



**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**SCHOOL OF COMMERCE**

**THE EFFECT OF ELECTRONIC HUMAN RESOURCE  
MANAGEMENT (E-HRM) PRACTICES ON  
ORGANIZATIONAL PERFORMANCE - THE CASE OF  
COOPERATIVE BANK OF OROMIA**

**BY**

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**GSE/0001/13**

**JUNE, 2024**

**ADDIS ABABA, ETHIOPIA**

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**DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

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**THIS THESIS SUBMITTED TO PARTIAL FULFILLMENT OF MA DEGREE ON A  
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## CANDIDATE'S DECLARATION

I do hereby declare to the senate of Addis Ababa University School of Commerce that the work which is being presented in this thesis entitled "*The Effect of Electronic Human Resource Management (E-HRM) Practices on Organizational Performance - the Case of Cooperative Bank of Oromia*" is original work of my own, has not been presented for a degree of any other university and that all sources of material used for the thesis have been duly acknowledged.

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Muhidin Ahmed

(Candidate)

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Date

This is to certify that the above declaration made by the candidate is correct to the best of my knowledge.

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(Thesis Advisor)

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Date

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# TABLE OF CONTENT

ACKNOWLEDGMENT.....	i
LIST OF TABLES.....	vi
LIST OF FIGURES .....	vii
LIST OF ACRONYM.....	viii
ABSTRACT.....	ix
CHAPTER ONE.....	1
INTRODUCTION .....	1
1.1. Background of the Study.....	1
1.2. Statement of the Problem.....	3
1.3. Research Questions .....	5
1.4. Objective of the Study.....	5
1.4.1. General Objective .....	5
1.4.2. Specific Objectives.....	6
1.5. Significance of the Study .....	6
1.6. Scope of the Study.....	7
1.7. Limitation of the Study .....	8
1.8. Definitions of Terms .....	9
1.9. Organization of the Study .....	9
CHAPTER TWO .....	10
LITREATURE REVIEW .....	10
2.1. Theoretical Literature Review.....	10
2.1.1 Definition and concept of E-HRM .....	10
2.1.2 History and Evolution of E-HRM .....	12

2.1.3	Theoretical Framework of E-HRM .....	13
2.1.3.1	Contingency Theory.....	13
2.1.3.2	Resource-Based View Theory .....	14
2.1.3.3	Transaction Cost Theory.....	14
2.1.3.4	Institutional Theory.....	15
2.1.4	Organizational Performance.....	15
2.1.4.1	Definition of Organizational Performance .....	15
2.1.4.2	Measurement of Organizational Performance.....	16
2.1.5	E-HRM Practices.....	17
2.1.5.1	E- Recruitment.....	17
2.1.5.2	E-Training.....	18
2.1.5.3	E-performance Appraisal.....	19
2.1.5.4	E-Compensation .....	20
2.2	Empirical Literature Review .....	21
2.2.1	Studies from International Perspectives .....	21
2.2.2	E-HRM in African Context .....	23
2.3	Research Gap.....	24
2.4	Conceptual Framework .....	25
CHAPTER THREE .....		27
RESEARCH METHODOLOGY.....		27
3.1	Research Setting.....	27
3.2	Research Approach .....	27
3.3	Research Design.....	28
3.4	Population, Target Population, Sample Frame and Sampling .....	28

3.4.1. Study Setting.....	28
3.4.2. Target Population .....	29
3.4.3. Sampling Procedure.....	29
3.4.4. Sample size Determination.....	29
3.5. Data sources and Data Collection tools.....	30
3.6. Validity and Reliability of Research Instruments .....	31
3.6.1. Validity of the Instruments .....	31
3.6.2. Reliability of the Instruments .....	31
3.7. Data Processing and Analysis .....	32
3.7.1. Descriptive Statistics .....	32
3.7.2. Inferential Statistics .....	32
3.7.2.1. Correlation Analysis .....	32
3.7.2.2. Multiple Regression Analysis.....	32
3.8. Ethical Considerations.....	34
CHAPTER FOUR.....	36
RESULTS AND DISCUSSIONS.....	36
4.1. Response Rate.....	36
4.2. Analysis of Respondents' Demographic.....	36
4.3. The Current Practices of Electronic HRM.....	38
4.3.1. Current Practices of Recruitment and Selection.....	39
4.3.2. Current Practices of Electronic Training .....	41
4.3.3. Practices of E-Compensation.....	42
4.3.4. Practices of E- Performance Appraisal.....	43
4.4. Organizational Performance Level .....	44

4.5.Relationship between EHRM and Organizational Performance using Correlation Analysis.	46
4.6.The effect of EHRM on Organizational Performance using Multiple Regression Analysis ..	47
4.6.1.Assumptions and Diagnostic Test .....	47
4.6.1.1. Normality Test.....	48
4.6.1.2. Multicollinearity.....	48
4.6.1.3. Test for Autocorrelation .....	49
4.6.1.4. Linearity Test .....	50
4.6.2.Multiple Regression Test Results .....	51
4.7.Hypothesis Testing.....	54
4.7.1.Summary of Hypotheses.....	57
CHAPTER FIVE.....	58
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS .....	58
5.1.Summary of Key Findings .....	58
5.2.Conclusions .....	59
5.3.Recommendations .....	59
5.4.Implications of the Findings.....	60
5.5.Directions for Future Research .....	61
REFERENCES .....	62
ANNEX.....	69

