argued that HR to be a strategic partner for an organization, HR managers should be involved in strategic decision making together with other senior managers. This would provide an opportunity for HRM to represent its concerns and influence business strategy beyond decision making. The involvement includes the membership of HR managers in the senior management teams to participate in the formulation of corporate strategy. The overall themes of SHRM are the integration of all HRM functions, adherence to broad organization goals and responsiveness to the external environment (Armstrong, 2009).

According to Miles and Snow, 1978, in today's management practices, all business functions try to link their work methods and practices with firm strategy to achieve higher organizational performance. The integration can be either of vertical or Horizontal. According to the 'Best-fit' approach of contingency theory vertical integration is the alignment between the organizations business and HR strategy and horizontal integration is to ensure that the different elements of the HR strategy fit together and are mutually supportive (Armstrong, 2009).

Further Robbins, 1998 as cited in Greer, 2012, this integration is more elaborated by four aspects, the first one is integration among HR practices, refers to the existence of linkage among HRM practices and the overall strategy of the organization namely, strategic recruitment and selection, strategic training and development, strategic reward and strategic performance appraisal. All these HR functions and processes tried to integrate with both horizontally HR strategies and vertically business strategies and goals. This kind of integration has been categorized under internal fit. The second one is integration between HR system and other systems in an organization. This refers to the creation of organizational fit between HR system and other departmental strategies working with the achievement of common organizational objectives. The third one is integration between the HR system and business strategy. This can be a strategic fit between Porters competitive business strategy and HR strategy in order to incorporate those HR practices as a tool to achieve organizational objectives. Schuler and Jackson (1987) evidenced empirically this concept on the basis of their research that 'effectiveness can be increased by systematically melding human resource practices with the selected competitive strategy'. The last one is integration between HR system and the environment that an organization operates with. This is the existence of environmental fit to respond quickly for the changes happened in the competitive market.

Greer, 2012 also listed that the benefits of HR integration for organizations are it brings diversified solutions for organizational problems, ensure the participation of HR in goal setting, ensure organizational abilities to accomplish goals and implement strategy by means of HR, Prevent the formulation of strategy based on personnel preference and finally facilitates concurrent consideration of strategic plans and managerial succession.

According to Schuler and Jackson, 1987, the extent to which the strategic integration can be practiced and evaluated by the representation of HR manager in to the board, the presence of written HR strategy and involvement of HR manager in the formulation of corporate strategy. To achieve strategic integration and alignment of HRM with business strategies, a documented HRM strategy would also be useful as it can make more concrete the role and authority of HR managers in corporate decision making and increase capacity to cope with externalities such as a tight labor market (Deborah, 1995). Based on the above concepts the presence of HR integration will be tested in CBE so as to generate reasonable inference about the topic.

An empirical survey conducted by Abraraw 2015 in 156 large scale business organizations in Ethiopia, revealed that there were a moderate level of HR integration with business strategy. And also the result shows that the integration was varied from sector and size of the organization and most of service providers in Ethiopia have better accomplishment regarding HR integration. Thus the rationale for this study is to expand the knowledge regarding this concept by laying additional empirical study for future studies in Ethiopian context by taking a single experience of CBE.

## **2.5 Consistency of HRM Practices**

SHRM is mainly deals about the prevalence of internally consistent HRM practices in an organization. Consistency refers to the extent of those individual practices are complimentary to each other and applied uniformly. In order to measure their levels of consistency the main questions raised was do this individual practices are really supportive to each other? Practically, if the HR strategy were derived from the corporate strategy and fully integrated, without any doubt the individual HR practices will be consistent to each other (Armstrong, 2008). So this was one of the reasons for the researcher to use internal consistency as a tool to measure the existence of SHRM practices in an organization.

In a various literature including Baron and Kreps (2005), there are three aspects of internal consistency are identified namely, single employee, among employee and temporal consistency. Single employee consistency refers to the various HRM practices must be consistent to a single individual in an organization. For an individual regarding his performance and ability gained by extensive training must be aligned with the compensation package provided by the organization so as to create high level of motivation and commitment unless turnover intention will be high. Among employee consistency also the above mentioned HR practices should be consistent for a group of people who are in in similar situation in an organization. It is the uniformity of HR practices for different individuals in an identical situation. Temporal consistency refers to the HR philosophy should be consistent and continuous over a given period of time. The way an individual treats today must agree with yesterday as to create some level of confidence on HR practices in the minds of employees.

Internal consistency has five major benefits for an organization Baron and Kreps (2005). First it allows the HR practices of an organization to be technically interdependent, allow operations to

follow the same basic principle, it allows social learning in the sense of social norms in an organization, it allows better initial matching of employees to work setting and finally it promotes distributive justice in an organization.

Previous studies revealed that in large business industries in Ethiopia it was found that a moderate level of HRM practices internal consistency. Further the study depicted the finding based on the above three aspects of internal consistency. As stated by Abraraw, 2015 there was average level of single-employee consistency due to low level of integration between HRM activities and long term HR vision. Regarding among-employee consistency it was found that there is low level of consistency due to the prevalence of informal promotion practice and a widespread nepotism at the top. Same is true for temporal consistency, since for the last ten years the introduction of change management in the country forced HRM philosophies to change overtime. This and related factors are liable for the low level of temporal consistency in the past studies. However, currently a lot of changes have been takes placed in the business environment due to the force of globalization and the stiff competition among the existing firms, so it is being logical to undertake an additional assessment in the subject matter.

## **2.6 Devolvment of HRM**

As it is stated by Cooke et al (2005) devolvment refers to the extent to which the HRM systems are involves and give responsibility to line managers. He asserted that SHRM is an efficient function that involves line managers in the affairs of HRM activities directly and give primary responsibility to certain HR practices. According to the concept Proponents of Beer et al 1984, every line managers have responsibility for the management of HR in his own custody. The designation of HR policies lies on the HR specialists whereas the implementation and follow up goes to line managers. Further this theory was framed by Boxall, 1992 and named the Harvard framework of SHRM. As stated in the theory ‘line managers should accept more responsibility for the alignment of HR policies and competitive strategy and HR specialists has the responsibility of setting HR policies.’ The effective implementation of HR strategies depends on the involvement, commitment and cooperation of line managers.

And also Purcell *et al* (2003), argued that that ‘it is the front-line managers who bring HR policies to life, and act accordingly.’ Since frequent contacts with employees are lies with line managers, it is logical to give the responsibility of managing HR to line manager as to easily

identify gaps and take remedial actions. In similar fashion Schuler and Walker, 1990 assured that people related business problems are efficiently solved by joint activities of HR and line managers.

According to Guest, et al, 2003, currently devolvement of HR to line manager has got great recognition in line with the expansion of the concept strategic human resource management. He identified that the reason for this popularity was the benefit that an organizations enjoyed from proper implementation. Involving line managers to HRM practices has the following major benefits for an organization. First and for most some kind of problems that are easily solved by line managers will be complex to handle and comprehend by top management, the time duration for a problem to be identified and solve in a certain jurisdiction can be comparatively fast by line managers, since line managers has frequent and constant contact with employees it is easy to motivate and control, helps the organization to prepare successors by developing the exposure to decision making and finally it reduces cost. More over the devolution helped the organization to transform easily from the traditional management-employee relation through unions to a strategic and direct management employee relation without unions. This can be facilitated by the existence of bondage through frequent interaction between line managers and respective employees.

As it is stated by various scholars the measurement of the level of devolvement is being challenging and debatable. However according to Schuler, 1992 to some extent the level of devolvement can be measured by three mutually inclusive indicators these are, the extent to which line managers are involved and take certain responsibility of HR practices, the proportion of HR staffs for the total number of employees, and the degree to which line managers are trained to undertake HR related responsibilities. She argued that line managers should receive continuous support and extensive training from HR specialists regarding HRM practice.

More empirically, Abraraw, 2015 found that there is low level of HR devolution to line manager on selected business organizations in Ethiopia. According to him the reason for this result was highly due to the national culture of maintaining the status-quo, high risk avoidance organization culture and low level of decentralization. However, Decentralization is one of the values that CBE has being followed for the last nine years. But, the extent of decentralization in CBE was not well researched. Thus one of the rationality of this study was to measure the extent of decentralization practice of CBE interms of devolution of HR practice to line manager.

## **2.7 Employee Commitment**

One of the indicators that predict the existence of strategic human resource management in an organization is based on high level of employee commitment (Schuler and Walker, 1990).

According to Allen and Mayer, 1997, Employee commitment “is a psychological state that characterizes the employee’s relationship with the organization and has implication for the decision to continue membership in the organization.”

