

**THE EFFECT OF SELECTED HUMAN RESOURCE MANAGEMENT  
PRACTICES ON EMPLOYEES' PERFORMANCE: THE CASE OF ADDIS  
ABABA EDUCATION BUREAU**



**A Thesis Submitted to Addis Ababa University School of Commerce  
In Partial Fulfillment of the Requirements for the Award of Masters of Art  
Degree in  
Human Resource Management**

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Performance; in the Case of Addis Ababa Education Bureau

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## **Declaration**

I, the under signed, hereby declared that this masters' thesis entitled "The Effects of Human Resource Management on Employees' Performance; in Addis Ababa Education Bureau" was my original work and had not been used by others for any other requirements in any other university and all sources of information in the study had been appropriately acknowledged. This work was also conducted for the award of Masters of Arts (MA) in Human Resource Management.

G/Egziabeher Ayalew \_\_\_\_\_ June 2019

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Date

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## **List of Abbreviations**

HRM- Human resource management

AAEB- Addis Ababa Education Bureau

TD- Training and Development

PA- Performance Appraisal

CR- Compensation and Reward

EP- Employees' Performance

HR- Human Resource

SPSS- Statistical Package for the Social Sciences

VIF- Variance Inflation Factor

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## ABSTRACT

*Human resource management practices are concerning with the management of human resource activities to maximize employees' performance. Addis Ababa education bureau faces challenges in the realization of quality education due to its human resource factor for performing its duties and targets since human resource department of the organization has not played key roles and functions to improve employees' performance. So, the purpose of this study was to assess the effect of human resource management practice on employee performance. It was to describe the current human management resource practice in Addis Ababa education bureau, to explain the correlation between selected human resource practices and employees' performance at Addis Ababa education bureau and finally, to investigate the extent of Human resource management practices implementation impacts on employees' performance in Addis Ababa education bureau. The study obtained information from 117 respondents from staff of Addis Ababa education bureau through the use of questionnaire. Using quantitative data, this paper strived to investigate the effects of certain selected human resource management practices on the employees' performance in the case of Addis Ababa education bureau. Data was analyzed through Statistical Package for the Social Sciences version 25 by applying regression analysis and some needed descriptive statistics. The results indicated that, selected human resource management practice is positively associated with employee's performance in the organization. specifically, training and development, performance appraisal, compensation and reward have a positive correlation with employees' performance. In addition to this multiple regression analysis also indicated that training and development, performance appraisal, compensation and reward have a significant effect on employees' performance. Among the recommendations made were that employee training and development should be considered as essential investments and conducted in order to increase the knowledge and skills of the workforce result in improving employees' performance capacity. Secondly, performance appraisal should be conducted based on professional practices that would enable a proper evaluation of staff performance which is applying actual performance facts and data. It might be also used for acknowledgement, prize and promotion comparing variation of performance out comes. Finally, compensation policies should be organized in line with the organization goals and objectives which is understood and known by employees of the organization.*

Key words: employees' performance, training and development, performance appraisal and compensation and reward

## CHAPTER ONE

### INTRODUCTION

This chapter deals with the background of the study about “The effects of selected human resource management practices on employees’ performance.”, statement of the problem, research hypothesis, general objectives of the study, specific objectives of the study, significance of the study, scope of the study, limitation of the study, definition terms and organization of the study.

#### **1.1 Background of the study**

According to Mahapatro (2010), it states that the human resource practices as it is concerning with the management of human resource activities to maximize employees’ performance through enhancing human resource department performance. Generally, human resource department is the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner through effective use of people to achieve organizational and individual goals by managing people at work.

According to Saira (2016) was conducted to determine the impact of HRM practices on employee’s performance in the Textile industry of Pakistan. The research findings indicated that HRM practices Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement have a positive impact on employee’s performance. Hence, it is proved that independent variables contribute positively towards change in the dependent variable or employees’ performance. She concluded that the appropriate level and extent of HRM practices implementation in work place that have direct impact on the achievement employees’ performance by equipped employees with skill, knowledge, motivation, involvement, abilities, empowerment and retention etc.

Amsalu (2017) stated the organization should provide more training to improve its employees’ performance since employees’ experience and skills might not fit for the frequent changes of work procedures and technology.

Begashaw (2017) study using regression analysis of financial compensation and reward of CBE offered by the company satisfying employees with the benefit packages. The employees of CBE love their work, committed to the mission and vision of the organization and contributed for the

growth of the organization so that the employees of CBE's were a good performer. But employees dissatisfied with the salary scale of the organization, over time payment and housing allowance. Generally, performance of employees in commercial Bank of Ethiopia was high.

Addis Ababa education bureau human resource management department has responsibility to analyze the human needs request from all departments of the bureau. The department collect the request and analyze the numbers of workers desired with the setting requirements and standards. Generally, the department also request each department to evaluate its workers and sending the evaluation result to HR department. It also arranges training and development programs with collaboration of budget and finance department. In addition to these, this department facilitate the promotion, transfer, incentives and compensation of the employees according to civil servant proclamation however the department faces challenges to make sound decision about training or development, employees performance evaluation and compensation or reward because the department uses proclamation as guideline for decision rather it develops its own procedures based on the organization context. According to Addis Ababa City Government Civil Servants' Proclamation No 56/2018, it stated the function of human resource management department as below:

### **Training and development**

Training and development is defined as the process of ensuring that the organization has the knowledgeable, skilled and engaged workforce it needs. It involves facilitating the acquisition by individuals and teams of knowledge and skills through experience, learning events and programs provided by the organization, guidance and coaching provided by line managers and others, and self-directed learning activities carried out by individuals. Addis Ababa education bureau should apply training which is the systematic application of formal processes to impart knowledge for acquiring the skills necessary for them to perform their jobs satisfactorily. Whereas development is the growth or realization of a person's ability and potential through the provision of learning and educational experiences since education is the development of the knowledge, values and understanding required in all aspects of life rather than the knowledge and skills relating to particular areas of activity.

## **Performance Appraisal**

The human resource department of AAEB shall conduct performance evaluation based on work plans along with each department head. This performance evaluation will enable a civil servant to effectively discharge his duties in accordance with the expected volume, quality, time and cost; evaluate a civil servant on continuous basis and identify his strength and weakness with a view to improving his future performance; identify the training and improvement needs of a civil servant; provide incentives based on results; enable the government institution to make its personnel administration decisions based on facts.

When the performance evaluation system to be implemented by a government institution shall: enable transparent and evidence based objective evaluation of performance results; enable the verification of actual performance results in comparison with the planned budget, time, volume and quality civil servants; encourage team work and common initiatives; promote healthy competition among civil servants and teams to improve institutional performance results; enable impact assessment of performance results among successive and interrelated tasks.

## **Compensation and Reward**

A civil servant should be entitled to salary step increment every two years based on his performance evaluation result. A civil servant shall be provided with incentive based on performance result. So that the bureau shall issue detailed directives on performance evaluation system, salary step increment and provision of incentive. Even though human resource department has declared authority and duties but actual activities of this department was not much visible. This department mainly focused its activities on hiring and keeping employees' records. Other human resource activities were handled by bureau head and each department heads.

Addis Ababa Education Bureau has given powers and duties to provide services for city residence by creating access, promoting equity, relevance and quantity of targets education goals at city level. Addis Ababa education bureau has achieved many targets such as expansion of schools, narrowing gender disparity, provision of appropriate teaching learning material and improvement in the qualification of teachers and school leaders. Yet, challenges remain in the realization of quality education as per the goal of education and training policy. The most significant challenge factor for performing its duties and targets is its human resource factor.

Human resource department of the organization has not played key roles and functions to improve employees' performance (AAEB Statistics, 2017).

Employees of Addis Ababa education bureau have complained about the selected human resource management practices implementation which are training and development, performance appraisal and compensation or reward. These selected human resource management practices are directly affected employees' career and life in the organization. In many studies and theories, it is explained and proved that an inappropriate implementation of human resource management practices is affecting employees' performance significantly and it is proved that the organization success is depending on its employees' performing capacity. Therefore, the researcher was interested to investigate the effects of selected human resource management practices implementation on employees' performance at Addis Ababa education bureau by collecting data about opinions and feelings of human resource department practices.

## **1.2. Background Information about the Organization**

Addis Ababa education bureau has been established having 13 directorates with a total number of 110 employees in the year 2000 E.C. But recently the bureau has more than 220 employees located at 6 kilos beside Egypt embassy.

In accordance with article 19 of the charter of the City government of Addis Ababa administration, Proclamation No. 35/2004 defined the powers and duties of the executive organs of the City government of Addis Ababa education bureau. Accordingly, the City government of Addis Ababa education bureau has a power to control and administer all private and government schools from kinder garden to preparatory schools which found in Addis Ababa for delivering quality education to city residences.