## LIST OF TABLES

Table 1: List of E-HRM practices and their application.....	9
Table 2: Sample Size Determination .....	30
Table 3: Statistics Test Results .....	31
Table 4: Analysis of Response Rate .....	36
Table 5: Analysis of Respondents' Demographic .....	37
Table 6: Analysis of Electronic Recruitment.....	39
Table 7: Analysis of E-Training .....	41
Table 8: Sampled Respondents' Responses on Compensation Variable.....	42
Table 9: Analysis of Sampled E-Performance Appraisal.....	43
Table 10: Analysis of Organizational Performance.....	44
Table 11 Analysis of Correlation Matrix - N= 209.....	46
Table 12: Assumption Test Result - Collinearity Statistics .....	49
Table 13: Assumption Test Result by Durbin-Watson (N= 209) .....	50
Table 14: Regression Test Results Model Summary (N=209).....	51
Table 15: Analysis of ANOVA (N=209) .....	52
Table 16: Analysis of Coefficients Results (N=209).....	53
Table 17: Summary of Hypotheses.....	57

## LIST OF FIGURES

Figure 1: Conceptual framework showing the relationship between E-HRM Practices & Organizational Performance.....	26
Figure 2: Normality test.....	48
Figure 3: Assumption Test Result - Normal P-P Plot.....	50

## LIST OF ACRONYM

<b>AMO model</b>	Capability, Motivation, And Opportunity
<b>CBO</b>	Cooperative Bank of Oromia
<b>COOP</b>	Cooperative Bank of Oromia
<b>EHRM</b>	Electronic Human Resource Management
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource Management
<b>HRMP</b>	Human Resource Management Practices
<b>HRPs</b>	Human Resource Professionals
<b>MRA</b>	Multiple Regression Analysis

## **ABSTRACT**

*This study examined the effect of Electronic human resource management practices on organizational performance at Cooperative Bank of Oromia in Ethiopia. The research applied a quantitative research approach and descriptive and explanatory strategies. The study population comprised all 209 sampled employees at the studied bank's headquarters and selected branches in Addis Ababa. Self-administered questionnaires and interviews were used to collect primary data. Descriptive and inferential statistics were computed to describe the characteristics of the variables in the study. The findings revealed that this bank had a number of EHRM practices in place, but their systematic implementation was hampered by a lack of clearly defined formal policies and guidelines throughout the organization, and a formal (written down) strategic plan. It was also observed that the corporation needed improvement in the areas of electronic recruitment, training, motivation, and performance appraisal. In addition, this research has established a significantly positive and significant effect between EHRM practices such as e-recruitment (sig, 0.011), e-training (sig, 0.013), e-compensation (sig, 0.0001), and e-performance appraisals (sig, 0.001) and organizational performance. This study concluded that EHRM practices such as e-recruitment, e-training, e-compensation, and e-performance management will significantly develop or improve organizational performance. Thus, this study suggests HRM managers and a public administrator embrace the use of a formal EHRM strategic plan, enhance capacity building by utilizing both qualified experts, electronic training programs on training needs assessments, and develop formal policies to guide performance appraisal.*

**Keywords: Banks, Electronic Human Resource Management, Organizational Performance,**

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

The introduction of information technology and its growth in a variety of business domains have brought about changes in the organization's methods of operation and perspective on its processes (Canatay et al., 2022). Information technology, when combined with contemporary tools and processes, can provide significant benefits to HR departments and managers, serving as a powerful enabler. Thus, in order to streamline business operations, cut expenses, boost productivity, and strengthen and sustain the organization in a competitive environment, human resources management must employ web-based organizational systems, like electronic human resource management systems. (E-HRM) (Bondarouk, Parry and Furtmueller, 2017).

Human resources are therefore involved in implicit or explicit management activities (Isaac et al., 2017). E-HRM aims to provide managers and employers with information at anytime, anyplace. These days, these systems could consist of human resource support centers, managers' and employees' associations, and enterprise resource planning software, or ERP (Bravo et al., 2016). Additionally, it enables managers to communicate with others, analyze data, make decisions, and handle information without consulting the Department of Human Resources (L'Ecuyer and Raymond, 2023). Field study is required to determine the degree to which these actions were in line with the strategic role of human resources, the goal of increasing the efficiency of human resource management, and the enhancement of the businesses and organizations overall performance.

The conventional HRM approach is unable to keep up with these quick developments. The traditional approach primarily concentrates on personnel operations that assist a business, such as gathering data about employees, keeping track of each employee's performance, and putting organization policies into practice (Marler and Parry, 2016). It is a passive, obedient execution devoid of self-motivated engagement in a strategy matter to anticipate future obstacles. As a result, there is a need for new HRM that can comprehend corporate strategy, create a human

resources management plan to enhance services provided, and collaborate with the top management team on strategy (Marler and Parry, 2016).

The adoption of new technology also poses obstacles to an organization's ability to compete. In order to thrive in job quality and retain people, the company must compete in the market. Electronic human resource management, or E-HRM, is one of the most advanced technologies in human resource systems (Isaac et al., 2017). Human resource management (HRM) can accomplish lower costs, quicker information delivery, and improved organizational performance in managing human resource duties more successfully and efficiently by using this system. Businesses compete fiercely for consumers who have high standards for quality, affordability, and performance (Canatay et al., 2022).

Employee productivity can rise and organizational objectives can be met when effective e-HRM practices are implemented in businesses, as noted by Martini et al., (2020). According to Melian-Gonzalez and Bulchand-Gidumal (2017), organizations that use effective e-HRM practices are able to both attract and retain highly skilled candidates from the labor market and maintain their current workforce. E-HRM systems, sometimes known as web-based applications for HRM, have been implemented to a large number of enterprises (Mishra, 2016). E-HRM is the process of organizing and utilizing web-based technology platforms to carry out an organization's HR plans, policies, and procedures (Marler and Parry, 2016).