It is known that high level of employee’s commitment has a positive relationship with employee effectiveness as well as organizational performance. The central theory of resource based view is empowering organization employees to a high level of commitment as to make them a strategic resource by exploiting their core capabilities which are rare, inimitable and difficult to substitute for the achievement of organizational objectives (Grant, 1996).

Mowday, et al, 1982 saw organizational commitment as a strong belief in an organization’s goals, and values, a willingness to exert considerable effort on behalf of an organization and a strong desire to remain a member of the organization. Since there is strong belief on organization’s goals and exert maximum effort, the probability of achieving such goals become larger through high level of commitment. So it is logical to use high level of employee commitment as a predictor to SHRM existence in an organization.

Allen and Meyer, 1997 identified three component models of employee commitment. These are Affective commitment; emotional attachment of employees resulting from positive experience, continuance commitment; fearing the opportunity cost of leaving the organization, and normative commitment; feeling of obligation to continue. Thus the study were tested the level of employee commitment in CBE by using these three types of commitment together.

### **Affective Commitment**

The most prevalent approach to organizational commitment in the literature is an effective or emotional attachment of an individual to the organization such that strongly committed individual is identifies with, is involved in and enjoy membership of an organization (Kanter, 1968). It is about affective attachment of an individual to the organizations goals and values. If an individual is affectively committed to an organization, he/she will continue their membership because emotionally they want to. According to Allen and Meyer, 1990, it can be said that an

individual are affectively committed if they believe in the goals and values of an organization, if they have positive work attitude, if they demonstrate high level of performance and desired to remain with the organization.

Mathieu and Zajac (1990) in their study identified that regardless of what companies do, some employees display greater organizational commitment than others. This can be found as a result of certain factors in an organization like personal characteristics, attitudes and relationships. Personal characteristics are age, gender, education, perceived competence, protestant or puritan work ethic, job attitudes, job satisfaction and organizational citizenship behavior.

### **Continuance Commitment**

It is about the simultaneous effect of what an individual invests in an organization and perceived lack of alternatives. The investment may be expressed in terms of any thing which is valuable for an individual like organizational benefit, position, pension plan, association and collusion (Allen and Meyer, 1990). Most of the time it occurs when individuals base their relationship with the organization on what they are receiving in return for their efforts and what would be lost if they were to leave. It is mainly about the opportunity cost of leaving the organization expressed in terms of financial or non financial aspects.

### **Normative Commitment**

It is about an individual remaining in an organization based on expected standards of social behavior or social norms (Kanter, 1968). Most of the time this type of individuals are expressed by their obedience, cautiousness and formality. Moreover they reflect their moral imperative and ethical obligation rather than felt attachment.

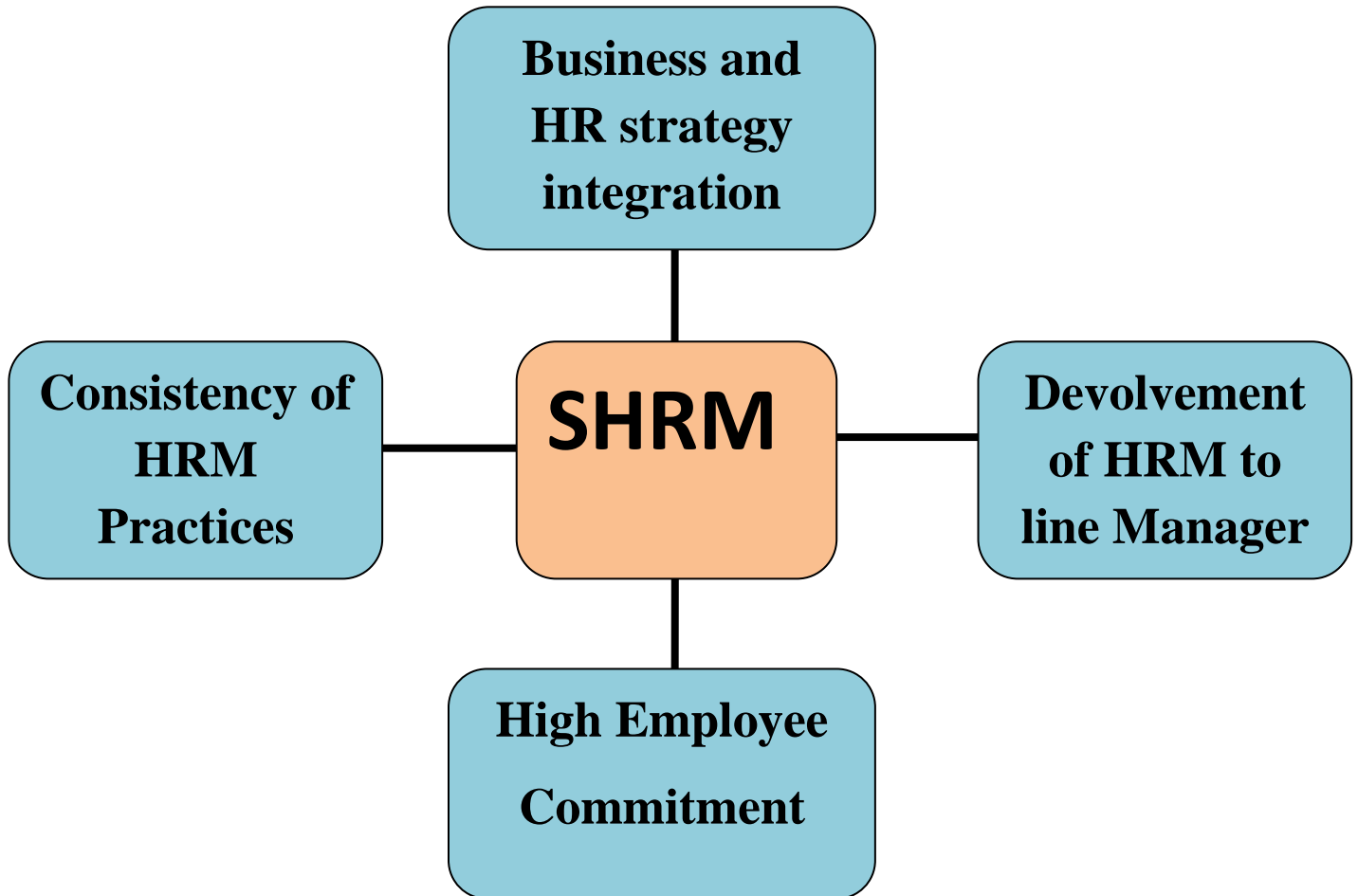
Researchers suggested that most of the time morally obliged and committed employees tend to display the same attitudes and behaviours as those who are affectively committed.

## **2.8 Conceptual Frame work**

The conceptual framework of the study was developed based on the objectives of assessing the overall strategic human resource management practices of Commercial Bank of Ethiopia. Since the study was designed to assess the SHRM practices of CBE qualitatively, the conceptual framework of the study only shows the variables of the study rather than to create some relationships. According to Barney, 1992 the concept behind strategic human resource management is about aligning organization core capabilities, would be achieved by efficient utilization of human resource, with Porter's three generic bases of business strategy so as to win the competitive concerns. Thus, the alignment issue has been considered as one variable.

Moreover, The existence of strategic human resource management practices in an organization can be assured by the extent to which organization's goals are achieved through people by means of integrated HR policies and practices, by the consistency of HRM practices to each other, by the devolvement of HRM to line management and finally by high employee commitment towards the achievement of organizational goals (Armstrong, 2009). Therefore, with reference to literature review and the research problem the above four critical concepts are considered as a variable for the assessment as shown in figure 2.

*Figure 2: Conceptual frame work of the study*



*Source: Own construct based on Literature*

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

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

#### **3.1 Research Design and Approach**

Cooper and Schindler (2003) summarizes the essentials of research design as an activity and a time based plan; always based on the research question; guides the selection of sources and types of information; framework for specifying the relationship among the study variables and outlines the procedures for every research. The research design is therefore the blueprint that enables the investigator to come up with solutions to problems and guides in the various stages of research. The nature of this study is descriptive design which involves precise procedure and data source specification to assess the overall SHRM practices of Commercial Bank of Ethiopia. Thus the study used both qualitative and quantitative (mixed) research approach in collecting and analyzing data. The reason for this is qualitative approach used to analyze the interview results and supplement and strengthen the quantitative aspects. More over according to Creswell, (2011) the purpose of using such a mixed methods approach is to gather data that will not be obtained by adopting a single method and for triangulation so that the findings with a single approach could be substantiated with others wherever possible.