## **1.3 Statement of the Problem**

According to Armstrong (2017), HRM practices enhance employee performance and facilitate their engagement, motivation and skill enhancement to achieve their work successfully. High performance working practices of employees is positively related to rigorous recruitment and selection procedures, extensive and relevant training and management development activities, incentive pay systems and performance management processes or performance appraisal method.

Mohammad et al (2014) explained that the current business climate between the organizations is stiff competition. Then the organization has won this competition by improving employee performance through implementing properly HRM practices in the firm. This is because the employees' performance is determined by using the employees' knowledge, skills, experiences and abilities to perform the assigned mission required facilitating by their line managers efficiently and effectively.

Two years ago, the researcher was an employee of Addis Ababa education bureau. This situation gave the researcher knowledge that employees had the concern about the three human resource activities selected and had raised many questions and complains about them. These three HRM practices selected were training and development, performance appraisal, compensation and reward. The researcher's rationale for focusing on these HRM practices was that they were determining factors of employees' future careers and changing their standard living. From preliminary interviews of the researcher and practical observation, it had been identified that employees were ignorant about human resource department activities, human resource management proclamation and how it was collected and organized documents about employees' performance, employees' profile and human resource actions because these practices were non-transparent for employees.

In this organization, human resource activities and decisions were mainly governed by current affairs, political affiliation, situational changing. Human resource management decision making for action usually based on subjective and personal opinion rather than acting according to rules and policies, facts, plan action. These three HRM practices selected were applied inappropriately; thus, it resulted in creating employee's dissatisfaction, less motivation and inability to retaining skilled and expertise employees in the organization. Therefore, this research dwelled on locating the existing gaps in the organization and indicated direction for better system of implementation of these HRM practices.

From theories and empirical evidences, the researcher had expected that the implementation of these three selected HRM practices would affect employees' performance. It was therefore dwelling on that expectation that this research strived to investigate the effects of three human resource management practices on employees' performance in the case of Addis Ababa education bureau.

#### **1.4 Research Objectives**

The main purpose of the study was investigated the impact of HR practices on employees' performance in the case of Addis Ababa education bureau. In order to achieve this main objective, the following listed specific objectives were considered in the study.

1. To describe the current human resource management practices in the organization of AAEB.
2. To explain the association between selected HR practices and employees' performance at AAEB.
3. To investigate the extent to which human resource management practices impact on employees' performance in AAEB.

#### **1.5 The Research Significance**

This research was used to explain the current HRM practices against achievement of the employees' performance in the case of Addis Ababa education bureau. The research indicated the possible solution for the existing problem and showing the future direction for other researcher in broad including other HRM variables and increasing the scope area up to school level. Ultimately, the research aimed to fulfill the requirement to get degree of master.

#### **1.6 Scope of the Study**

This study area was limited to the Addis Ababa education bureau level due to many factors including lack time bounded of the research, resources availability and other social activities. The study focused on three selected HRM activities or variables impact on employees' performance in Addis Ababa education bureau since employees were highly concerning about the implementation of these selected human resource practices which were affecting their desires at work place. This research investigated relationships between independent variables and dependent variable using descriptive and quantitative analysis applying multiple regression analysis.

## **1.7 Limitation of the Study**

The research focused on the impact of Human Resource Management practices on employees' performance of Addis Ababa education bureau since the researcher had a shortage of time and money. So that focus area of the study was at AAEB level only and research participants were employees who worked at bureau level only. The research also limited to three factors which were been the independent variables in this study; the role of training and development, performance appraisal, compensation or reward and the dependent variable was been employees' performance.

## **1.8 Definition of Terms**

Human resource management was to ensure that the organization was able to achieve success through people.

HRM practices included organization development, human resource planning, talent management, knowledge management, recruitment and selection, learning and development, reward management, employee relations, health and safety, welfare, HR administration, fulfilment of statutory requirements, equal opportunity and diversity issues, and any other matters related to the employment relationship.

Employees' Performance was defined in terms of behaviours that accomplishes results. Behaviors (mental and physical effort applied to tasks) emanate from the performer and transform performance from abstraction to action (outcomes in their own right / the product) (Armstrong, 2014).

## **1.9 organization of the paper**

This paper was organized into five chapters. The first chapter was the introductory chapter and it comprised; background to the study, statement of the problem, research hypothesis and research objectives. It also covered the significance of the study and limitation and scope of the study. Second chapter was literature review. It had three major parts which are theories, empirical studies and conceptual model. Third chapter was the methodology to the study. It provided for research design; procedure and method, population covered by the study, description of the study area, sampling techniques, instruments, data collection procedure and analysis. Fourth chapter

focused on data analysis and interpretation of the results and discussions while the last fifth chapter was major findings, recommendations, conclusions and future direction of the research. At the end, references and appendixes were attached.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Theories in Research

According to Mahapatro (2010), Human Resource Management (HRM) is a process of bringing people and organizations together so that the goals of each are met. It is part of the management process which is concerned with the management of human resources in an organization. It tries to secure the best from people by winning their wholehearted cooperation. In short, it may be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient.

Human resource management practices are a process of attracting, motivating, and retaining employees to ensure the survival of the organization (Schuler and Jackson, 1987, cited in Saira, 2016).

This study was applying theories which were stated by Armstrong (2014). These theories were used for describing the impact of HRM practices on Employees' Performance.

#### 2.1.1 Theories about HRM Practices Effect on Employees' Performance (Armstrong, 2014)

##### a. Motivation

Motivation theory explains the factors that affect goal-directed behavior and therefore influences the approaches used in HRM to enhance engagement (the situation in which people are committed to their work and the organization and are motivated to achieve high levels of performance). High performance is achieved by well-motivated people who are prepared to exercise discretionary effort, i.e. independently do more than is expected of them.

##### b. AMO Theory

The 'AMO' formula as set out by Boxall and Purcell (2003), it states that performance is a function of Ability + Motivation + Opportunity to Participate.

HRM practices therefore impact on individual performance if they encourage discretionary effort, develop skills and provide people with the opportunity to perform. The formula provides

the basis for developing HR systems that attend to employees' interests, namely their skill requirements, motivations and the quality of their job.

### **c. Social Exchange Theory**

Employees will reciprocate their contribution to the organization if they perceive that the organization has treated them well. Employees are motivating when they are developing organizational citizenship. This citizenship is created by the organization through treating its employees as assets so the company invests on its human capital substantially.

According to Tyson (2006), In some organizations, HR departments perform a kind of low-level administration, dealing with routine requests from managers for recruitment, transfers and termination (the 'transactional' work of HRM), whereas in other organizations they are concerned with strategic planning, developing long-term personnel plans and industrial relations strategy. Addis Ababa education bureau human resource department is dealing with routine and 'transactional' work of HRM. Then this study deals with training and development, performance appraisal, compensation and reward.

### **A. Training and Development**

Employee training and development initiatives can transform organizations with providing extra skills to your employees to not only increase safety and productivity but training leads to higher job satisfaction, which shows up in better corporate performance. Valuable training also includes situational training that provides personnel the skill sets that allow them to make timely, knowledgeable decisions that benefit both the customer and the company. There are numerous reasons for supervisors to conduct training among employees. These reasons include: increased job satisfaction and morale among employees, increased employee motivation, increased efficiencies in processes, resulting in financial gain, increased capacity to adopt new technologies and methods, increased innovation in strategies and products, reduced employee turnover, enhanced company image, e.g., conducting ethics training (not a good reason for ethics training). There are reasons for emphasizing the growth and development of personnel include: Creating a pool of readily available and adequate replacements for personnel who may leave or move up in the organization, enhancing the company's ability to adopt and use advances in technology because of a sufficiently knowledgeable staff, building a more efficient, effective and

highly motivated team, which enhances the company's competitive position and improves employee morale, ensuring adequate human resources for expansion into new programs. Employees frequently develop a greater sense of self-worth, dignity and well-being as they become more valuable to the firm and to society. Generally, they will receive a greater share of the material gains that result from their increased productivity. These factors give them a sense of satisfaction through the achievement of personal and company goals (Mahapatro, 2010).