The Ethiopian Banking industry is one of the rapidly growing industries in the country with the advancements of information technology. The Ethiopian Banking system has been using its Core Banking system to facilitate its daily business activities National Bank of Ethiopia, 2023). Accordingly, Cooperative Bank of Oromia recognized for its dedication to customer-focused services, ease of use, and accessibility, Coopbank has introduced a website platform powered by artificial intelligence (AI) designed to offer banking services to those living abroad (CBO, 2023). This bank has replaced traditional human resource management and adapted to use of this technology in these businesses, there needs to be human resource management-related policies and actions that are either explicit or implicit. So, this study attempted to analyze the impact of E-HRM practices on organizational performance in this bank.

There is a lack of comprehensive empirical research on the effects of E-HRM practices on organizational performance in the banking sector. Most studies have focused on general industries or have examined only a limited number of E-HRM practices.

On the other hand, the lack of consensus how to measure organizational performance in the banking sector ,particularly when it comes to E-HRM practices different studies have different indicators, making it challenging to compare results and draw meaningful results.

There is also a debate about the extent to which E-HRM practices are integrated into overall HR strategies in the banking sector .Some studies suggest that E-HRM practices are isolated and do not contribute to overall HR goals, while others argue that proper integration leads to improved organizational performance.

## **1.2. Statement of the Problem**

In FY 2022–2023, Cooperative Bank of Oromia made a gross profit of ETB 4.36 billion before impairment loss and taxes. For the fiscal year, the profit before taxes and after impairment loss was ETB 3.39 billion. This bank highlighted the bank's accomplishments in satisfying client demands and its commitment to updating financial services for foreign-based citizens (CBO, 2022). Launching the diaspora banking website is another important step in Coopbank's mission to empower customers and promote financial inclusivity. It also serves as a reminder of the bank's dedication to accessibility and modernization (Coopbank Launching Report of CBO, 2023). However, its annual report of 2023, this bank auditor suggested that it must be able to quickly and readily adapt to changes in the market in order to obtain a competitive advantage, given the rising level of market rivalry.

Accordingly, this bank needs to connect the use of electronic human resources and organizational performance to the organization's overarching goals in order to achieve this. Although EHRM practices have improved HR services, they have also lowered manager-subordinate relationships, which is unsatisfactory and performance-hindering (Obeidat, 2016). Numerous studies have been carried out to examine how e-HRM affects organizational development (Bondarouk et al., 2017), examine technology's impact on performance (Bravo et al., 2016), organizational outcomes (Canatay et al., 2022), and organizational performance (Isaac et al., 2017). The impact of e-HRM on organizational performance, including worker agility,

effectiveness, flexibility, and productivity, has not, however, been the subject of many research. Furthermore, as noted by Panosand Bellou (2016) these researches tended to focus on profit corporations and public sector institutions rather than non-governmental organizations. This is accomplished by evaluating individual and system performance, which helps firms determine which tool or system, will improve performance levels inside the organization.

Preliminary interview with some experts within this bank indicated CBO emphasized the bank's dedication to cutting-edge technologies and services based on research. Within the field of human resource management, changes in operational capacities are resulting from innovations or technology advancements that can be implemented recently. The use of Electronic Human Resource Management [E-HRM] in the bank is derived from is made by possible developments in technological improvement such as web-based applications and processes that automate and support HR services and management. The e-HR is a way of working for companies based on a deeper transformation of the HR department.

Even with this bank's initiatives and the potential benefits of implementing e-HRM practices, adoption remains extremely difficult, particularly for developing banks like Cooperative Bank of Oromia where there is a lack of research on the subject and a general lack of professional understanding, awareness, and expertise. The success of HRIS implementation hinges on user adoption and proficiency. Yet, ensuring that employees embrace the new system and use it effectively can be a significant challenge. Inadequate training, lack of user support, and complex user interfaces are common obstacles organizations may encounter. Thus, these challenges may create a great dispute on organizational performance and organizational effectiveness as it is expected to achieve through the easy management of information provided by human resource management systems. This may lead to decrease efficiency in the HR department and the availability of all employee and management records online at any time.

Organizations all around the world have realized how important IT is becoming for managing human resources, which has led to the development of E-HRM. Although there may be a theoretical correlation between E-HRM practices and organizational outcomes, Tahir and Shahzeb (2020) also stated that there is no evidence from observational study to support this theory. The examination's goal is to provide insight into the recommendations for E-HRM value

generation. In fact, the study discovered a paucity of current research on EHRM and its impact on organizational performance in the context of Ethiopian Banking Sector.

Initially, in order to address disasters, poverty, and the associated suffering, they require a flexible workforce capable of adjusting to a demanding work environment and developing their adaptive skills (Tahir and Shahzeb, 2020). Second, they have improved the banks' financial stability and organizational systems through a variety of success stories; however doing this has required a highly productive staff (Bondarouk et al., 2017). Investigating whether e-HRM has any impact on organizational performance is even more necessary in light of the fact that many businesses are trying to stay competitive, especially banking sector. This made it easier to comprehend how E-HRM practices have benefited banking industry in increasing workforce agility as well as the productivity, effectiveness, and flexibility of the business.

### **1.3. Research Questions**

1. What is the effect of E-Recruitment on organizational performance of Cooperative Bank of Oromia in Ethiopia?
2. What is the effect of E-Training & Development on organizational performance of Cooperative Bank of Oromia in Ethiopia?
3. What is the effect of E-compensation on organizational performance of Cooperative Bank of Oromia in Ethiopia?
4. What is the effect of E-Performance Appraisal on organizational performance of Cooperative Bank of Oromia in Ethiopia?