#### **3.2 Population and Sample**

Sampling is the process of selecting units or individuals from a population which can be included in the study, for instance, to answer interview questions or respond to survey questionnaires Dawson, (2002). There are two main types of sampling procedures: probability sampling and non-probability sampling. Probability sampling involves selecting elements randomly in that the selection of any one element is independent of the selection of the other elements. Unlike the

case of probability sampling, in non-probability sampling the probability that an elementary unit in the population included in the sample is unknown. Instead of objective approach the researcher follow subjective approaches. Individual elementary units are selected not based on chance but on personal intuition feeling, judgment, convenience etc. Choosing the type of sampling technique depends upon the area of research, research methodology, and preference of the researcher (Dawson, 2002).

The study used both the probability and non-probability type of sampling. The probability type of sampling used in this study is stratified sampling whereas the non-probability type of sampling is convenience sampling technique. Stratified sampling technique means selecting the sample based on the homogeneity of the sample from the population and heterogeneity of the element in the sample size. Commercial bank of Ethiopia has different offices and branches throughout the country. The head office and four districts are located in Addis Ababa. Among all the sample of the study shall be taken from head office, district and branches located in Addis Ababa city only. This is mainly due to three factors first, the nature of the study which required more data from head office and district offices second, their geographical location are more convenient to the study and finally the homogeneity of all districts and branches throughout the country regarding HR strategy.

The population or target groups are line-managers and HR-mangers who work under head office, district and city branches. All HR managers under the selected district and head office were considered for Interview due to their importance and small in number.

Since the four districts in Addis Ababa are homogeneous in characteristics, Two districts were selected by simple random sampling. Based on proportionate stratified sampling technique a sample branch were selected from the randomly selected districts.

**Table 1: The Total Population and Sample of the Study**

Location	Line Manager		HR Manager	
	Population	Sample	Population	Sample
Head Office	20	14	3	3
East Addis District	78	56	1	1
North Addis District	59	43	1	1
<b>Total</b>	<b>157</b>	<b>113</b>	<b>5</b>	<b>5</b>

*Source: CBE Human Resource Record as of December 31, 2018*

It is very important to determine the sample size with great care because sample size and precision of information are highly related. Thus, using a sample size formula of (Israel, 2013) below by taking a margin error of 5% and a confidence interval of 95%, 113 respondents were chosen from 157 line Managers for questionnaire. According to Creswell, (2011) a higher number of sample size will provide better generalization about the whole population and vice versa. The whole 5 HR managers were considered for interview due to their importance and small in number.

$$n = N / [1 + (N * e^2)] = 157 / [1 + (157 * 0.05^2)] \sim 113 \text{ Respondents.}$$

Where:

n - The sample size,

N - The population size, and

e - The level of precision (e = 0.05)

To maintain a representative of the sample for each stratum the study used proportionate stratified sampling technique. Accordingly, 14 respondents from head office, 56 from East Addis Ababa district and 43 from north Addis district were chosen. Then to select respondents from each group, the study used lottery sampling technique to give equal chance to the members in the category.

### **3.3 Data Source and Types**

The study used both primary and secondary source of data for its successful accomplishment of the study. Primary data refers informations collected by the researcher himself and is collected

for the first time. These Includes the actual information received from individuals directly concerning the problem of the study. Hence the primary data was collected from sample respondents by using self administered questionnaire and quantitatively measured on five point likert scale. Moreover, The study has also used semi-structured interview to collected relevant informations to answer the first two research questiones and analysed qualitatively. The secondary data source of the study were published and unpublished, personal and public documents. Accordingly the secondary data used includes HR strategy of the bank, Websites, Business magazins, Accademic Journals and Books. Generally primary data sources of this research are Questionnaire survey and semi-structured interviews, whereas secondary data sources are reviews of documents, literatures and Internet.

### **3.4 Data Collection Instruments**

Regarding primary data collection, the study used self administered questionnaire and semi-structured interviews.

#### **3.4.1 Questionnaire**

Questionnaire developed by the researcher were both open-ended (to get new information from respondents) and closed-ended (to get uniform answers from respondents). On open ended questions, the respondent are asked to provide his own answer to the question while on closed ended questions, the respondents are asked to select his answer from among a list provided by the researcher. Closed ended questions are very popular in quantitative type research since they provide uniform responses and easy to analyse quantitatively (Dawson, 2002). Accordingly, Different questions were developed for line mangers to reach their respective insights. Questions related to devolvement of line manager were developed by the researcher himself in reference with Schooler and Jackson', 1987 criterion whereas questions related to Commitment were standard questions adapted from the revised Allen and Meyer, 1990. All the questionnaires were distributed to 113 respondents by the researcher himself after preliminary discussions on the purpose of the study. The questionnaire was composed of four parts, The first part of the questionnaire were closed ended questions asked about demographic characterstics of the participants like gender, age, experience and educational background whreas the second and third parts contains closed ended questions answered in a five point likert scale. The final part

were open ended questions and purposely incorporated to gather new ideas from the sample respondents.

### **3.4.2 Interview**

Semi-structured Interviews are also used as the main sources of primary data to collect informations regarding HR intergration and Consistency of HRM practices. According to Cooper and Shendler, 2003 most of the time interview can describe the respondents own behavior on some relevant areas by demonstrating the degree of consistency between actual practices and policy of the organization. Hence to gather informations on HR integration and consistency it is better to conduct interview to get the actual practice rather than being restricted on reviewing the HR Policy of the bank. Accordingly, five HR managers from the three offices were selected and given ten interview guideline questions ahead to made the interview scheduled and be ready on the subject matter. All of them were interviewed as per the schedule. The way the interviews conducted were face-to face and recorded after informing the confidentiality. Thus based on their consent it was recorded by mobile apparatus and played back during interview result analysis.

### **3.4.3 Document Review**

The researcher has also reviewed documents, internet and the bank website to get additional source of data and for understanding about the subject matter and the banks profile. On top of that, HR strategy of the bank, Annual Reports, Business magazines, Accademic Journals and Books were reviewed.

## **3.5 Validity and Reliability**

Sekaran, (2009) identified three type of validity namely content, criterion-related and construct validity. Content validity ensures that the measure includes an adequate and representative set of items that tap the concept under study. The more the scale items cover the concept, the greater the content validity. Hence, to ensure the study free from bias and being valid, the researcher adapted standard questionneir of Allen and Meyer, (1990) that measured organizational commitment. And also the other questionnaire and interview guideline questions were developed by referring reliable sources such as published books and articles. Moreover, all the instruments were forwarded for two experts in the field of HRM and my advisor to provide their comments on the item.

Reliability refers to the degree to which an instrument measures the same way each time under the same condition with same subject (Sekaran, 2009). It is about the consistency of the data collected. To make sure the reliability, the researcher deliberately incorporated reversed questions and some questions had re-asked in different places. Further more, Cronbach's alpha reliability test had been conducted by using SPSS software. According to Creswell (2011), Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of a scale and expressed in terms of a number between 0 and 1. And also Zikmund, 2010 argued that a scale with coefficient between 0.6 and 0.7 represent fair reliability. Hence, for this study the Cronbach's Alpha reliability test has been conducted and all the variables of SHRM scale were found above the acceptable range for further analysis as shown in table 2.

**Table 2: Cronbach's alpha Coefficient result**

Variables	Cronbach's Alpha	N of Items
Devolvement HR to line manager	.868	9
Affective Commitment	.817	8
Continuance Commitment	.741	6
Normative Commitment	.732	6

*Source: own survey result, 2019*

### 3.6 Data Analysis

After the data has been collected properly the process of editing, coding and classifying were done so that it would be suitable for further analysis. Since this study is descriptive type of research the collected data was analysed by using tables, figures, percentages, graphs, charts, and frequency. Apart from tables and graphs, mean and standard deviation also used to analyze the data obtained through the questionnaire quantitatively. During the process Age, Gender, Experience and education background were treated as control variables and to show the demographic characteristics of respondents. The analysis also involved coding the responses, tabulating data and performing statistical computation. The descriptive statistics were calculated and analysed by the help of Statistical Package for Social Sciences (SPSS) software Version 21.0

and described in terms of frequency, mean, percent, and standard deviation. The results of statistical computation were interpreted in reference of various literatures including reliability.

The interview result also analysed qualitatively so as to answer the first two research questions. Accordingly, by playing back the recording of interview, the researcher tried to analyse the data carefully in comparison with previous findings and various theories.

### **3.7 Ethical Consideration**

The ethical issues considered in the study includes: informed consent (by informing the respondents regarding the background of the study, including the importance of the data to be gathered from them) and issues of confidentiality (by ensuring the respondents that all of the information in this study will solely be used for academic purposes only).

In addition, the researcher is sure about all of the responses from the sample are given merit, whether the researcher agree or not to their individual responses. The researcher were not disclose any personal information of the respondents, which was explained in the conduction of the questionnaire and interview directly to the respondents.