## **B. Performance Appraisal**

Evaluating employee performance is a key responsibility of managers. Performance appraisals is a powerful tool, provide to documented feedback on an employee's level of performance. They help determine continued employment, promotion, transfer, bonuses, and pay raises, and allow for improved communications between managers and employees. The actual performance appraisal documents become part of an employee's permanent record and can greatly influence lives and careers

Performance appraisals can achieve and contribute to when they are properly managed, for example: Performance measurement is transparent, short, medium and long-term, clarifying, defining, redefining priorities and objectives, motivation through agreeing helpful aims and targets, motivation through achievement and feedback, training needs and learning desires—assessment and agreement, identification of personal strengths and direction—including unused hidden strengths, career and succession planning—personal and organizational, team roles clarification and team building, organizational training needs assessment and analysis, appraised and manager mutual awareness, understanding and relationship, resolving confusions and misunderstandings, reinforcing and cascading organizational philosophies, values, aims, strategies, priorities etc. delegation, additional responsibilities, employee growth and development, counseling and feedback and manager development all good managers should be able to conduct appraisals well it is fundamental process (Mahapatro, 2010).

### **C. Compensation and Reward**

Job candidates choose to work for particular companies for a number of reasons, including career development opportunities, training, the companies' reputation for being a good place to work, location, and compensation. Companies try to spark job candidates' interest by communicating the positive features of the core and fringe compensation program. The objective of the compensation is to create the system of rewards that is equitable to the employers and employees alike. The desired outcome of the employees is to attract the employees towards the tasks and motivated to do the good job for the employer. The compensation policy depends on certain criteria below: minimal governmental, union and managerial levels should be met, equitable: each person should be paid fairly, in the line with his or her effort, abilities and training, balanced: pay, benefits and other rewards should provide a reasonable total rewards package, cost-effective. The pay should not be excessive, considering what the organization can afford to pay, secure: pay should be enough to help employees feel secure and aid him or her in satisfying basic needs, incentive providing: pay should motivate effective and productive work, acceptable to the employee. The employee should understand the pay system and feel it is a reasonable system for the enterprise and him or herself (Mahapatro, 2010).

According to Tyson (2006), In some organizations, HR departments perform a kind of low-level administration, dealing with routine requests from managers for recruitment, transfers and termination (the 'transactional' work of HRM), whereas in other organizations they are concerned with strategic planning, developing long-term personnel plans and industrial relations strategy.

How the work is conducted will depend on the particular organization, and there is no common standard applicable throughout the public sector, industry and commerce. The way the company is organized and its size whether, for example, it is broken down into divisions, profit centers or parts of a group will also influence the way specialist HR departments fit into the policy making and decision-making arrangements of the organization. The HR manager is often depicted as an adviser to senior line managers.

The amount of executive power he or she possesses to carry out decisions without referring them to others will be dependent on what the chief executive has delegated but, unlike some other managers, the amount of power HR staff possess to carry out policies is usually limited.

If, for example, the HR manager wanted to introduce a new pension scheme, or to change the remuneration policy, it is extremely unlikely that this could be done unilaterally.

## **Promotions**

Employee is given the promotion as one type of reward which enables to higher posts and positions as and when vacancies are available or when new posts are created at the higher levels. It is quite common in all types of organizations. It is the product of internal mobility of the employees due to change in organizational processes, structure etc. It is better to direct recruitment which satisfies many human resources problems of the organization and helps in achieving organizational objectives. Promotion means higher position to an employee who carries higher status, more responsibilities and higher salary. The higher status and salary is the two most important ingredient of any promotion. It is an advancement of employee to a higher post with greater responsibilities and higher salary, better service conditions and thus higher status. Promotion provides to motivate employees to higher productivity, attract and retain the services of qualified and competent people to recognize and reward the efficiency of an employee, increase the effectiveness of the employee and the organization, fill up higher vacancies from the within the organization, build loyalty, morale and the sense of belongingness in the employee and impress upon others that opportunities are available to them too in the organization, if they perform well (Mahapatro, 2010).

## **2.2 Empirical Evidences**

This section contented the researched papers which are done by other researchers about human resource management practices impact on employees' performance in different countries are discussed below.

According to Saira Hassan (2016) was conducted to determine the impact of HRM practices on employee's performance in the Textile industry of Pakistan. The research findings indicated that HRM practices Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement have a positive impact on employee's performance. Hence, it is proved that independent variables contribute positively towards change in the dependent variable or employees' performance. She concluded that the appropriate level and extent of HRM practices implementation in work place that have direct impact on the achievement employees'

performance by equipped employees with skill, knowledge, motivation, involvement, abilities, empowerment and retention etc.

According to Ilyas et al study (2016) evaluated the effects of human resource management practices namely; compensation, performance evaluation and promotion on employee performance in private telecom sector organization of Rawalpindi and Islamabad. The study results indicated a significant and positive association of these three practices with employee performance based on the discussion of employees' behavior.

Eventually, this research developed the association of these three HRM practices: compensation practices, performance evaluation and promotion practices (independent variables) have positive relationship with employees' performance (dependent variables).

Mohammad et al (2014), this paper examined the effect of HRM practices towards employee performance in Malaysian Skills Institute (MSI). It investigated the factors recruitment, selection and compensation that affected employee performance in MSI. This research study found out the effect of HRM practices on employee performance. The results of the testing hypotheses indicated that the independent variables significantly correlated with the dependent variable. The correlation results confirmed a significant association between independent variables and the dependent variable.

Shaukat et al (2015) explored the effect of Human Resource Management on employees' performance. This study dealt with HRM practices including selection, training, career planning, compensation, performance appraisal, job definition and employee participation on perceived employee performance. The major findings of this study that all variables were statistically significant relationship with the dependent variable employees' performance.

## **2.3 Each HRM Practice and Employees' Performance Relationship**

Here, the researcher used theories and previous studies to argue the contribution of properly implementation of HRM practices to enhance employees' performance in their organization.

### **2.3.1. Training and Employees' Performance**

The human resource management department of a company is conducting training and development aimed at achieving the following benefits. Such as increasing job satisfaction and

morale among employees, increased employee motivation, increased efficiencies in processes, increased capacity to adopt new technologies and methods, increased innovation in strategies and products. It creates knowledgeable staff, building a more efficient, effective and highly motivated team, which improves employee morale and performance (Mahapatro, 2010).

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

According to Amsalu (2017) stated the organization should provide more training to improve its employees' performance since employees' experience and skills might not fit for the frequent changes of work procedures and technology.

### **2.3. 2. Performance Appraisal and Employees' Performance**

Performance appraisals is a powerful tool to provide to documented feedback on an employee's level of performance. It helps to determine continued employment, promotion, transfer, bonuses, and pay raises, and allow for improved communications between managers and employees. The actual performance appraisal documents become part of an employee's permanent record and can greatly influence lives and careers.

Performance appraisals can achieve and contribute to when they are properly managed, for example: clarifying, defining, redefining priorities and objectives, motivation through agreeing helpful aims and targets, motivation through achievement and feedback, identification of personal strengths and direction including unused hidden strengths, career and succession planning—personal and organizational, team roles clarification and team building, delegation, additional responsibilities, employee growth and development, counseling and feedback to improve employees' performance (Mahapatro, 2010).

Alene (2017) discovered that performance appraisal is enhancing employees' performance when it is directly linked the performance appraisal results to rewards such as recognition and appreciation career development, leading to promotion and bonus payments and also to salary

levels. But employees are not encouraged to participate in the performance appraisal discussion in commercial bank of Ethiopia because employees are not involved in the performance appraisal discussion as a result it is difficult to improve their performance and also discourages the employee motivation. In turn it has its own impact on their employee motivation and performance.

Sophia (2017) established that there are significant elements which are including in employees' appraisal practices from setting common target goals up to implementation of performance appraisal outputs that are important on enhancing employees' motivation and performance.

### **2.3.3. Compensation/ Reward and Employees' Performance**

Employees choose to work for particular companies for a number of reasons, including career development opportunities, training, the companies' reputation for being a good place to work, location, and compensation. Companies also try to spark job candidates' interest by communicating the positive features of the core and fringe compensation programs. Compensation like promotion, providing incentives etc. have the following benefits for affecting employees' performance by motivating employees to higher productivity, attracting and retain the services of qualified and competent people to recognize and reward the efficiency of an employee, increasing the effectiveness of the employee and the organization, filling up higher vacancies from the within the organization, building loyalty, morale and the sense of belongingness in the employee and impressing upon others that opportunities are available to them too in the organization, if they perform well (Mahapatro, 2010).

Asrat (2017) study stated that rewards in Deborah private school motivated teachers by the teaching job itself, recognition, autonomy, and by sense of achievement of their professional goal as teachers.

Surafel (2017) stated that generally the pay scale of the Zemen bank & reward management policy does not consider market value and inflation rate respectively, cause of this reason the respondents are not motivated for better performance. Employees are not satisfied by rewards providing by Zemen bank salary, bonus, benefits and buying shareholders and policy has no positive effect Finally regression and correlation results shows the dependent and independent variable have direct relationship.