### **1.4. Objective of the Study**

The study focused on the following objectives

#### **1.4.1. General Objective**

- To investigate the effect of E-HRM practices on organizational performance of Cooperative Bank of Oromia in Ethiopia

### **1.4.2. Specific Objectives**

The specific objectives of this study were:

1. To investigate the effect of E- Recruitment & Selection on organizational performance of Cooperative Bank of Oromia in Ethiopia.
2. To examine the effect of E-Training and Development on organizational performance of Cooperative Bank of Oromia in Ethiopia
3. To examine the effect of E-compensation on organizational performance of Cooperative Bank of Oromia in Ethiopia
4. To investigate the impact of E-performance appraisal on organizational performance of Cooperative Bank of Oromia in Ethiopia

### **1.5. Significance of the Study**

The findings of this study will be highly significant to the Ethiopian private banks sector. The findings will enable the management to understand how Electronic Human Resource Management Practices (E-HRM) affects an organization's performance and identify where improvements should be made. It will also help the management in planning for the development and implementation of effective and efficient E-HRM practices that will lead to improved performance of an organization.

The performance of the services and related technology advancements, which are backed by efficient human resources and capable of generating high customer and employee satisfaction levels in order to meet strategic goals, are the primary factors that make the current study significant. Additionally, it will also give an understanding as to how selected E-HRM practices being implemented in other domains and how the practices impacted t organizational performance. Moreover, the expected recommendations from the research's findings will help the organization to map possible areas of adjustments regarding their E-HRM practices in relation to their impact on organizational performance. On the other hand, the collective expected deliverables of the research will contributes to other governmental or nongovernmental organizations as to relate or understand the effects of E-HRM practices in relation to their impact

on organizational performance and will be used as a reference for further implementations of the practices.

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

This study was demarcated into geographic, conceptual, and methodological areas. The research was conducted focusing on E-HRM practices impact on organizational performance in the case of Cooperative Bank of Oromia. The study focused on selected E-HRM practices namely, E-Recruitment and selection, and E-training and development, E-Performance Appraisal, and E-Compensation.

The selection of the study area (Addis Ababa) was based on the headquarters and selected branches of Cooperative Bank of Oromia and the researcher's accessibility to the data required. Moreover, Addis Ababa was selected for this study due to limited time and funds, which restricted the researcher's ability to collect data countrywide in order to achieve the study objective with convenience and cost justification. It shows regional branches and districts and other related regional offices did not include in this study. Further, this study focused on HRM practices of private commercial bank in Addis Ababa's headquarters from April to June 2024.

The research focused on the impact of electronic human resource management practices on organizational performance in a private organization. Consequently, the study further pointed out four factors that were the independent variables, including the role of e-recruitment and selection, electronic training and development, electronic performance appraisal, and motivation (compensation) of HRM practices, and the dependent variable was organization performance.

This study sampled employees from the top management, middle level management, and lower level management of the target department to provide the needed information. Further, this study employed an explanatory research design to investigate the casual relationship between electronic human resource management practices and banking organizational performance. It also used a descriptive research design to describe the current practices of E-HRM in the surveyed organizations.

The E-HRM practices dimensions have been selected out based on their impact towards organizational efficiency, cost reduction and employee motivation and satisfaction. The E-HRM

practices dimensions allow for the automation of routine HR-tasks such as recruitment, training performance appraisal and payroll processing .This automation helps in streamlining processes and reducing the time and effort required to complete these tasks .For example online recruitment system can help in quickly screening and short listing candidates based on predefined criteria, saving time for HR managers and applicants.

E-HRM Practices can also contribute to improving employee motivation and satisfaction by providing easy access to information, tools and resources. For instance, self-serviced portals allow employees to update their personal information, apply for leaves, access training materials and view their performance feedbacks.

### **1.7. Limitation of the Study**

In theory E-HRM has different E- Practices. However the scope of this research was limited on investigating the impacts of certain E-HRM functions, which are, E-Recruitment and selection E-training and Development, E- Performance Appraisal and E-Compensation. It is quite possible to map more E-HRM functionalities in commercial banks of Ethiopia however a huge scope research could hardly be embarked on with such a small scale research with such time constrain. Consequently, the research focused on the above mentioned E-HRM practices in Cooperative Bank of Oromia.

The literature review for this thesis or study is based on citing and referencing other research works, which also serve as the theoretical underpinnings for the research subject this study is examining. However, the amount of earlier study that is pertinent to this thesis may vary based on the breadth of this research topic. As E\_HRM I a new concept, there is little to no previous study on a certain topic particularly in Ethiopia. As a result, this study relied primarily on studies conducted outside of Ethiopia.

## 1.8. Definitions of Terms

**Table 1: List of E-HRM practices and their application**

<b>E-HRM Practice Type</b>	<b>Feature Of Practice</b>
E-Recruitment and Selection	Online recruitment and selection: Many banks in Ethiopia are using online portals to advertise job vacancies and receive applications. They also use digital tools to screen and shortlist candidates, conduct online tests and interviews (Bondarouk et al., 2017).
E-Training and Development	Banks offer online training courses to employees and managers to enhance their skills and knowledge. They also use digital tools to assess employee performance and identify training needs (Obeidat, 2016).
E-performance Appraisal	Process of using digital or electronic tools and systems to conduct performance evaluation and assessment of employees within an organization (Bondarouk et al., 2017).
E-Compensation	Electronic compensation refers to the process of managing and administrating employee compensation electronically. Like payroll, benefits , etc(Tahir and Shahzeb, 2020)

## 1.9. Organization of the Study

This study is organized into five chapters. The first chapter consists of introduction, statement of the problem, objectives of the study, significance of the study, limitation of the study and etc. The second chapter presents theoretical and empirical literature review, while research methodology will be treated in chapter three. In Chapter four data collected through questioners are analyzed and interpreted. Chapter five provides summary of the research findings, for E-HRM practices impact on organizational performance and provides recommendations for further future studies, and also will put conclusions.