# CHAPTER FOUR

## DATA ANALYSIS AND INTERPRETATION

This chapter is composed of various sub topics that deals about the finding of the study. The collected data both from primary and secondary sources were analyzed properly by using tables, graphs and figures. In the first sub topics response rate of respondebts were presented. Next the findings from interview results for integration and consistency of HRM practices are analyzed qualitatively. And also the first two research questions which are the extent of integration and consistency of HRM practices has got their answers. The last sub topics are about descriptive statistics of survey questionnaires analysed by using SPSS are discussed.

### 4.1 Response rate of Respondents

As it is presented in the methodology part of the study, semi structured interview and self-administered questionnaires are prepared to collect relevant primary data from sample respondents. Accordingly, 113 questionnaires were distributed to respondents who worked under Head office, East Addis and North Addis Ababa District line managers. Out of 113 questionnaire respondents a total of 106 questionnaires were filled and returned by sample respondents. Whereas 7 respondents are not returned the questionnaire on time. The reason not to participate in the study are not clearly identified but refused to return. However, according to Cooper & Schindler (2003) a response rate of more than 50% of the total samples will provide adequate generalization about the characteristics of the study problem. Thus, as it is indicated in Table 3 below, the response rate of the sample respondents were above the acceptable rate, 93.8%.

*Table 3: Questionnaire Response Rate*

Description	Number of responses			
	Head Office	East Addis	North Addis	Total
Distributed	14	56	43	113
Returned	14	52	40	106
<b>Response Rate</b>	<b>100%</b>	<b>94.8%</b>	<b>94.9%</b>	<b>93.8%</b>

*Source: Own survey result, 2019*

## 4.2 Demographic Characteristics of Respondents

The demographic characteristics of respondents were described under based on sex, age, their respective work experience and education background.

As it is indicated in Table 4 below, among the total 106 line managers 88 (83%) were male and the rest 18 (17%) were female. This implies that the largest proportion of line managers in CBE are composed of male population and we can say that less attention has given in empowering female employees to management position.

**Table 4: Demographic Characteristics of Respondent**

	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	MALE	88	83.0	83.0	83.0
	FEMALE	18	17.0	17.0	100.0
	Total	106	100.0	100.0	
Age	26-35	45	42.5	42.5	42.5
	36-50	53	50.0	50.0	92.5
	>50	8	7.5	7.5	100.0
	Total	106	100.0	100.0	
Experience	1-6	19	17.9	17.9	17.9
	7-10	28	26.4	26.4	44.3
	11-15	33	31.1	31.1	75.5
	16-20	19	17.9	17.9	93.4
	21-30	7	6.6	6.6	100.0
	Total	106	100.0	100.0	
Education	diploma	2	1.9	1.9	1.9
	BA	56	52.8	52.8	54.7
	Masters	48	45.3	45.3	100.0
	Total	106	100.0	100.0	

*Source: Own survey result, 2019*

When we look at the respondents age category, half of the sample responses i.e 53 (50%) were found between the age of 36 to 50 years. This implies that most of CBE line managers are under the adult age category and matured staffs. The next higher number of respondents 45 (42.5%) were found under the youngest and productive age groups (26-35). The remaining 8 (7.5%) respondents were fall under the age of more than 50 years. Generally the largest proportion of CBE line managers are staffed with productive age groups thus the bank has greater opportunity to build potential successors for top level management positions.

As it is clearly indicated in Table 4 above the majority of respondents 33 (31.1%) work experience were fall under relatively longer service years between 11-15 years. Following 28 (26.4%) of respondents work experience were from 7 to 10 years. And also 19 (17.9%) of the respondents were covered by each from 1-6 and 16-20 work experinace category equally. Finaly the lowest proportion of respondents work experience was found under 21-30 category which was 7 (6.6%).

When we look at the educational qualification of sample respondents more than half constitute 56 (52.8%) of Sample respondents were first Degree holders. Where as 48 (45.3%) respondents has Masters Degree. The rest 2 (1.89%) sample respondents has college diploma. Generally this implies that the sample population in the study has better educational background and the majority of line managers in CBE are BA and Masters degree holders.

## 4.3 Descriptive Statistics

The primary data collected by survey questionnaire were analysed quantitatively by using frequency, mean and standard deviation.

### 4.3.1 Devolvement of HR Practices

Regarding devolvement of HRM practices, the results obtained from descriptive statistics under Table 5 below revealed that almost all of the respondents were replied very low. Except the responsibility of appraising the performance of respective employees, under all parameters the result obtained from survey questionnaire was found below average.

On the participation of Line-managers to the banks recruitment activity, 87 (82%) of respondents response was found low and very low. This implies that the recruitment process of the bank were solely performed by HR specialists under district and head office HR departments. Similarly 83 (78.3%) of respondents also replied they are not involved either in candidate selection or facilitation of training program for their respective employees. Majority of the respondents about 67 (63.2%) were not had the responsibility of rewarding highly performed employees under their jurisdiction.

More surprisingly, the only HR practice that are devolved to Line managers in the bank were performance Appraisal. About 69 (65.1%), of respondents replied the primary responsibility of performance appraisal resides on line managers to a greater extent. 27 (25.5%) of respondents were replied the devolvement of performance appraisal were to a moderate extent. The rest 10 (9.5%) of them were not accepted the devolvement of performance appraisal and rated to a lower extent.

The other core measurement for the devolvement of HR to line manager was the level of line managers knowledge about HR practices and the facilitation of training to undertake HR related responsibilities. However, as per the survey result, Majority of respondents constitute 59 (55.7%) were not ever received training to undertake HR related responsibilities. 30 (28.5) of respondents received training to a moderate extent.

But among the sample respondent the rest 17 (16%), replied that they have received training to a higher extent. Generally the above result implied that, CBE were not aggressively capacitated

line managers to undertake HR related responsibilities since it was solely performed by HR specialists.

**Table 5: Responses of Line Managers regarding HR Devolvment**

Items	Very Low		Low		Moderate		High		Very High	
	F	%	F	%	F	%	F	%	F	%
Your level of participation in the banks recruitment process.	71	67	16	15.1	14	13.2	5	4.7	-	-
Rate your levels of involvement on candidate selection.	65	61.3	18	17	8	7.5	15	14.2	-	-
Your direct involvement on the facilitation of training.	42	39.6	41	38.7	11	10.4	8	7.5	4	3.8
Your involvement on rewarding highly performed employees.	16	15.1	51	48.1	28	26.4	10	9.4	1	.9
The responsibility on the appraisal of employee's performance under your supervision.	4	3.8	6	5.7	27	25.5	43	40.6	26	24.5
The degree to which you have received training to undertake HR related responsibilities.	27	25.5	32	30.2	30	28.3	17	16	-	-
Your direct involvement on the facilitation of employees health and safety.	41	38.7	21	19.8	26	24.5	12	11.3	6	5.7
Your involvement in the industry relation.	45	42.5	23	21.7	21	19.8	13	12.3	4	3.8
Work force Expansion/reduction decision.	61	57.5	22	20.8	14	13.2	9	8.5	-	-

**Source : own survey result, 2019**

And also the results for facilitation of health and safety, industrial relation and work force reduction/expansion decisions were found below average.

As per December 31, 2108 human resource record of CBE, the proportion of HR specialists to the total employees was found very low, its 3.6%. Eventhough most previous studies were in support of lower HR specialists proportion have greater opportunity for devolvement of HR, the above results showed that CBE did not utilized those opportunities of devolvement.

Generally, from the above result we can say that devolvement of HRM in CBE were practiced to a lower extent. This findings were also consistent with Abraraw, 2015 contention, in Ethiopia there is low level of HR devolution to line-manager as a result of wide spread practice of maintaining the status-quo, low level of decentralization and high risk avoidance culture.

#### **4.3.2 Employee Commitment**

The existence of strategic human resource management practices in the bank can be also tasted by the level of employee commitment (Schuler and Walker, 1990). Hence the study has measured the level of CBE line managers commitment based on the three dimensions of commitment.

## Affective commitment

**Table 6: Line-mangers response regarding Affective Commitment**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
I am very happy being a member of this organization.	6	5.7	11	10.4	37	34.9	52	49.1	-	-
I really feel as if this organization's problems are my own.	7	6.6	27	25.5	23	21.7	48	45.3	1	.9
I think that I could easily become as attached to another organization as I am to this one. "R"	1	.9	36	34	36	34	21	19.8	12	11.3
I do not feel like 'part of the family' at my organization. "R"	-	-	17	16	17	16	46	43.4	26	24.5
I do not feel 'emotionally attached' to this organization. "R"	-	-	21	19.8	30	28.3	42	39.6	13	12.3
This organization has a great deal of personal meaning for me.	5	4.7	21	19.8	40	37.7	40	37.7	-	-
I do not feel a 'strong' sense of belonging to my organization. "R"	-	-	8	7.5	35	33	39	36.8	24	22.6
I enjoy discussing about my organization with people outside it.	1	.9	25	23.6	30	28.3	38	35.8	12	11.3

**Source: own survey result, 2019**

Affective commitment of employees in the above Table 6 measured the perception of sample respondents their emotional attachment (Affective commitment) to the bank. Accordingly, from a total of 106 sample respondents 52 (49.1%) of them were found very happy of being a member of CBE. Whereas 37 (34.9%) of respondents were neutral and the rest 17 (16.3%) of them were disagreed and will leave the bank if they get another offer.