Begashaw (2017) study using regression analysis of financial compensation and reward of CBE offered by the company satisfying employees with the benefit packages. The employees of CBE love their work, committed to the mission and vision of the organization and contributed for the growth of the organization so that the employees of CBE's were a good performer. But employees dissatisfied with the salary scale of the organization, over time payment and housing allowance. Generally, performance of employees in commercial Bank of Ethiopia was high.

#### **2.4. Research Hypothesis**

The researcher formulated the following hypothesis based on the knowledge of theory and empirical literature studies. The hypothesizes were constructed to demonstrate the effects of selected three HRM practices on employees' performance to describe association as below:

Hypothesis 1: compensation and reward had positive impact on employees' performance.

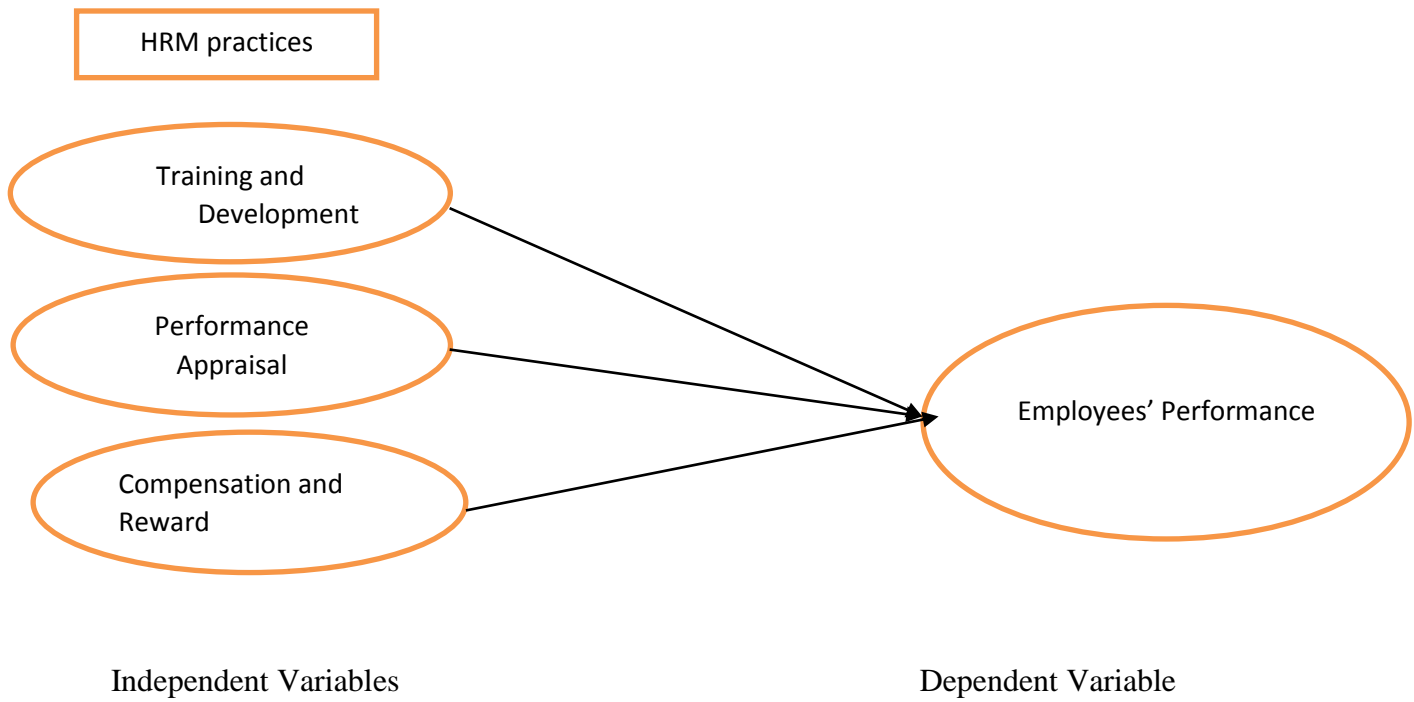
Hypothesis 2: Training and development positively influenced employees' performance.

Hypothesis 3: Performance appraisal positively influenced on employees' performance

#### **2.5 Conceptual Model**

This research was applied three selected independent HRM variables which were training and development, Performance appraisal compensation or reward and the dependent variable was employees' performance. There could be a lot of factors that can affect employees' performance but the researcher desired to focus on three selected human resource management practices in this research due to different reasons which were explained so far. Based on the above theoretical literatures and empirical evidences, it is clearly indicated that the relationship of the independent variables (HRM practices) and dependent variable (employees' performance) have positive relationship. Therefore, the researcher adapted model to show that if human resource department implement proper human resource management practices, it had been motivating employees to exert high efforts for improving employees' performance. Hence, the following Figure-1 illustrates the conceptual framework of this research.

Figure 1. Source: the conceptual frame work was adapted fromAkram,2010.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Approach**

This study followed positivist approach that is to describe the current reality of HRM practices in Addis Ababa education bureau. The study also utilized a relational research design in an effort to examine the relationship between selected human resource management (HRM) practices and employees' performance (EP). Correlation research method was used to determine relationships and patterns of relationships among variables.

Three selected HRM practices were included as independent variables in this study to be conducted. These were training and development, performance appraisal, compensation or reward and Employees' performance was considered as the dependent variable in this study. The research used quantitative analytical which employed survey or questionnaires. In addition to this, the researcher also considered available information and facts about selected human resource practices impacts on employees' performance mainly written documents from the organization and human resource department to explain the primary data along with secondary evidences. This study gathered the primary data through self-administered questionnaire which were distributed to respondents using simple random selected employees. Then, the study used the descriptive methodology approach to describe the basic features of the data according to category in a research. Generally, this study for investigating the effects of selected human resource management practices and employees' performance variables in analysis of relationships between independent and dependent variables as stated in the hypotheses and conceptual frame work.

#### **3.2 Research Design**

This research was conducted to determine the effects of selected HRM practices on employees' performance in Addis Ababa education bureau.

In this research, quantitative research approach was used. Because quantitative research included surveys and questionnaires which could help to obtain data about the employees' performance and selected HRM practices how to improve the accomplishment of desired products and

services using human resources knowledge, skill and experts for better employees' performance. Quantitative research was about asking people for their opinions, acts and beliefs in structured questionnaires so that research could produce hard facts and statistics to guide to put possible recommendations (Biniam, 2016).

### **3.3 Research Population**

The research target population for this study was permanent employees who work at different department and level of positions in Addis Ababa education bureau institute, there are 220 target populations for this study / two hundred twenty employees based on information obtained from human resource department. Population of interest is homogeneous and population studies were more representative because everyone had an equal chance to be included in the final sample that was drawn by 0.645 or 64.5% probability being participant in this study.

### **3.4 Sampling and Sampling Technique**

#### **3.4.1 Sample Design**

A simple random sample technique was one of probability sampling method. A simple random sampling was applied in which each element in the population had an equal chance of being selected in the sample in order to be member of the study. Researcher chose to take sample of 64.5% of research population to be surveyed. The samples were 142 permanent employees of Addis Ababa education bureau being surveyed.

The AAEB institute has approximately 220 permanent employees in the time of field survey which was using as target population of the study. A total of 142 questionnaires were distributed Addis Ababa education bureau employees according to sampling plan.

Sample Size Determination: According to Kothari (2004, cited in sharachew,2018) the determination of sample size was based on the nature of population (heterogeneity or homogeneity), nature of the study (qualitative or quantitative), and availability of finance and other resources. Hence, representative and adequate number of sample size was taken to perform a meaningful analysis. The sample size (n) was determined by using the formula as below.

$$n = N / (1 + N (e^2))$$

Where

n=Sample size required

N=the study population

e=Level of precision/allowable error /sampling error (0.05) at 0.95(95%) confidence level (t) of 0.5(5%) unit variance (p).

To calculate the sample size at 95% confidence level and 5% margin error;  $n = N / (1 + N (e^2))$  where  $e = 5\% = 0.05$

$$n = 220 / (1 + 220 (0.05)^2)$$

$$n = 220 / (1 + 220 (0.0025))$$

$$n = 220 / 1.055$$

$$n = 220 / 1.55$$

$$n \sim 142$$

### 3.4.2 Research Tool

In this study, the researcher used questionnaires which were developed in the Likert scale format for measuring HRM practices focusing on the implementation of activities to describe level or extent and application of each HR functions in the organization. Similarly, Employees performance was measured using questionnaires which was prepared in Likert scale format to apply graphic rating scale method. These questionnaires were focused on investigation of employees' opinions and beliefs on items which were focusing on employees' attributes and behaviors such as employees' satisfaction, motivation, organizational citizenship, promotion, salary, incentives, commitment, engagement, physical work environment, work definition etc. by rating at what extent or degree that these items were existing in the organization

### **3.5 Data Sources and Instrumentation**

This study was purely based on primary sources of data. A structured questionnaire for the respondents was prepared for data collection. Then, the questionnaires were distributed to the respondents by the researcher at randomly for the given time bounded. The researcher used Likert scale questionnaires.