## **CHAPTER TWO**

### **LITREATURE REVIEW**

This chapter analyzes various sources and provided explanation of Electronic Human Resource Management [E-HRM] to support the research theoretically. The section also gives an overview, definition and applications of E-HRM, E-HRM model and several theories of E-HRM. The chapter will cover both theoretical and empirical literature review of general and related topics to support the research. In order to shade a light on details of E-HRM features, E-HRM practices and E-HRM application and factors affecting E-HRM, different research materials will be reviewed from different sources.

#### **2.1. Theoretical Literature Review**

##### **2.1.1 Definition and concept of E-HRM**

The ever changing world with all its advancements and innovation in technology has made it mandatory for businesses to undergo functionality adjustments, which aiming at improving their efficiency and performance. Information Technology (IT) has become part and parcel of every organization to boost their organizational performance or productivity. The imposition that the business world obliged to join due to globalization; forced businesses in the global markets to shrunk, and pursue other global markets, that mandate technological capabilities in its own right (Canatay et al., 2022). Several definitions are given by various researchers in the literature. Major sited definition of E-HRM is provided by Strohmeier and Ruelet.al. Strohmeier expanded the definition to be more specific about the technological and organizational contexts, defining E-HRM as the application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities (Strohmeier, 2007).

In an attempt to integrate a process of “doing e-HRM, i.e. its adoption and structuring, Ruel, Bondarouk and Looise proposed an early popular definition in which e-HRM was defined as a way of implementing HRM strategies, policies and practices in organizations through the conscious and directed support of and/or with the full use of web technology based channels (Rüel, Bondarouk, & Looise, 2004).

This 21st century is a field of information technology (IT). IT plays a dominating role in each and every sector with its technology up-gradation. Nowadays, technological up-gradation is not only for machine growth, production process and products it also deals with human resource department in the form of E-HRM (Electronic Human Resource Management). E-HRM is a process where all the activities of HR professionals are converted into electronic and make it simple and easy for organizational process (Gomathi, 2016).

The field of e-HRM has developed significantly over the past 20 years, becoming a legitimate area of study and practice within broader human resource management. One artifact of this development is the Sierra-Cedar industry survey, now in its 22nd year of tracking organizational-level adoption of HR technologies. Started in 1997 by the Hunter Group as a survey on HR self-service technologies, the survey has grown substantially in both breadth of coverage and number of respondents and has provided researchers and practitioners with an effective gauge of changes in the field (Isaac et al., 2017).

The presence of the international conference on e-HRM is another indication of growth and development in the field. International researchers in e-HRM started a biannual conference series in 2006, allowing researchers to gather in a venue promoting the exchange of the latest research findings in the field, mixing with business leaders and consultants to ensure the connection with practice (Panos and Bellou, 2016). Conference locations have included the Netherlands, the United Kingdom, France, Germany, the United States, Italy, and Denmark. The conference started expanding beyond a tight definition of e-HRM to include concepts of digital HRM in 2016, Industry 4.0 in 2018, and digitalized organizations and ecosystems in 2020. We also see many sessions on e-HRM topics at mainstream international conferences in management and I/O psychology, such as the Academy of Management Meetings, the Society for Industrial/Organizational Psychology, and the European Association of Work and Organizational Psychology. (Fisher, 2020)

There is a major distinction between HRIS and E-HRM in that basically HRIS are coordinated towards the HR department itself whereas with E-HRM the target group is not only the HR staff but individuals outside this department, the employees and management. Technically speaking E-HRM is the technical unlocking of HRIS for all employees of an organization (Bagul, 2020).

The other critical point worth considering in an implementation of e-HR systems is that the socio-cultural difference of the specific areas that the system is being implemented has on its overall effectiveness. The cross-cultural differences may have a profound effect in acceptance and effectiveness of e-HR systems (Gomathi, 2016). Most are predicated on values rooted in the United States and European countries. Consequently, various aspects of “canned” systems may have to be modified to make them compatible with the values of individuals in specific cultural contexts. In addition, because the employees of many organizations are multicultural, the eHR system of any specific organization may have to be flexible enough to accommodate individuals from different cultures. This flexibility should serve to increase employee acceptance of the systems and, thus, enhance their overall effectiveness (Stone-Romero, 2005)

### **2.1.2 History and Evolution of E-HRM**

Before the emergence of E-HRM during the pre-technology era, HR functions were executed manually through paper based systems. This period was characterized by labour intensive processes such as record keeping, payroll and employee trucking. The evolution of E-HRM began with the advent of Human Resource Information System (HRIS) in the 1970s. These systems were designed to automate and streamline basic HR administrative tasks (Kavanagh et al, 2012). The rise of internet in the 1990s brought new opportunities for E-HRM .Organizations started leveraging the web for job postings applicant tracking, and communication with potential candidates, marking the beginning of electronic recruitment. Early E-HRM systems mainly focused on streamlining administrative tasks and improving data accuracy and accessibility (Bondarouk et al., 2017).

Self-service functionalities were introduced enabling employees to update personnel information, check benefits and request leaves electronically. The integration of HRIS with other organizational systems, such as Customer Relationship Management (CRM) and Talent Management Systems (TMS) improved HR functionalities efficiency and effectiveness. Mobile applications and cloud – based E-HRM systems emerged, enabling HR related tasks to be performed anytime, anywhere. The recent trends in E-HRM characterized by big data analytics & artificial intelligence (AI) being incorporated into E-HRM systems, enabling organizations to make data – driven decision in areas such as recruitment and performance management, social media platforms are utilized for talent acquisition, employer branding and

employee engagement .The emergence of HR chat bots and digital assistance provides automated responses and assistance to employees HR related queries (Ruël, Bondarouk, & Looise, 2004).