The highest number of respondent 46 (43.4%), 42 (39.6) and 39 (36.8%) in the reversed questions agreed that they were not felt the bank as part of the family, they were not emotionally attached, and they were not felt strong sense of belonging to CBE. Hence, this implies that the above proportion of respondents are not Affectively committed to the bank.

### **Continuance Commitment**

Other dimensions of Employee commitment is Continuance commitment, it is about line managers willingness to continue with the bank in fear of loosing the investment they made and the cost associated with leaving (Kanter, 1968). Accordingly Table 7 below showed that 48 (45.3%) of the respondents were not worry about the loss of investment they made to the bank if they leave. 23 (21.7%) of them kepted neutral. But the rest 35 (33%) are willing to continue working in fear of lost investment. Hence this implies that majority of CBE bottom line managers could not worry about the loss of investment and leave the bank if they get another offer.

Generally, in almost all continuance commitment parameters the result obtained from sample respondents were found unsatisfactory. As a result we can say that CBE bottom line managers have something uncomfortable with the established HRM policies and their implementations as well.

**Table 7: Summary of responses regarding Continuance Commitment**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
I worry about the loss of investments I have made in this organization.	18	17	30	28.3	23	21.7	27	25.5	8	7.5
If I wasn't a member of this organization, I would be sad because my life would be disrupted.	32	30.2	40	37.7	26	24.5	7	6.6	1	.9
I am loyal to this organization because I have invested a lot in it, emotionally, socially, and economically.	11	10.4	17	16	38	35.8	40	37.7	-	-
I often feel anxious about what I have to lose with this organization.	14	13.2	33	33.1	40	37.7	17	16	2	1.9
Sometimes I worry about what might happen if something was to happen to this organization and I was no longer a member.	19	17.9	32	30.2	41	38.7	8	7.5	6	5.7
I am dedicated to this organization because I fear what I have to lose in it.	15	14.2	46	43.4	25	23.6	12	11.3	8	7.5

**Source: survey result**

### **Normative Commitment**

Table 8 Summarises the results obtained from respondents regarding indebted obligation and moral imperative dimensions. 42 (39.6%) of the respondents staid Neutral regarding what the bank has done for them. Further 34 (32%) were disagreed the reason of their commitment is due to moral indebtedness. But differently the rest 30 (28.3%) respondents were agreed on they feel

indebted obligation. This implies that majority of bottom line managers has average perception on indebted obligations.

Regarding the bank treatment, 55 (42.4%) of respondents were disagreed that the bank treated them by deserving their loyalty. While 27 (25.5%) of them agreed and 8 (7.5%) were strongly agreed. Whereas 26 (24.5%) kept neutral. This implies that the bank were not treated bottom line managers in such a manner that consider their loyalty.

**Table 8: Summary of respondents perception regarding Normative Commitment**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
I feel that I owe this organization quite a bit because of what it has done for me.	10	9.4	24	22.6	42	39.6	28	26.4	2	1.9
My organization deserves my loyalty because of its treatment towards me.	14	13.2	31	29.2	26	24.5	27	25.5	8	7.5
I feel I would be letting my co-workers down if I wasn't a member of this organization.	15	14.2	28	26.4	48	45.3	13	12.3	2	1.9
I am loyal to this organization because my values are largely its values.	3	2.8	8	7.5	27	25.5	55	51.9	13	12.3
This organization has a mission that I believe in and am committed to.	1	.9	12	11.3	24	22.6	53	50	16	15.1
I feel it is 'morally correct' to dedicate myself to this organization.	1	.9	17	16	29	27.4	40	37.7	19	17.9

**Source: Own survey Result, 2019**

When we look at the moral imperative and their attachment to the banks over all mission and values, 68 (64.2%) and 69 (65.1%) of respondents were morally loyal to the bank due to the uniformity of their values and missions with the bank as well. Thus based on Table 8 above we

can generalize that CBE bottom line managers are relatively Committed to the bank as a result of indebted obligations and moral imperative.

#### 4.4 Mean Distribution of Variables

The descriptive statistics was used to examine the mean and standard deviation of the responses obtained from respondents in the Devolvement and Employee commitment scale. Thus the mean and standard deviation of the variables are presented in Table 9 below.

**Table 9: Mean Distribution of Variables**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Devolvement of LineManager	106	1.00	4.00	1.7358	.90028
<b>Valid N (listwise) Total</b>	<b>106</b>	<b>1.00</b>	<b>4.00</b>	<b>1.7358</b>	<b>.90028</b>
Affective Commitment	106	1.50	4.50	3.3019	.77974
Continuance Commitment	106	1.00	4.50	2.6651	.88834
Normative Commitment	106	1.00	5.00	3.2217	.88930
<b>Organizational Commitment</b>	<b>106</b>			<b>3.0629</b>	<b>.85246</b>

*Source: Own survey result, 2019*

The researcher used the mean score measurement of Kothari (2004) for description of the participants mean score as low, moderate and high. Accordingly, Mean score of less than 2.69 is described as low, mean score of between 2.70 and 3.49 is described as moderate and mean score of greater than 3.50 is described as high in five point scale.

Descriptively, the average response of Line managers regarding their participations on HR practices of the bank has the lowest mean score value of 1.73 ( Std. Dev., 0.90) on a five point scale even if performance appraisal has relatively higher mean score of 3.76 (Std. Dev., 1.01). And also the results from providing training for line managers to undertake HR related responsibilities has a lower mean score value of 2.35 (Std.Dev., 1.03). This implies that, CBE has totally reserved HR practices merely for HR specialists across the bank.

Differently, the results obtained from descriptive statistics for Affective Commitment has an average mean score value of 3.30 ( Std Dev., 0.77). This implies that in CBE line managers are moderately emotionally attached to the bank.

As it can be shown in table 10 above, Further the mean score values for Continuance commitment was found very low and it was 2.66 (Std. Dev., 0.88). Hence this implies that, if line managers in CBE has got another offer, they will leave the bank without any doubt.

Similarly, The results for Normative commitment also found average level, it was 3.22 ( Std. Dev., 0.88).

Generally, The level of organizational commitment in CBE were found averaged, 3.06 (Std. Dev., 0.85). This implies that the results for organizational commitment were found moderate due to the absence of strategic human resource management practices in the bank as it was evidenced from the above other SHRM dimensions result. And also the result from organizational commitment implied that there are other factors that made the result averaged and it will be investigated by further researchers.

Overall the mean distribution of variables summarized in Table 10 showed that, in all parameters the responses obtained from sample respondents for HR devolvment were below average. Thus, based on the above descriptive statistics result we can say that in CBE Devolvment of HR to line manager were implemented to a lower extent.

And also the level of employee commitment in the bank were not that much satisfactory. And it was some what consistent with previous studies conducted by Senait, 2017, the level of employee commitment in CBE were found very low due to poorly implemented HRM practices. Therefore, we can say that the bank has to revise the existing HR policies and practices and adopt other strategic options as much as possible to boost employee commitment especially that of line managers.

## **4.5 Interview Results**

As it is clearly stated in chapter three the study used semi-structured interview as the main source of primary data. For this purpose five HR managers were selected from Head office, East Addis and North Addis districts to answer ten interview guide line questions. Accordingly the interview results were analysed here under so as to answer the first two research questions as planned.

### **4.5.1 Integration of HR Strategy**

In assessing the HR integration practice of the bank the study has adopted Schuler and Jacksons', 1987 evaluation criterion for the presence of Strategic Human Resource Management practices in the bank. Namely, the presence of written HR strategy, board membership of HR director (membership of senior management team in Ethiopian context) and finally the involvement of HR director in the formulation of corporate strategy.