#### **3.5.1 Survey Instrument**

The survey instrument was questionnaires. The questionnaires had two sections in this study. The first section of the questionnaire gathered information on the profile of respondents. The second section of the questionnaire used to measure the extent to which human resource practices (training and development, performance appraisal and compensation or reward) were being practiced in Addis Ababa education bureau organization and how the employees are performing their works.

In the second section, researcher requested the respondents to rate the three selected HRM practices implementation and their employees' performance in the organization based on a five-point Likert scale ranging from Strongly Disagree/SDA= 1, Disagree/DA = 2, Neutral/N = 3, Agree/ A = 4 and Strongly Agree/ SA = 5.

#### **3.5.2 Document Review**

Survey questionnaires was supported with analysis of recording documents, reports and plan of HR police, strategies, activities and accomplishment of the employees against the plan target aimed to explain the impact of HRM practices on employees' performance. The documents were reviewed based on the objectives of the study and research hypothesis.

### **3.6 Reliability and Validity**

#### **3.6.1 Reliability Test**

Reliability was used to show an attribute in which data collection procedures could be repeated with the same results. According to Kothari (2004), measuring instrument was reliable providing that it offered consistent results. During the preparation of the questionnaires, researcher applied advisor suggestions and comments to improve questions reliability. The researcher also compared and contrasted the respondents' answers with the organization and HRM department

reports, plans and document sources. In addition to this, the researcher provided explanations about the purpose of study and the content of questions for the respondents before they had been given answer for questionnaires.

The researcher confirmed questionnaire instrument which was understood by the respondent using reliability test. A total of 142 questionnaires were distributed to the respondents the participant was selected from organization randomly. Then returned the 117 data instruments were coded and a Cronbach's Coefficient Alpha test was employed by SPSS version 25.00. Thus, the SPSS output is summarized in table below.

Table 3.1 Reliability Statistics

Cronbach's Alpha	N of Items
0.799	44

and Reliability Test for HRM practices was 0.742 for 33 number of items on TD, PA and CR.

Source: Survey Generated from SPSS Data, 2019

Table 3.1 showed the value of Cronbach's alpha or alpha coefficient is 0.799 overall reliability for 44 items in the questionnaires, while the acceptable standard is above 0.7. The minimum value of the Cronbach's alpha value is 0.714 and the maximum value is 0.882. The values are well above 0.7. This implies that the questionnaires were consistent, reliable and the questionnaire could be repeated by another researcher and the researcher would reach the same conclusion (Amanuel, 2017).

### 3.6.2 Validity Test

Validity referred to the extent to which the instrument measures what the researcher(s) actually wish to measure (Kothari, 2004). Validity was the most critical criterion and indicates the degree to which an instrument measures what it was supposed to measure.

In order to ensure the quality of this research, content of the research questionnaires was verified by the advisor of this research, who looks into the appropriateness of questions and the scales of

measurement. Peer discussion with previous colleagues and other researchers was done since it was another way of checking the appropriateness of questions. Previous developed standard questionnaires were used by both adopting and adapting.

validity Test of the instrument before dispatching the questionnaire to gather information its validity and reliability was checked. This close ended questionnaire was given to human resource expert to check the content validity.

### **3.7 Data Collection**

A survey Questionnaire was designed to collect the research 's primary data. The questionnaire was included close-ended structured questions to facilitate the data collection process. The questionnaire was composed of two sections to accomplish the aim of the research which were background information relating questions and the main part was encompassed questions which was described the extent of HRM activities implementation and factors affecting employees' performance in the organization.

The respondents were asked to fill the questionnaire forms which was distributed to them in their working place and during their working hours.

The data was completely collected by the researcher and with the help of researcher's friends.

### **3.8 Methods of Data Analysis**

The socio-demographic section of the questionnaires' result was presented in frequencies and percentage. The data was analyzed in descriptive and person's correlation using numbers, percentiles, ratios and which was also be described this part by using mean, variance and standard deviation from the Centre value. After all the necessary data collected from the research subjects, it was entered and computed in SPSS software. In addition, the interpretation part was included the observation and document review besides the responses of the questionnaires.

### 3.8.1 Data Analysis

In this study, the HRM practices impact on employees' performance was formulated mathematical as follow:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 \text{ where as}$$

$B_0$ ----- $B_3$  are coefficients of correlation

$x_1$  is training and development

$x_2$  is performance appraisal

$x_3$  is compensation and reward

Y is employees' performance

This model was used the cross-sectional quantitative data in which data was collected at one point in time through surveys preparing questionnaires and analyzed applying the following statistical methods.

This model was used the cross-sectional quantitative data in which data was collected at one point in time through surveys preparing questionnaires and analyzed applying the following statistical methods.

The Data analyses was made utilizing SPSS software version 25.00. The researcher utilized the following statistical tools for analysis and interpretation based on the SPSS outputs:

1. Descriptive statistical analysis was used to illustrate frequencies, means, and standard deviation of every research construct.
2. Pearson correlation was used to investigate the relationship independent variables with dependent variable and measuring validity.
3. Regression analysis was used to analyze the contribution of independent variables by predicting the effects of selected HRM practices on employees' performance using Beta coefficient, t- test and sign test or p- values.

### **3.9 Ethical Consideration**

The researcher respected the following ethical consideration seriously. These are: First, the researcher explained briefly the purpose of the study as it was conducted for academic and Partial Fulfillment of the Requirement for the degree of masters of Arts in human resource management. It was explained that it had no other purpose. In addition to this, the researcher respected their consent, responds keeping confidentially and analyzing the data without any manipulation as it was for the intended purpose.

Finally, I accredited genuinely all sources that were used to conduct this study properly as supplementary and complementary information.

## **CHAPTER FOUR**

### **DISCUSSION AND RESULTS**

#### **FINDING AND ANALYSIS, INTERPRETATION AND DISCUSSION**

##### **4.1 Introduction**

This section dealt with the findings and discussions of data analysis results from the study about the effect of selected human resource management practices on employees' performance. The main focus of this research was three selected human resource management activities and employees' performance as researched variables.

In this research, the researcher used close ended questions based on the objectives of the study to measure the effects of human resource management on employees' performance by requesting organization employees' feelings, opinions about selected HRM practices implementation with their organization and work area context. One hundred forty-two questionnaire were distributed to the research participants and 117/ one hundred seventeen respondents returned questionnaires which was 82% or 0.82 compared to distributed questionnaires.

This chapter was organized and analyzed in five subsections as follow.

4.2 Demographic characteristics of respondents

4.3 Descriptive Statistics

4.4 Correlation Analysis

4.5 Regression Analysis

##### **4.2 Demographic Characteristics of Respondents**

The demographic variables of the respondents had the following variables such as gender/ sex, age, education level, position and seniority. These demographic variables of the research participants were analyzed in the form of percentage and cross variables analysis as below.

**Table 4.2.1, Demographic Gender \* Age Cross tabulation**

		Age				Total
		A<30	30<A<40	40<A<50	A>50	
Gender	Male	12	35	22	7	76
	female	14	16	10	1	41
Total		26	51	32	8	117

Among one hundred seventeen (117) respondents, 76 or 65% were males whereas 41 or 35% were females. In this research male participation was more than females.

Addis Ababa education bureau had young and stripling employees which covered 65.8% of total organization employees. So, the organization human resource management department has great potential to create motivating employees through enhancing HRM practices. This category age employees could serve the organization for more length working service. Human resource management department can improve the efficiency of this category age work force providing appropriate training, performance appraisal and compensation.

### **4.3 Descriptive analysis**

Descriptive analysis was summarized responses of the respondent for distributed questionnaires and investigated the extent of employees' opinions and feelings about the effects of selected HRM practices on employees' performance based on the responses of research participants for distributed data collection questionnaires.

The researcher compared the "mean" and "standard deviation" score of each variable against settled standard by According to Zaidaton & Bagheri (2009, cites as Eyuel, 2017) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.80 was considers as high as illustrated below.

### **Comparison bases of mean score of five-point Likert scale instrument**

Description	Mean score
Low	< 3.39
Moderate	3.40—3.79
High	>3.80

Table 4.3.1 Zaidatol & Bagheri (2009, as cited in Eyuel, 2017)

From the researcher experience as an employee in Addis Ababa education bureau, the researcher had known that human resource department was not equipped by expert of human resource management who had learnt science and knowledge of HR to enhance human resource activities in the organization. Due to many reasons which were mentioned above and others, human resource department activities were operated by other department heads and managers decision which was oppressing human resource department activities in organization meanwhile HRM practices were invisible activities and tasks of human resource department in organization with reference to employees' point of views and feelings. This descriptive analysis about data which was collected from the respondents also proved that the selected human resource management practices of implementation was at low level and capacity. In addition to this, human resource department activities were mainly dealt with traditional and record keeping of employees' data and information manual.