### **2.1.3 Theoretical Framework of E-HRM**

From a critical review on literature on E-HRM, it can be seen that though there is a lack of grand or integrative multi- level theory on E-HRM ,Contingency theory, Resource-based theory and Transaction cost theory and Institutional theory are the major ones dominating the theoretical framework that explain the impacts of E-HRM practices on organizational performance. This study will also be grounded on the above mentioned theories (Obeidat, 2016).

#### **2.1.3.1 Contingency Theory**

The contingency theory of organizations is a major theoretical lens used to view organizations. It yields many insights and has substantial empirical support. Contingency theory contains much of importance in the history of organizational science. Its research forms the basis of much that is thought today. Moreover, contingency research actively pursued by scholars in the contemporary era and it is being projected into the future in a series of exciting theoretical and empirical developments (Donaldson, 2001).The fundamental nature of the contingency theory paradigm is that organizational effectiveness consequences from fitting characteristics of the organization, such as its structure, to contingencies that reflect the situation of the organization (Burns, 1961).In summary the concept behind contingency theory can be summed up as the success of an organization depends on to the extent to which it shapes its internal structuring by taking into account the limitations imposed by their environment. In other words, it has to be “fit” between “mini” and ”macro” environmental factors or variables and organizational structure in such a way that the ideal outcome is obtained (Kaap, 2012).

According to Contingency Theory the impacts of E-HRM practices on organizational performance can vary depending on the fit between organizational context and E-HRM implementations .Different organizations have unique HR needs and goals, E-HRM practices should align with these needs and goals to maximize their impact on organizational performance.

An organization in a highly dynamic and volatile industry like banking sector may benefit from E-HRM practices that enhance agility and flexibility in HR processes.

### **2.1.3.2 Resource-Based View Theory**

Resource Based view assumes that human Resources are the most valuable resources of an organization in gaining its competitive advantage in the competitive environment, as they are valuable, unique, inimitable and imperfectly substitutable (Barney, 1991). Following this approach E-HRM practices such as e-recruitment, e-learning, etc can be seen as activities that help the firm to meet these objectives (Bayarçelikb, 2015). The RBV provides a useful framework for establishing association between HRM and organizational performance. E-HRM practices enable organizations to integrate, assemble and make productive use of inimitable resources and as well as enhance their capabilities, resulting in superior productivity and firm performance (Iqbal, 2019)

In summary Resource Based View (RBV) theory suggests that a firm's competitive advantage is derived from its unique and valuable resources . In the context of E-HRM , the effective utilization of technology and digital resources can provide a competitive edge.E-HRM practices enable organizations to streamline HR processes ,enhance communication , and improve information sharing , leading to to increase efficiency and productivity. This , intern , contributes to overall organizational performance.

### **2.1.3.3 Transaction Cost Theory**

The transaction cost theory calls for organizational arrangements due to cost effectiveness.The transaction cost theory when applied to E-HRM can be cost saving mechanisms through out sourcing ,decentralizing,and delegated structures.All effective HR practices that help reduce costs in E-HRM are guided by transaction cost theory (Lepak, 1998).As Transaction Cost Theory impheises an economic benefit analysis of transactions whether between or in an organization , in the context of E-HRM practices and organizational performance Transactional theory can provide insigts in to decision making process regarding the adoption of E-HRM systems under the following parameters.E- HRM practices can potentially reduce transaction costs by automating HR process and minimizing paper work, and reducing the need for physical

resources. This can lead to overall cost savings for organizations. E-HRM practices enhance information sharing and transparency within organizations, by reducing information asymmetry between HR personnel and employees, E-HRM systems enhance better decision making and minimize potential conflicts and or opportunistic behavior (Tahir and Shahzeb, 2020). Governance mechanisms : transactional cost theory highlights the importance of corporate governance mechanisms to monitor and control transactions. E-HRM practices can provide effective control and monitoring mechanisms , ensuring compliance with HR policies, reducing errors , and enhancing the overall HR governance.

#### **2.1.3.4 Institutional Theory**

Institutional theory states that organization should focus on their organizational expectations within their environment. They should also respond positively to market and marketing pressure. Institutional theory provides a link between the institutional perspective and within the E-HRM configurations (Strohmeier, 2007). The theory posits that organizations adopt certain practices because they are considered normative or socially acceptable. In the context of E-HRM organizations may implement E-HRM to conform to industry standards or to be perceived as modern and innovative. Implementing E-HRM practices may enhance the organizations legitimacy and reputation , positively influencing its performance and competitive advantage.

#### **2.1.4 Organizational Performance**

##### **2.1.4.1 Definition of Organizational Performance**

The ability of an organization to fulfill its vision, mission, and objectives is referred to as organizational performance. An essential component of strategic management is evaluating the performance of the organization (Fisher, 2020). To determine what, if any, strategic adjustments need to be made, executives need to be aware of how well their companies are operating. But because performance is such a complicated term, much consideration must be given to how it is evaluated (Panos and Bellou, 2016).

Organizational performance is well defined as a measure of how well organizations are managed and the value they deliver to customers and other stakeholders. Organization performance refers to an analysis of a company's performance as compared to goals and objectives of the company.

Within the corporate organizations, there are three primary outcomes analyzed, financial performance, market performance and shareholder value performance (Mousa and Othman, 2020).

Organizational performance should be evaluated using various indicators such as effectiveness, efficiency, customer satisfaction and financial leverage depending on the nature of the organization (Obeidat, 2016). It also described it as a measure of performance against a defined standard. Organizational efficiency is the optimal transformation of inputs into outputs: accuracy, timeliness and value of service and program delivery, and it is a ratio that reflects a comparison of outputs accomplished, to the costs incurred in accomplishing these goals (Tahir and Shahzeb, 2020). Organizational relevance means a firm's ability to gain the support of its priority stakeholders as well as meet their needs in the past, present and future, that is, the extent to which a firm adapts to changing conditions and its environment. It is the firm's ability to innovate and create new and more effective situations as a result of insight and new knowledge. Financial viability is the ability of a firm to raise the capital required to meet its operational requirements in the short, medium and long terms as well as financial sustainability (Bondarouk et al., 2017).