For the first criterion, the interview result revealed that, Commercial Bank of Ethiopia has a written HR Strategy which are solely derived from the corporate business strategy of the bank. On top of that, the study has got a chance to review the HR strategy and corporate business strategy of the bank. Accordingly, both the HR and Business strategies were formulated in consultant with Frankfurt School of Finance and management. In the corporate business strategy, there exist different initiatives including HR in such a way to achieve those strategic pillars of the bank. In the HR initiative various responsibilities were given to the HR department to work in collaboration with other departments for the accomplishment of shared objectives. Further more, The bank is pursuing an aggressive business growth strategy, opening more than 100 branches per year. This has resulted a significant increase in employee headcount. This increase in branches and employees has resulted in the need to have a head office and district HR organization that is charged with the responsibility for effectively acquiring and managing the banks talent according to established guidelines and procedures. To ensure that talent management and development activities are harmonized and standardized across the bank, head office and district human resource business partnering (HRBP) teams have been established. The teams will support the transformation of the CBE's talent acquisition, management and development activities by ensuring that HR initiatives and activities are implemented effectively and swiftly throughout the bank. It was said that the underlined assumption behind the establishment of HRBP is to make HR professionals work closely with business leaders/line

managers to achieve shared organizational objectives, in particular designing and implementing HR systems and processes that support strategic business aim.

Thus in reference with the above interview result and document review we can conclude that CBE has a well designed written HR strategy to a greater extent.

For the second criterion, As per the interview result, since the bank is fully owned by Ethiopian government, CBE's board of director members are political nominees from different government institutions. Not only the HR vice president but also the president of the bank has no seat on the board. During the last five years, the president were served as the minutes man of the board but at this time as per the directives from National Bank of Ethiopia any one from the bank can't be able to a member of the board. However, the function of the board in Ethiopian context were merly reserved for approval and controlling purpose. Strategy formulation and implementations are solely performed by senior management teams of the bank. From the banks organizational structure, Chief HRM, Vice president HRM and Vice president HRD are found on the top level organizational hierarchy and among the senior management teams of the bank. This allowed CBE HR Chief and Vice presidents to have a bargaining power in the strategy formulation process and to create two-way linkage between the HR and Business strategy. In support of this finding, Holbeche (2004) argued that a two-way linkage represents a potential model in which HR experts determine certain external or internal developments that are put on the table of the senior management teams. These two way HR issues can become part of the overall business strategy. The new business strategy in return pushes the HR strategy towards certain HR interventions that help the bank to achieve its objectives. Therefore based on the above interview results CBE HR Chief and Vice presidents are a member of Board of directors to a lower extent and are a member of senior management team to a greater extent.

Regarding the participation of HR director in the formulation of corporate strategy, Since CBE's HR diretors are a member of top management teams, They got greater opportunity to underpin the HR interest and make decision in the strategy formulation process. According to Ulrich, 1998 most organizations failed in integrating their HR functions due to HR directors doesn't hold a sit at a strategic planning table. Further more Organizations should develop their HR strategy as an integral part of formulating the high-level corporate strategy rather than developing it in parallel with or after the corporate strategy. In this sense strategic HRM bridges corporate level strategy and HRM tightly integrating HR with the business. Thus, as per the interview result, HR

Higher officials in CBE are actively participated in the strategy formulation process of the bank from the scratch. And also not only participating but also they can make decision to a higher extent.

Additionally, most of the interview respondents were agreed on the presence of other predictors of HR integration, like HR professionals capability, HRM budget, intense competition and relative HR department size. According to them, more than 50% of HR specialists in the bank has Masters Degree in HR and trained a lot to perform HR related activities effectively and efficiently. And also the bank established independent HRBP department for all the nine districts throughout the country to broaden the size and support line managers to the maximum closest. In previous studies, it has been showed that capable HR specialists are more likely to integrate HR by running HRM activities efficiently, train line managers in HR issues, develop cybernetic HR system and procedure, and perform beyond the routine administrative activities (Wright and McMahan, 1992). Regarding the presence of intense competition one of the interviewee explained that ‘private commercial banks in Ethiopia are competing CBE interms of HR by alluring our employees with attractive benefit package and they invest up to 40% of their total income for this purpose.’

To sum up, based on the above criterion it is likely to say CBE meet the vertical integration of HR strategy with corporate Business strategy of the bank to a higher extent. Moreover the vertical integration helped the bank to integrate the HR strategy horizontaly with other departmental strategies like finance and marketing since they shared common objectives from the corporate strategy.

The findings of this study are consistent with previous study undertaken by Abraraw, 2015 reveald that service providers in Ethiopia are highly integrated while manufacturing organizations are low. The reason for this was customers active participation in the service provision process makes service providers sensitive to customers’ needs, monitor these needs, and use flash-points from customers to guide their job behaviors.

#### **4.5.2 Consistency of HRM Practices**

Consistency of HRM practices are the most relevant predictor for the existence of strategic human resource management practices in an organization. This is mainly because individual HR

practice have limited ability to generate competitive advantage in isolation of other synergetic practices.

In this study the consistency of human resource management practices in CBE were assessed based on Baron and Kreps, 2005 aspects of internal consistency. The interview guideline questions were developed in such a way to show the existing practices followed by CBE regarding single-employee consistency, among-employee consistency and temporal consistency.

According to the interview result, HR activities by nature have a precedence relationship. I.e. the result of one HR activity can serve as an input for other HR activities. For instance, the result of the performance appraisal process in CBE serve as a criteria in the selection process for promotion and in doing so, this system applies the same way for same position employees (no consistency problem in applying this). However , the bank has faced consistency problems in integrating performance management system and reward management. This is mainly due to the compensation package of the bank is not contingent to individual performance. As a result, highly performing employees were disappointed and forced to leave the bank.

The other areas that the bank has faced problem of consistency were in implementing the HR procedure among the different HR stations across the country. The recently implemented organizational structure of the bank allowed to establish HR business partnering department for each districts all over the country. Each district has an autonomous authority to recruit, select, train and appraise respective employees independently. In this regard some sort of variations have been noticed from district to district due to poorly implemented HR procedure. For this phenomenon they raised as an example, in selection process one district may prepare interview to select among candidates and the other may not follow same procedure and select only by written exam.

### **Single employee consistency**

It is about the assessment of various HRM activities are mutually supportive to each other in the minds of a given individual. Regarding single employee consistency of HR practices the bank has experienced different situation from time to time. According to one of the interviewee, the bank reward policy can not recognize individual performance rather it appreciate team based accomplishment of the branch or head office organ. Theoretically, a given reward management system should recognize (must be contingent) to individual performance so as to enhance

productivity and to create feelings of consistency for an individual (Armstrong and Murrllins, 2007). Thus, The above HR practice of CBE contradict to the concept of single employee consistency. This is mainly due to high performance employee from the team may considered as low and rewarded negatively, as a result it created inconsistency for that a given individual and vice versa.

And also as per the interview result, some HR practices were not consistent with each other. For instance, the banks persormance management system were not serve as an input for training. As an evidence an individual scored poor performance in the appraisal system were not been prepared for training program so as to boost his/her performance. In the contrary, also an individual who scored higher in the appraisal system were not been rewarded independently.

The poorly implementation of HR practices in the bank also considered as a predictor for the absence of single employee consistency. When an individual moved from district to district due to promotion or other reason, they noticed variation of operation among HR practices. This implies that, in the bank there are some sort of gap in monitoring whether HR practices are implemented based on HR procedure consistently across different sub offices.

### **Among Employee Consistency**

When we look at among employee consistency of HR practices, it is about the employees social comparison and feelings of distributive injustice regarding HR policy and practices. In doing so the interview result were much more complicated and contradict each other. However, the researcher has tried to minimize the complication and reached to some consensus.

According to the interviwee, There is no policy wide discrimination practice of any type in the bank. For instance the benefit package allotted for all grade levels in the bank are only from the point of job grade levels. Employees who have same grade levels has enjoyed the same benefit regardless of wheher it is a member of core or support departements, clerical or non clerical stafs. But regarding affirmative actions, they replied that women who scored the same result as men would be given a priority to be employed or promoted. And also women would be given a priority in transfer cases. Thus from the above interview result we can say that there is no policy wide discrimination in CBE that will create the feelings of distributive injustice on employees.

Most of the time the issue of distributive injustice in an organization has been raised in the areas of recruitment and selection especially for promotion. With regard to recruitment and selection activities all the interview respondents replied that candidate selection activities are undertaken solely based on the bank's HR policy and procedure. Currently, performance management system of the bank served as an input for selection process by having 50% weight of the total criterion. On the other hand sometimes managers' recommendation also used as an input by having a smaller weight depending on the situation.

However, in the open ended question of the questionnaire, most respondents raised the prevalence of nepotism in the bank. According to them, practically the bank has well structured HR policy and procedure but the problem is lack of proper implementation. Informal way of doing things outweighs the formal one and individual role is bigger than the established system. In the newly established organizational structure different promotional assignments were taken place. However, the process were not been transparent rather high level managers' recommendations were taken in to account. Moreover, all most all the newly organized top level management teams were filled from external sources especially from one private bank.