Table 4.3.2, Perception on Training and Development

	N	SD	D	N	A	SA	Mean	SDV
Your organization conducts training based on plans	117	1	41	36	36	3	2.99	0.895
In your organization, training is improving employees' skills, knowledge, attitude and creativity.	117	0	43	40	33	1	2.93	0.828
In your organization, trainings are aligning with employees' jobs and tasks	117	1	44	36	32	4	2.95	0.908
The training environment is conducive to conduct training	117	0	37	36	41	3	3.09	0.877
Trainings are important in improving the employees' performance to give quality service.	117	2	37	36	41	1	3.02	0.881
The organization gives both on-job and off-job training	117	0	38	27	49	3	3.15	0.912
The contents of training that you have taken are relevant with your current work	117	1	44	30	39	3	2.99	0.924
The training objectives are Compatible with organizational strategic objectives	117	0	35	32	45	5	3.17	0.912
Employees are developing a strong belief in and acceptance of the values and goals of the organization after taking training	117	0	31	30	54	2	3.23	0.865
Your firm provides need-based Training program	117	0	39	29	44	5	3.13	0.933
Training plan is developed in the light of the present and expected problem solving in the organization	117	1	26	31	55	4	3.30	0.883
Over All Mean and SDV	117						3.087	0.893

Source: Generated from survey data SPSS output

From Table 4.3.2, mean score of Likert five scale instrument of each items focusing on training and development human resource management practice implementation and overall mean scores of all Likert scale items were less than 3.39 or low category when compared with standard mean score and standard deviation also indicated that similarity of respondents for research question items which was described as there was no significant variation among responses (Eyuel, 2017).

Table 4.3.3, Perception on Performance Appraisal

	N	SD	D	N	A	SA	Mean	SDV
HR establishes critical target against expected performance	117	38	57	9	13	0	3.34	.957
HR has bilateral agreement based on expected results to be achieved	117	1	36	3	76	1	3.32	.971
Your firm has a professional performance appraisal system	117	0	55	4	57	1	3.23	.995
Your firm uses clear criteria in performance appraisal.	117	5	57	3	48	4	3.03	.999
Your firm informs the employees of performance criteria required.	117	3	44	34	36	0	3.02	.947
Performance appraisal process depends on the employees' actual performance.	117	3	42	37	31	4	3.01	.987
The performance appraisal process is used for promotions and incentives purposes.	117	2	41	31	39	4	2.97	.978
There is feedback practices which is given to employees after Performance appraisal	117	4	31	20	58	4	2.92	.930
performance appraisal standards are measurable	117	4	42	22	47	2	2.91	1.098
The used performance appraisal process is fair process	117	5	39	30	40	3	2.88	.882
Employees are evaluated on annual basis	117	1	29	29	48	10	1.97	.923
Over All Mean and SDV	117						2.96	0.970

Source: Survey Generated from SPSS data output

From Table 4.3.3, mean score of Likert five scale instrument of each items focusing on performance appraisal human resource management practice implementation and overall mean score of all Likert scale items were less than 3.39 or low category when compared with standard mean scores. Standard deviation also indicated that there was not significant differences or variations in responses of items (Eyuel, 2017).

Table 4.3.4, Perception on Compensation and Reward

	N	SD	D	N	A	SD	Mean	SDV
Your firm has favorable incentive practices to encourage employees to achieve the organization goals	117	2	50	11	49	5	3.09	.965
Your organization has different compensation or reward packages	117	8	38	33	30	8	3.07	.962
Employees are promoting based on actual performance outputs	117	4	42	34	35	2	3.05	.945
Your organization has appreciating employees' achievement	117	4	42	29	38	4	3.04	1.045
Compensation and reward systems is clearly defined.	117	0	48	31	34	4	3.02	1.000
Employees know reward packages in their organization	117	2	42	34	30	9	3.01	.978
Your firm has favorable compensation to encourage employee to pursue the company objectives and goals	117	3	36	34	40	4	2.97	.982
The compensation package commensurate to duties	117	20	60	22	14	1	2.95	.918
The way that promotions are given out is subject to clear and specific criteria.	117	2	36	35	37	7	2.93	1.065
Promotions are linked to work efficiency.	117	4	37	36	34	6	2.91	.928
You are satisfied with the incentive practices	117	2	38	33	38	6	2.28	.918
Over All Mean and SDV	117						2.94	0.973

Source: surveyed data

From table, mean score of Likert five scale instrument of each items focusing on compensation and reward human resource management practice implementation and overall mean score of all Likert scale items were less than 3.39 or low category when compared with standard mean score (Eyuel, 2017) since human resource department activities were invisible to the organization employees.

Table 4.3.5, Perception on Employees' Performance

	N	SD	D	N	A	SA	Mean	SDV
Employees are interesting by their organization	117	2	49	10	55	1	3.15	.976
Employees are motivating to accomplishing their works	117	0	60	7	49	1	3.04	.995
Employees are staying long in the organization	117	4	57	8	45	3	3.03	.999
Employees are committing to their jobs and tasks	117	4	47	34	32	0	3.03	1.038
Employees are engaging by their work	117	3	48	38	24	4	2.92	.984
Employees are applying the acquired skill	117	2	48	30	34	3	2.90	.932
Employees have understood their organization goals and objective clearly	117	4	40	23	47	3	2.88	1.052
End of service compensation attractive	117	4	53	20	38	2	2.84	.982
Employees have intention to stay in org.	117	5	48	31	30	3	2.81	.955
Trainings motivate employees to enhance their job performance.	117	1	37	31	40	8	2.81	.909
Employees have prospects for future growth	117	0	56	7	49	5	2.80	.883
Over All Mean and SDV							2.93	0.973

source: surveyed data

From Table 4.3.5, mean score of Likert five scale instrument of each items focusing on employees' performance human resource management practice implementation and overall mean score of all Likert scale items were less than 3.39 or low category when compared with standard mean score (Eyuel, 2017).

To sum up, the descriptive analysis for these four variables (training and development, performance appraisal, compensation and reward, employees' performance) indicated the overall mean scores (means of means scores) of each variable was less than the standard 3.39. It was interpreted as human resource management practices were traditional or transactional activities. HRM department concerned mainly with record keeping and administration of retirement activities in their office which were far from closely interaction with the organization employees. Department activities were transactional which dealt with proclamation and general guide and law principles rather than being transformational that HRM integrated the organization goals and employees' objective to bring the desired result and outcomes. Hence, human resource department activities were invisible in the organization and for employees. Therefore, employees were dissatisfied with the activities of human resource department.

#### **4.4 Correlation Analysis**

Correlation was used to show the strength of the association between the variables involved. The relationship among research variables using calculated Pearson correlation coefficient test. Field (2006 as cited Eyuel, 2017) also state that the output of correlation matrix can be the correlation coefficient that lies between -1 and +1 within this framework, a correlation coefficient of +1 indicates a perfect positive relationship, and a correlation coefficient of -1 indicates a perfect negative relationship; whereas a coefficient of 0 indicates no liner relationship.

While, for correlations purposes, the descriptors developed by Davis (1971, as cited Eyuel, 2017) the interpretation of strength of correlation coefficient is shown below.

### Interpretation of strength of correlation

Coefficient Value of coefficient	Relation between variables
0.70-1.00	Very strong association
0.50-0.69	Substantial association
0.30-0.49	Moderate association
0.10- 0.29	Low association
0.01-0.09	Negligible association

Table 4.4.1, Source: Eyuel Berhanu, 2017

Based on the above standard coefficients of correlation or association, the researcher investigated the correlation or association among research variables in the research as follow.

Table 4.4.2, Correlations

		TD	PA	CR	EP
TD	Pearson Correlation	1	.571**	.687**	.684**
	Sig. (2-tailed)		.000	.000	.000
	N	117	117	117	117
PA	Pearson Correlation	.571**	1	.484**	.785**
	Sig. (2-tailed)	.000		.000	.000
	N	117	117	117	117
CR	Pearson Correlation	.687**	.484**	1	.666**
	Sig. (2-tailed)	.000	.000		.000
	N	117	117	117	117
EP	Pearson Correlation	.684**	.785**	.666**	1

	Sig. (2-tailed)	.000	.000	.000	
	N	117	117	117	117

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

Keys: TD- Training and Development

PA- Performance Appraisal

CR- Compensation and reward

EP- Employees' Performance

Source: surveyed data

From the above Table 4.4.2, coefficients of correlation indicated that employees' performance has Substantial association with training/ development ( $r \sim 0.68$ ,  $p = .000$ ) and compensation/ reward ( $r \sim 0.67$ ,  $p = .000$ ). It has also very strong association with performance appraisal ( $r \sim 0.79$ ,  $p = .000$ ). as it was seen above table, one independent variable had correlation between other independent variable from moderate association up to substantial association at  $p = .000$ . generally, in this model, there was positive and significant correlation among variables.