#### **2.1.4.2 Measurement of Organizational Performance**

A metric that can be used to evaluate companies is called a performance measure. To get a better idea of how well their companies are competing in the market, most executives look at metrics like sales, profitability, and stock price. However, these metrics only offer a partial picture of how well a company is doing (Obeidat, 2016). An organization usually measures performance in order to support decision-making, show accountability, and enhance procedures. It should be noted that this technique does not specify what has to be monitored; instead, businesses must create their own performance metrics in accordance with their own project objectives and circumstances. Tracking those objectives' outcomes is an easy-to-use yet reliable way to gauge how well a business is performing. This method may be used to assess the attainment of goals in terms of expenses, bottom-line earnings, innovation, or growth (Gomathi, 2016).

The balanced scorecard is a tool designed to help organize an organization's performance measures. By using the scorecard, managers can monitor a variety of significant metrics rather than being fixated on financial metrics. In fact, the framework's main goal is to offer a "balance" between financial metrics and other metrics that are crucial for comprehending organizational actions that result in consistent, long-term performance. The balanced scorecard advises managers to obtain a broad understanding of the performance of the company by monitoring a limited set of critical metrics that together represent four dimensions: (1) financial; (2) customer; (3) internal business process; and (4) learning and growth (Obeidat, 2016). Although the balanced scorecard is a widely used framework for executives to comprehend the success of their firm, alternative frameworks emphasize different aspects, like social responsibility (Tahir and Shahzeb, 2020). The three Ps of people (ensuring that an organization acts in a socially responsible manner), the planet (ensuring that an organization acts in a way that supports environmental sustainability), and traditional organization earnings are highlighted by one such framework, the triple bottom line. Although this idea was first proposed in the early 1980s, it wasn't until the late 1990s that it gained any traction (Panos and Bellou, 2016).

## **2.1.5 E-HRM Practices**

### **2.1.5.1 E- Recruitment**

E- Recruitment is one of E-HRM dimensions that utilize considerable digital and web based technology to help in the hiring process (Ahmed 2019). Today, particularly every company uses a variety internet sites to find new employees, either directly or via a third party. Job openings are advertised on a variety of internet channels, and candidates can apply electronically and upload their resumes to save money and time (Patel & Dhal, 2017). The system then assign numerical ranking to each applicant based on a variety of factors, such as education, work experience, GPA and so on (Gomathi, 2016). The first one is Job Portals i.e. posting the position with the job description and the specification on the job portal and also searching for the suitable resumes posted on the site corresponding to the opening in the organization (Fisher, 2020). The second one is online recruitment / application section creating a complete online recruitment / application section in the company's own websites. Companies have added an application system to their web site, where the passive job seekers can submit their resumes in to the database of the organization for consideration in the future, and when the role becomes available.

The following are E-Recruitment processes includes identify current needs of employment in the organization, posting the advertisement of the job online, managing applicants' response through database and short-listing applicants based on job specification (Obeidat, 2016).

- *H<sub>1</sub> - E- Recruitment has a positive and significant effect on organizational performance in banking sector in Ethiopia*

### **2.1.5.2 E-Training**

It has been a common knowledge that the opportunity for advancement is one of the primary motivations of people in organizations. According to a study conducted by the American society for Training and Development, when a sample of publicly traded companies was split according to expenditure on training on employees, the companies with the higher expenditure had higher average net sales per employee and higher average gross profit per employee than the companies with lower training expenditure (Barrow, 2003). E-training and Development refers to the use of electronic or digital platforms, such as online courses, webinars, virtual classrooms, mobile applications and other digital resources to facilitate learning (Iqbal, 2019).

E-training and Development is evolving since the advent of computers and internet. The implementation of E-learning and development in the training process of employees has many advantages in reducing costs needed for the preparing process of the training materials, the trainee can attend training anywhere without having to travel, and the effort of extra pressure of presence on the trainee (Patel & Dhal, 2017). E-training and development is an essential component of E-HRM practices in the banking sector. With the rapid advancements in technology and the increasing digitization of the banking industry, employees need to constantly update their skills and knowledge to stay competitive in the market (Gomathi, 2016). E-training and development through E-HRM platforms provide employees with the flexibility to access training materials and courses at their own pace and convenience (Bayarçelikb, 2015). This allows them to continue learning and developing their skills even while working remotely or during off-peak hours. Additionally, E-training can be tailored to employees' specific needs and learning styles, making it more effective and engaging (Abuhantash, 2023). Furthermore, E-training and development can also help banks identify high-potential employees and provide them with opportunities for career advancement and growth within the organization. This can

improve employee engagement and retention, ultimately leading to better organizational performance (Tasneem, 2019).

- *H<sub>2</sub> - E-Training has a positive and significant effect on organizational performance in banking sector in Ethiopia*

### **2.1.5.3 E-performance Appraisal**

Performance appraisals encompass the methodical assessments of the performance of employees in the bid to understand their abilities for further growth and development (Murphy, et al, 2019). Performance appraisal can also be used as a motivations tool that incorporates rewards and recognitions for high performing employees, identifying gaps and performance improvement plan (PIP) or personal development plan (PDP) to support employees that need improvements (AfDB Group, 2017). As noted by (Aggrawal & Thakur, 2017), Performance Appraisal tends to improve work performance, communication of expectations, determining employee potential and aiding employee counseling. E-Performance Appraisal as an essential part of electronic human resource management (E-HRM) helps organizations to evaluate the performance of their employees and provide timely feedback for improvement. In today's digital age, E-HRM practices have helped to revolutionize the way organizations conduct their employee's performance appraisals (Al-Karabesh et al, 2023). E-performance appraisal involves the use of technology, such as online platforms or software, to streamline the E-Appraisal process. This will facilitate for more efficient and accurate evaluation of employee performance electronically, as well as easier tracking of historical performance data over a certain time span (Abuhantash, 2023). E-performance appraisal can also be identified for its provision of real-time feedback to employees, making the process more transparent and impactful (Tasneem, 2019).