Thus, Most likely the results obtained from line managers has higher probability for distributive injustice practice in the bank. This result were evidenced by Wasbeek's (2004) assertion that nepotism was widely practiced in Ethiopia due to they mistrust people other than their group. And also he said that in Ethiopian local companies the promotion process was informal and nepotism was very common.

So from the above interview result we can say that in CBE among employee consistency were practiced to a lower extent.

### **Temporal Consistency**

According to the interview result, CBE has changed its HR policies and procedures three times for the last five years. The reason for this frequent changes on HR philosophies were the introduction of core banking, balanced score card and best HR management practices. Moreover, the bank has started bilateral consultation agreement with Frankfurt school of finance and management to streamline operations and for the implementation of various best practice

approachs. As a result, different changes were taken placed in the bank frequently during the past five years including HR policy.

The interview result for temporal consistency was found in contradiction with Baron and Kreps, 2005 contention, an organization should not change their HR philosophies frequently so as to maintain temporal consistency of HR practices. An individual treated today must not vary from yesterday. Therefore the above interview result implied that there is low level of consistency in the HRM policy of the bank over time.

# CHAPTER FIVE

## SUMMARY CONCLUSION AND RECOMMENDATIONS

In the first section of this chapter the summary of major findings from the previous chapter are presented. Then the conclusions drawn from the major findings also presented. Finally based on the major findings and conclusions, recommendations are forwarded to address the identified problems.

### 5.1 Summary of Major Findings

The primary objectives of this study was to assess the strategic human resource management practices of CBE. Accordingly, as per the descriptive statistics and interview result the following major findings were identified.

Regarding demographic characteristics, Majority of the participants in this study were dominated by male (87%); Most of them are adult (50%) with age range between 35 and 50; also 52.3% are BA Degree holders and 31.13% have a work experience of 11-15 years.

From the descriptive statistics, Devolvement of line managers has a lower mean score value of 1.73 (Std. Dev., 0.90 ). And also the degree of line managers received training to undertake HR related responsibilities were found below average with a mean score values of 2.35 (Std. Dev., 1.03). The number of HR people proportion with other employees in the bank were found 15.86%. Since relative HR specialists number in the bank are very small, the bank has better ground for devolvement of Line managers.

The level of employee commitment in the bank were found an average with a mean score of 3.06 (Std. Dev., 0.85) according to Kothari, (2004) clasification. In detail, the mean score value of Affective commitment were found 3.30 (Std. Dev., 0.77). And also continuance commitment mean scores were 2.66 (Std. Dev., 0.88). finally the normative commitment of sample respondent were found 3.22 (Std. Dev., 8.88).

As the name indicates strategic human resource management theory mainly focused on the alignment of human resource management practices with the corporate business strategy. The findings from Strategic human resource management dimensions were obtained from semi-structured interview and self administered interview. Thus from the interview result, integration of HR strategy with business strategy of the bank were found aligned to a higher extent. This result was evidenced by the presence of written HR strategy, Membership of HR director to the senior management team, the participation of HR VPs in the formulation of Corporate business strategy of the bank, Relative higher HRM budget, high level of skilled and professional HR staffs, the support from top management and the presence of intense competition, especially on HR.

Regarding consistency of HR practices, the researcher analysed the data obtained from Interview and open ended questions qualitatively with respect to Single employee, Among employee and Temporal consistency. Accordingly, CBE has faced a problem of consistency on HR procedure implementations. The various HR practices in the bank has been implemented with a significant variation across the different stations in the country. As a result employees are felt inconsistency of practices from district to district and head office organs, since they are not follow same basic principles. Moreover, lack of internal fit between HR practices also noticed in the bank. For instance, recruitment and reward, Performance management and reward, training and performance management, health & safety and training were not congruent with each other.

Due to the prevalence of wide spread nepotism practices in the bank, among employee consistency of HR practices were adversely affected. This can be evidenced by the newly implemented organizational structure were filled by subjective judgment of higher officials rather the laid rules and procedures.

As a result of frequent changes in the banks HR policies and procedures for the past five years, the bank has failed to fulfill the criteria of temporal consistency.

In general, The finding of this paper were much more different from previously conducted studies on the area and also assessed and measured the practice of SHRM in Ethiopian context especially in CBE so as to put benchmark for further studies.

## 5.2 Conclusions

Based on the data presented and analysed in chapter four the following conclusions were reached regarding the assessment of SHRM practices in Commercial Bank of Ethiopia by addressing four specific objectives, HR integration, Consistency, Devolvement and level of Commitment.

As it can be clearly seen from the organizational structure of the bank, Chief HR were being a member of senior management teams. Indooing so CBE can be abled to participat their HR VPs and directors in the formulation of Corporate business strategy. This also helped the bank to incorporate the interest of HR in the formulation process and the creation of two-way linkage between HR and business strategy. Further the stif competition in terms of HR from local privately owned banks were forced CBE to incorporate HR practices as a strategic initiatives to excel the overall performance and achieve organizational objectives. Moreover, the support from top management to HR, relative Higher HR budget, and Skilled & competent HR professionals are also contributed a lot for HR integration. Thus based of the above Criterion of HR integration we can conclude that CBE aligned its HR strategy to a higher extent.

Studies conducted by Murline, 2007 reaveled that the internal fit between HR practices have a greater impact on employees expectation and ultimately affected productivity and organizational effectiveness. In CBE under the three aspect of consistency dimensions the results has found unsatisfactory. Therefore we can conclude that HR practices in CBE are consistent with each other to a lower extent and it will have a greater effect on the banks overall opertational effectiveness unless solved by other strategic options.

Currently, Devolvement of HRM to line managers has gained great recognition in multinational companies. The responsibility to ensure the strategic vision of the organization is mainly passed to line managers. And also, the organizations' HR are the most important resources to achieve the organizations' visions. Hence, to achieve the strategic vision of the organization, line managers need to have the authority and responsibility on HRM decision-making, which requires both a devolvement of power on behalf of HR function and an increase in the skills and understanding of the line managers with respect to HR activities. However, the results obtained from descriptive statistics contradict to this reality and found that below average. Hence we can conclude that Devolvement of HRM to line mangers in CBE were practiced to a lower extent.

Referring to the level of employee commitment the data revealed that under all the Organizational Commitment dimensions respondents scored average. This result has a multiplication effect on the banks over all employee commitment. Since the respondents were line managers, motivated and committed line managers will inspire the employees under his supervision to be motivated and committed towards the achievement of common goals, but if he/she is not committed the reverse is true. Therefore, we can conclude that CBE line managers are committed to a moderate level and will leave the bank if they got another offer.

Finally, based on the above findings we can conclude that CBE implemented SHRM practices very poorly. Thus in order to enhance productivity and organizational performance and ultimately be competitive in the stiff local as well as international market, CBE should improve the existing HR practices and implement the following suggestions provided by the researcher in the next section.

### **5.3 Recommendations**

Based on the major findings and conclusions reached, the following recommendations are forwarded to the bank so as to improve the overall strategic human resource management practices of CBE.

From the findings it was found that CBEs' vertical HR integration was good. However, the study identified some areas were still available for further improvement. For instance the internal fit (alignment) between HR practices should be revised in such a manner that the output of one HR practice must serve as an input for the other and vice versa. The result of performance appraisal must be an input for; need based training, contingent reward, selection and labor relation. The reward practices of the bank should also take in to consideration various factors attributed for fairness like market price and inflation rate.

The bank should participate its HR professionals to local as well as international HR related conferences and seminars to create the exposure for hunting best practices across the world and to maintain sufficient HR knowledge pool.

In order to avoid, inconsistency of HRM practices across the bank and establish uniform way of operations, CBE should create continuous monitoring system whether HR practices are implemented and practiced in alignment with HR policies & procedures or not. Further frequent

assessment also must be undertaken to ensure the different stations are following same basic principles.

Recruitment and selection activities of the bank should be free from bias and merely objective to rules and procedures. So in order to maintain consistency among employees, Personal interests and political affiliations must be avoided. Further the process should be transparent and public across all over employees of the bank to minimize distributive injustice. Finally strong and continuous post selection evaluation system must be also established and implemented.

Since line managers are in frequent contact with employees, participation of line managers in HR practices should be ideal. Thus the bank should involve line managers to take HR related responsibilities to a greater extent. In doing so extensive training must be provided to line managers to ensure capability of performing HR practices with no doubt.

In this research, it is assumed that the average level of employee commitment in the bank were attributed to absence of strategic human resource management practices. Thus the bank will enhance the level of employee commitment when they implement the above SHRM initiatives consistently. Additionally, the bank should also conduct need based assessment to identify gaps between what the bank provided and what the employee expected to maintain high level of organizational commitment.