Therefore, this correlation analysis was fitted in line with the researcher hypotheses which were stated that the independent variables (training and development, performance appraisal and compensation/ reward) had positive and statistically significant relationship with the dependent variable (employees' performance).

#### **4.5 Multiple Regression Analysis**

Multiple regression was the determination of a statistical relationship between three or more variables. In this research, multiple regression had three selected variables. These three variables were defined as independent variables (training/ development, performance appraisal and compensation/ reward) which were the cause of the behavior of dependent variable (employees' performance). Since the correlation result provided only the direction and significance of relationship between variables but multiple regression analysis was applied to identify the contribution of training and development, performance appraisal and compensation or reward system to employees' performance and to determine the extent of relationship between independent and dependent variable of the study (Eyuel, 2017).

Table 4.5.1, Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.859 <sup>a</sup>	.738	.731	.17370

a. Predictors: (Constant), Training and development, performance appraisal and compensation/ reward

Source: surveyed data generated from SPSS output

In the above Table 4.5.1, the important measure was the R square =0.738 or 73.8% in which it was the measuring of the success of the model which was called good fit model for collected data. This measured value showed that how much variance of dependent variable was captured or predicted by independent variables. Therefore, in this research, R square =.738 was interpreted as the weighting combination of the selected three HRM practices explained 73.8 percent of the variance or attribute of employees' performance. It was also used to measure the impacts of independent variables on dependent variables.

Table 4.5.2, ANOVA of Selected HRM Practices Effect on Employees' Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.612	3	3.204	106.195	.000 <sup>b</sup>
	Residual	3.409	113	.030		
	Total	13.022	116			

a. Dependent Variable: EP

b. Predictors: (Constant), CR, PA, TD

source: surveyed data

The above table revealed the Sig (ANOVA,  $p = .000$ ) and it was indicated the overall significance of the model. Generally, this ANOVA analysis explained the existence of significant relationship between the independent variables which were training and development, Performance Appraisal and Compensation or reward and the dependent variable employees' performance along with showing the normality distribution of data.

Table 4.5.3, Coefficients for Multiple Regression

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.267	.157		1.698	.092		
	TD	.177	.070	.182	2.546	.012	.454	2.204
	PA	.455	.049	.548	9.230	.000	.658	1.520
	CR	.261	.063	.276	4.113	.000	.516	1.939

a. Dependent Variable: EP

Source: surveyed data

In the above Table 4.5.3, this research combined three selected HRM practices into one regression to see the overall impact on employees' performance. In this case, multiple linear multiple regression was applied by using employees' performance as dependent variable and three selected HRM practices as independent variables which were training and development, performance appraisal and compensation/ reward contributed significantly toward employees' performance at 0.05 level of significance. The prediction model indicated that 73.8% of the variation in employees' performance was predicted by three selected HRM practices as shown above in the regression model.

In the above Table, the Unstandardized Beta coefficients had also given a measure of the contribution of each independent variable for variation to dependent variable in the model. So that the contribution or effect of each independent variable based on the absolute magnitude. Then, a large value of Beta coefficient indicated that a unit change or standard variation in that predictor variable has a large impact on the dependent (criterion variable). Additionally, the t and Sig (p) values gave a rough indication of the impact of each predictor variable. A big absolute t value and small p value suggested that a predictor variable had been a large impact on the criterion variable.

The data analysis presented in Table (4.4.3) revealed that three of predictors have P-value for their coefficient (beta,  $\beta$ ) are significant for training and development ( $\beta= 0.177$ ,  $p = 0.012$ ),

performance appraisal ( $\beta = 0.455$ ,  $p = 0.000$ ) and compensation / reward ( $\beta = 0.261$ ,  $p = 0.000$ ). this result was similar with the research done by (Mitiku, 2017) and (Akram, 2010). Hence these three selected HRM practices positively and significantly contributed to the model.

This study was also interpreted the regression model using significance of independent variables considering T-test values at  $p = 0.05$ . It was put in ascending order of T- test values for describing significance of independent variables as training and development ( $t = 2.546$ ), compensation and reward ( $t = 4.113$ ) and performance appraisal ( $t = 9.230$ ). collinearity analysis was also comprised tolerance level which was greater than 0.2 and less than one. Variance inflation factor or VIF was less than ten. So, using general thumb rule of econometrics or statistics, this collinearity analysis indicated that the model was good fit. finally, it was concluded that three selected HRM practices significantly correlated to employees' performance. These results were similar with research done by Ashraf Akram Eleyan (2010) which was conducted for investigating the impacts of human resource management practices on operational performance. Generally, in this research; three research hypotheses were stated previously had been accepted based on results of study. These hypotheses were positively and statistically significant. It was represented in mathematical equation form as:

$$EP = 0.177TD + 0.455PA + 0.261 CR$$

Where TD, PA, CR and EP are research variables

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This section dealt with finding of the research the following summary, conclusion, recommendation based on the research results, research limitation and areas of future research were presented.

#### 5.2 Summary

This study aimed to investigate the effects of selected human resource management on employees' performance. In its thorough investigative process, it used three independent variables: training and development, performance appraisal and compensation or reward against dependent variable employees' performance. Moreover, quantitative method of analysis; notably, descriptive and regressive, was used to describe the extent of relationships between the independent and dependent variables.

In the first section, descriptive analysis was used to interpret data as each item mean score and all items overall mean scores for research variables were low compared to standard mean score category. This analysis indicated that employees were dissatisfied with the human resource department delivering services to the employees of the particular organization. Furthermore, activities of the human resource were focused on traditional tasks that would only adhere to proclamation and general principles rather than facilitating conditions for the department to act actively in business and work performance at work place.

Then, regression analysis was applied to see effects of the independent variables on dependent variables and result obtained was positively and statistically significant to impact employees' performance by three HRM practices; i.e., TD, PA and CR.

Each independent variable was regressed to investigate the impacts on employees' performance. So, the regression analysis produced positive and significant association between the variables and the Beta coefficient value indicated that each independent variable impacted employees' performance significantly.

The findings and results of the research generally supported the hypotheses that selected HRM practices are positively associated with employees' performance in Addis Ababa education bureau context.

The results showed that and training and development, performance appraisal, compensation and reward have a positive correlation with employees' performance. Multiple regression analysis indicated that training and development, performance appraisal, compensation and reward have a significant effect on employees' performance. The model of the regression explained 73.8% of the variance in employees' performance by independent variables. Multiple regression analysis indicated that these three selected human resource practices have statistically significant relation.

The regression model also represented the contribution of each independent variables to show effects on employees' performance as follow: training and development (TD= 0.177, p = 0.012), performance appraisal (PA = 0.455, p = 0.000) and compensation and reward (CR = 0.261, p = 0.000)

### **5.3 Conclusion**

The research that applied both descriptive and regressive methods of analyses to investigate the effect of selected human resource practices on employees' performance found out that effect of the inquiry was statistically significant.

From demographics and descriptive analysis, it was clearly explained that the human resource department of Addis Ababa Education Bureau activities and delivering services had limitation in appropriately implementing practices and duties which consequently would impede enhancement of employees' performance.

The findings and results of the research generally supported the hypotheses being stated that selected HRM practices were positively associated with employees' performance in Addis Ababa education bureau context.

The results showed that and training and development, performance appraisal, compensation and reward had a positive correlation with employees' performance. Multiple regression analysis indicated that training and development, performance appraisal, compensation and reward have a significant effect on employees' performance. The model of the regression

explained 73.8% of the variance in employees' performance by independent variables. Multiple regression analysis indicated that these three selected human resource practices have statistically significant and positive relation with employees' performance.

Correlation analysis of this research indicated positively and statistically significant, that is, it indicated that there were strong association between independent variables with dependent variable.

#### **5.4 Recommendation**

Emanating from the research findings, theories and empirical evidences, the following possible solutions could be taken as ways forward to improve human resource department activities and thereby enhance employees' particular employees' performance and generally at societal level. The recommendations in task forms are as follows:

Before the researcher recommended on each human resource management practices, the organization should equip the department with expertise and applying different technologies to modernize the management and implementation of HRM practices effectively and efficiently.