#### **5.4 Suggestion for Further Research**

This study is conducted to assess strategic human resource management practice of CBE by taking four SHRM dimensions. Thus further research can be conducted by incorporating other factors that affect the implementation of SHRM in an organizations. Further research can also be conducted in other sectors other than the bank to examine the implications and compare the findings. And also further research can be conducted quantitatively to show the impact of SHRM in relation with organizational performance. Therefore the undertaking of further research in the area is crucial to develop the concept of SHRM since it is new for our country and the world as well.

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## **Appendix 1- Interview Guideline Questions**

# **ADDIS ABABA UNIVERSITY**

## **COLLEGE OF BUSINESS AND ECONOMICS**

### **SCHOOL OF COMMERCE**

#### **MASTER'S OF HUMAN RESOURCE MANAGEMENT**

### **INTERVIEW GUIDELINE QUESTIONS FOR HR INTEGRATION AND CONSISTENCY**

1. Do you think that HR strategies are derived from corporate business strategy and their implementations are in line with overall corporate strategy? If yes, how/to what extent?
2. Do the HR head is involved in the strategic business planning process? If yes to what extent?
3. Do you think that CBE is working under intense competition business environment? If yes, how it is expressed in terms of HR?
4. Does the bank have a highly professional and sufficient HR staffs?
5. Do you think is there a fit between HRM practices and other departmental business strategies? How do you express?
6. Do HR directors are involved in key organizational decisions? To what extent? Do he/she is a board member of the bank?
7. How do you evaluate the support from the top management to HR?
8. Have you ever changed your HR policies for the last five years? If yes, how do you rate the frequency?
9. Is there policy wide discrimination in the bank even if it is positive? Like affirmative actions...
10. Do you believe that all human resource activities in the company (selection, training, compensation, appraisal, and employee relations) are fully integrated with one another (support each other)? And how do you evaluate their consistency with respect to single employee and among employee?

## Appendix 2- Questionnaire

**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**SCHOOL OF COMMERCE**  
**MA IN HUMAN RESOURCE MANAGEMENT**

**QUESTIONNAIRE TO BE FILLED BY LINE-MANAGERS OF CBE HEAD QUARTER,  
DISTRICT AND BRANCH LEVEL**

**Researcher** – TekalignAsresahegn

**Contact address** - +251912089887

**Email** – [tekalignasresahegn@gmail.com](mailto:tekalignasresahegn@gmail.com)

**Research Topic:** Assessment of Strategic Human Resource Management Practices: The case of Commercial Bank of Ethiopia.

### **Dear Respondents,**

I am a graduate student at Addis Ababa University School of commerce, currently conducting a research for the completion of my Master’s Degree in Human Resource Management. The purpose of this questionnaire is to assess the overall Strategic Human Resource Management (SHRM) practices of commercial bank of Ethiopia. I want to assure you that the information you provide will be solely used for academic purpose. No other person will have access to the data to be collected. The completion of the research substantially depends on your cooperation and of the information you give in this questionnaire. Therefore, I kindly request you to respond to each question carefully and oblige. Finally, I would like to express my earnest appreciation for your generous time, honest and prompt responses.

### **General Information**

- ✓ There is no need of writing your name.
- ✓ In all cases where alternative answers are available mark “X” on the appropriate box.
- ✓ This questionnaire has three parts; for part III please try to describe as per the questions raised on the space provided for this purpose.

**Part I – Respondents Background Information (Please mark ( X ) on the box)**

1. Gender            Male             Female

2. Age                18 -25             26 – 35             36 – 50             Above 50

3. Number of years you have worked in CBE (in years)

1 – 6             7 – 10             11 – 15             16 – 20             21-30             Above 30 years

4. Education qualification

College Diploma             BA/BSC Degree             Master’s Degree             PHD

If any other, please specify.

**Part II – Devolvement of HRM to Line Manager Dimensions:**

You are kindly requested to rate the extent to which you are involved in the Human Resource Management (HRM) activities below based on the 5-scale Likert scale 1- Very Low to 5- Very High.

**KEY**

- [1] – Very Low [VL]
- [2] – Low [L]
- [3] – Moderate [M]
- [4] – High [H]
- [5] –Very High [SA]

Item No.	SHRM Dimensions Devolvement of HR to line manager	Scale				
		VL	L	M	H	VH
		1	2	3	4	5
1	Your level of participation in the banks recruitment process.					
2	Rate your levels of involvement on candidate selection.					
3	Your direct involvement on the facilitation of training.					
4	Your involvement on rewarding highly performed employees.					

5	The responsibility on the appraisal of employee's performance under your supervision.					
6	The degree to which you have received training to undertake HR related responsibilities					
7	Your direct involvement on the facilitation of employees health and safety					
8	Your involvement in the industry relation					
9	Work force Expansion/reduction decision					

### ***Part III – Level of Commitment Dimensions:***

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

#### ***KEY***

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

Item No.	SHRM Dimensions Level of Commitment	Scale				
		SD	D	NAD	A	SA
		1	2	3	4	5
1	I am very happy being a member of this organization.					
2	I really feel as if this organization's problems are my own.					
3	I think that I could easily become as attached to another organization as I am to this one. "R"					
4	I do not feel like 'part of the family' at my organization. "R"					
5	I do not feel 'emotionally attached' to this organization. "R"					

6	This organization has a great deal of personal meaning for me.					
7	I do not feel a 'strong' sense of belonging to my organization. "R"					
8	I enjoy discussing about my organization with people outside it.					
9	I worry about the loss of investments I have made in this organization.					
10	If I wasn't a member of this organization, I would be sad because my life would be disrupted.					
11	I am loyal to this organization because I have invested a lot in it, emotionally, socially, and economically.					
12	I often feel anxious about what I have to lose with this organization.					
13	Sometimes I worry about what might happen if something was to happen to this organization and I was no longer a member.					
14	I am dedicated to this organization because I fear what I have to lose in it.					
15	I feel that I owe this organization quite a bit because of what it has done for me.					
16	My organization deserves my loyalty because of its treatment towards me.					
17	I feel I would be letting my co-workers down if I wasn't a member of this organization.					
18	I am loyal to this organization because my values are largely its values.					
19	This organization has a mission that I believe in and am committed to.					
20	I feel it is 'morally correct' to dedicate myself to this organization.					

***Part III – Open-ended Questions***

1. Regarding part II questions, are there any other areas of HRM Activities that you are directly involved or have primary responsibility?

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2. If your answer is negative for part II questions, what are the factors that hinder your involvement from the above HRM Practices? Like HR Policy...

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3. Any other comment regarding the over all HR practices of the bank.

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**Thank you so much!!!!**

**Adapted from; Organizational commitment: Allen and Meyer, Journal of Occupational Psychology, 1990**

## Appendix 3- Letter from the University



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**ADDIS ABABA UNIVERSITY**  
**College of Business and Economics (CoBE)**  
**SCHOOL OF COMMERCE**

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ADDIS ABABA, ETHIOPIA

**To: Commercial Bank of Ethiopia**  
**Addis Ababa**

The Addis Ababa University School of Commerce currently runs five Masters level programs and one Doctoral Program: Human Resource Management (MA), Project Management (MA), Marketing Management (MA), Supply Chain and Logistics Management (MA), Business Leadership (MA, PhD) In addition to this, the School is also Preparing itself to launch some more expedient Programs very soon.

As an immediate and direct stakeholder to this socioeconomically pragmatic move, we would like you to cooperate with us by way of assisting our students to conduct academic researches and case analyses in your organization. As such, we kindly request your esteemed organization to provide student **Tekalign Asresahegn Ashenafi ID No. GSE/3528/09** with information pertaining to **Assessment of Strategic Human Resource Management Practices: The Case of Commercial Bank of Ethiopia**. A copy of the paper produced may be provided to you if so demanded.

Thanking for your earnest Cooperation, we remain

Sincerely yours

Dr. Tishan Muluneh  
BAIS Department Head

## Appendix 4- Letter from CBE Head office



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**COMMERCIAL BANK OF ETHIOPIA**  
INTER DEPARTMENTAL MEMORANDUM

<b>DATE</b> ቀን	: April 24, 2019
<b>TO</b> ለ	: TO Whom It May Concern
<b>FROM</b> ከ	: Manager - Training Operation
<b>SUBJECT</b> ጉዳይ	: Request for Cooperation to Conduct Research

It is a usual practice of our Bank to accept student from Universities/College to participate in the Research program.

In view of that Student **Tekalign Asresahegn**, from **Addis Abeba Universities MA** student has requested our bank to assist to undertake his Research paper on "Assessment of Strategic human Resource Management Practice: In The Case OF Commercial Bank Of Ethiopia".

Therefore, I would like to kindly request you to provide the required assistance and cooperation without compromising confidentiality.

Regards,

**Sablewengael Tilahun**

RM/