#### **From Training and Development Point of View**

Human resource department should formulate TD programs based on need assessment and performance appraisal reports since training and development is used for increasing job satisfaction and morale among employees in the organization. At the end, motivating and satisfying employees are expecting to perform his or her duties and tasks properly.

It might be important that human resource department would arrange training and development to increase efficiencies in processes, increase capacity to adopt new technologies and methods, increase innovation in strategies and products, reduce employee turnover which is resulted in improving employees' performance.

This department should also apply development and growth of employees applying long training and education to excel employees' performance which enabled the organization to have:

Creating a pool of readily available and adequate replacements for personnel who may leave or move up in the organization.

Enhancing the company's ability to adopt and use advances in technology because of a sufficiently knowledgeable staff.

Building a more efficient, effective and highly motivated team, which enhances the company's competitive position and improves employee morale.

Ensuring adequate human resources for expansion into new programs.

Employees frequently develop a greater sense of self-worth, dignity and well-being as they become more valuable to the firm and to society (Tyson, 2006).

Generally, training and development should design in a way to enhance employees' performance by improving the accomplishing capacity of organization employees which is also reflected lastly on organizational performance.

### **From Performance Appraisal Point of View**

Team leader of every department is a key responsibility for evaluating employee performance and the performance appraisal result is reported to human resource department in the case of Addis Ababa education bureau.

Each department has its own evaluation formats and criteria. This might lead to biased efficiency result among employees because of assigning in different department. But it is advisable to formulate standard performance appraisal criteria which has common or basic criteria uniform format that enabled to alleviate subjective evaluation and different standards.

Since performance appraisal result a powerful tool. It provides to documented feedback on an employee's level of performance. It helps to determine continued employment, promotion, transfer, bonuses, and pay raises, and allow for improved communications between managers and employees.

It is advisable to use the actual performance appraisal documents become part of an employee's permanent record and can greatly influence lives and careers so this result could be used to motivate employees for excel their task and duty.

When human resource department formulated performance appraisal criteria, it should be Clarifying, defining, redefining priorities and objectives since it is one mechanism to develop motivation and accepting the agreeing aims and targets which is resulted in enhancing employees' performance.

Human resource department should develop performance appraisal criteria which encourages team roles clarification and team building tasks as common evaluation denominator for all employees in the organization.

Human resource department should also use performance appraisal reports for organizational training needs assessment and further analysis of performance because these employees' performance results indicate the limitation of accomplishing targets because of employees' performance related problem.

Finally, HRM department is good to make appraised and manager having mutual awareness, common understanding and relationship about performance appraisal system against to agreeing critical targets in the organization. Performance appraisal results and reports should be used to give feedback and taking correction action.

### **From Compensation and Reward Point of View**

It is important to design the incentive system which is a reasonable system for the enterprise. This pay incentives and compensations which are made transparent and known by all employees. It is one way of employees is to attract the employees towards the tasks and motivated to do their tasks and duty well for acquiring compensation based on their performance.

Compensation policy might be developing clear criteria to make the compensation packages paid fairly. This is a mechanism of minimizing compliance about compensation by organization employees.

Total rewards package should be balanced and Cost-effective: The pay should not be excessive, considering what the organization can afford to pay. It should provide a reasonable pay, benefits and other rewards to motivate effective and productive work.

Human resource department should consider employees performance or efficiency for provision of promotion, transfer, training and development to the organization employees so this system would motive employees to excel their performance. It should be free from political affiliation and subjective decision.

Furthermore, if the organization has potential and other income means, Pay should be enough to help employees feel secure and aid for Satisfying basic needs of organization's employees.

### **5.5 Suggestions for further study**

The researcher used only quantitative research method because the researcher interested to investigate the effects of selected human resource practices on employees' performance in the case of Addis Ababa education bureau. The researcher also limited scope at head office of AAEB and only primary data was collected and applied using only close ended questionnaires.

The research was mainly focused the data interpretation and analysis on correlation and regression analysis.

Therefore, other researcher might be consolidated this research by applying both qualitative and quantitative research method.

Second, the data collection instrument might be included open ended questionnaires, interviews and secondary data.

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## APPENDIX A

### Research Questionnaire

My name is G/egziabeherAyalew; I am student of Master's degree in Human Resource Management at Addis Ababa University School of Commerce. The purpose of this questionnaire is to collect data in order to study the effects of selected human resource management on employees' performance. I request kindly to be participant in this research since your help is crucial to conduct this research successfully.

#### Instruction

1. Please read all the questionnaire and respond to every items. There is no 'right' or 'wrong' answer: It is your own personal opinions about current HRM activities' contribution to enhance employees' performance in your organization.
2. The data collected using this questionnaire is purely for academic requirement and I assure you that your response is strictly confidential and the information will be used for scientific research purposes only.

#### Note:

- No need of writing your name.
- Please fill the answer by putting tick mark "✓".
- Genuinely provide your response attentively and return the completed questionnaire as soon as possible.
- If you need further explanation, you can contact me through the address indicated below:  
G/EgziabeherAyalew

Thank you very much for your cooperation in advance.

Good Time for You!!

Section 1: Personal Information

1. Sex: a. Male  b. Female
2. Age: a. Less than 30 years  b. 30 years to 40 years   
c. 41years to 50 years  d. More than 50 years
3. Education level: a. Diploma or less  b. Bachelor  c. Master   
d. Ph.D.
4. Position: a. Employee  b. Supervisor  c. team leader  d. directorate
5. Seniority: a. Less than 5 years  c. 11 years to 15 years   
b. 5 years to 10 years  d. More than 15 years

Section 2: Human Resource Management Practices (HRM Practices)

N.B If the item strongly matches with your response choose Strongly Agree, if you moderately agree on the idea choose Agree, if you don't have any idea or information on the point choose Neutral, if you moderately disagree with the point choose Disagree and if you completely disagree with the point choose Strongly Disagree. In each statement please indicate your personal choose by a tick mark [√] in the appropriate box.

### A. Training and Development

No	Recruitment related questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1.	Your organization conducts training based on plans					
3.	In your organization, training is improving employees' skills, knowledge, attitude and creativity.					
3.	In your organization, trainings are aligning with employees' jobs and tasks					
4.	The training environment is conducive to conduct training					
5.	Trainings are important in improving the employees' performance to give quality service.					
6.	The organization gives both on-job and off-job training					
7.	The contents of training that you have taken are relevant with your current work					
8.	The training objectives are Compatible with organizational strategic objectives					
9.	Employees are developing a strong belief in and acceptance of the values and goals of the organization after taking training					

10.	Your firm provides need-based Training program					
11.	Training plan is developed in the light of the present and expected problem solving in the organization					

### B. Performance Appraisal

No	Selection related questions	Strongly disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1.	In your organization, HR establishes critical target against expected performance for each department and employees					
2.	In your organization, HR has bilateral agreement between organization and employees based on expected results to be achieved					
3.	Your firm has a professional performance appraisal system					
4.	Your firm uses clear criteria in performance appraisal					
5.	Your firm informs the employees of performance criteria required from them.					
6.	Performance appraisal process depends on the employees' actual performance.					

7.	The performance appraisal process is used for promotions and incentives purposes.					
8.	In your organization, there is feedback practices which is given to employees after Performance appraisal					
9.	Standards or criteria used are measurable.					
10.	The performance appraisal process is a fair process					
11.	Employees are evaluated on an annual basis					

### C. Compensation and Reward

No	Compensation and reward related questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1.	Your firm has favorable incentive practices to encourage employees to achieve the organization goals					
2.	Your organization has different compensation or reward packages					
3.	Employees are promoting based on actual performance outputs					
4.	Your organization has appreciating employees' achievement					

5.	Compensation and reward systems is clearly defined.					
6.	Employees know reward packages in their organization					
7.	Your firm has favorable compensation to encourage employee to pursue the company objectives and goals					
8.	The compensation package offered by your firm commensurate with the relative importance of the work you do.					
9.	The way that promotions are given out is subject to clear and specific criteria.					
10.	Promotions are linked to work efficiency.					
11.	Employees are satisfied with incentives practices in your organization					

#### D. Employees Performance

No	Employees performance related questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1.	Employees are interesting by their organization					
2.	Employees are motivating to accomplishing their works					
3.	Employees are staying long in the					

	organization					
4.	Employees are committing to their jobs and tasks					
5.	Employees are engaging by their work					
6.	Employees are applying the acquired skill, knowledge and ideas in their work place					
7.	Employees have understood their organization goals and objective clearly					
8.	End of service compensation helps you to progress and advancement in the agency					
9.	Employees have intention to stay with their organization.					
10	Trainings motivate employees to enhance their job performance.					
11	Employees have prospects for future growth within their organization					

NORMALITY TEST GRAPHICALLY