Furthermore, E-performance appraisal can help organizations accumulate data and analyze trends in employee performance, which can help to make informed decision-making around training and development, promotions, and compensation (Patel & Dhal, 2017). By leveraging technology in the performance appraisal process, organizations can also ensure consistency and fairness in evaluations, as well as reduce biases that may arise in traditional appraisal methods (Al-Karabesh et al, 2023). Overall, E-Performance Appraisal as part of E-HRM practices can lead to more effective and strategic management of employee performance, helping

organizations align individual goals with organizational objectives and drive overall performance and productivity (Gomathi, 2016).

- *H<sub>3</sub> - E-Performance Appraisal has a positive and significant effect on organizational performance in banking sector in Ethiopia*

#### **2.1.5.4 E-Compensation**

The employment relationship has shifted from being lifelong with career management provided by the organization into being more short-term with employees having to manage their careers as they move between multiple organizations with flatter organizational structures (Tasneem, 2019). As a consequence the role of compensation has become an important management tool for attracting and, retaining, and motivating the talent needed to be competitive (Gomathi, 2016). E-compensation represents a web-enabled approach to an array of compensation tools that enable an organization to gather, store, manipulate, analyze, utilize and distribute compensation data and information (Al-Karabesh et al, 2023). The term E- Compensation connotes web-based software tools that enable managers to effectively design, administer and communicate compensation program (Patel & Dhal, 2017).

What distinguishes e-compensation from previous compensation software is that e-compensation is web-based, rather than client- server based or standalone PC based (Abuhantash, 2023). Using an internet browser individuals accesses electronically distributed compensation software, database, and analytic tools from anywhere their office, their home, on vacation, on the other side of the globe (Dulebohn &Marler, 2005). The implementation of E-Compensation systems has been shown to have several benefits for organizations; these include efficiency, & accuracy in compensation administration, improved transparency and fairness in compensation practices, and the ability to closely align compensation with organizational goals & performances (Malkawi, 2018).The relationship between E-Compensation and organizational performance is complex and multifaceted.Research has shown that effective compensation practices can have a significant impact on employee motivation, satisfaction and performance, which in turn can lead to improved organizational performance (Epebinu et al, 2023).

- *H<sub>3</sub> - E-Compensation has a positive and significant effect on organizational performance in banking sector in Ethiopia*

## **2.2 Empirical Literature Review**

### **2.2.1. Studies from International Perspectives**

Canatay et al., (2022) divided the consequences of E-HRM into operational consequences that represent efficiency and effectiveness gains leading to cost savings. Relational consequences relating to service improvements for internal and external HR clients. Transformational consequences reflected in strategic re-orientation and change management, including restructuring HR service delivery, increased usage of service centers and outsourcing and business partnering.

Wijayadne (2021) examined the potential use of Electronic Human Resource Management (E-HRM) as a means to increase the value of the human resources (HR) function, within the framework of the resource-based view. Based on past research suggestion that E-HRM may support the HR function in becoming more efficient, improving service delivery and adopting a greater role in delivering the firm's business strategy, in this research data from a large-scale survey across 12 countries showed that e-HRM may help HR to increase its value by becoming more strategic.

Tahir and Shahzeb (2020) provided evidence of the impact of E-HRM and valuable outcomes by demonstrating consequences of the selected commercial bank's 361 branches. The firm's resource base view is the source of the hypothetical structure by (RBV) viewpoint. It also found that a positive effect on organizational outcomes is observed for those firms who successfully implemented cutting-edge relational, operational, and transformational E-HRM techniques.

Empirical studies focuses on the relevance of E-HRM practices for improving organizational effectiveness, leading to competitive advantage for the firm show that there is a the link between E-HRM practices and organizational outcomes. By analyzing the perception of South Asian line managers from the banking sector Naveed Iqbal and et al (Iqbal, 2019) concluded that operational, relational and transformational E-HRM practices have a significant impact on HR

service quality and employee productivity. HRM service quality intercedes the relationship between E-HRM and organizational outcomes.

In an effort to create a comprehensive understanding of the factors affecting the adoption and consequence of of E-HRM Tonya Bondarouuck and et al (Furtmueller, 2017) have reviewed four decades of research in the area with the aim to provide a summary and integrative framework for future research. In the review they proposed a framework regarding factors affecting the adoption of E-HRM. The framework divides factors affecting the adoption of E-HRM into three which they call it as TOP framework . Technology, Organization, and People.

Researchers from Türkiye in their descriptive study aiming at to explore the perspectives about e-HRM, perspectives for choosing the applications for the system, their observed organizational outcomes of HR managers in the leading companies in Türkiye with their in-depth interviews with HR specialist from service industry, showed that time management, easy acquiring and access to personal data, and reduce administration costs was the primary motivator for electronic human resource applications. E-HRM reduced organizational costs, improved better and faster communication between manager and employees reduced the processing time for E-HR usage in organizations (Bayarçelik, 2015).

Heikkilä in his research extends the application of institutional theory to electronic human resource management (e-HRM), and strategic information systems (IS) more generally, in a multinational corporation (MNC) subsidiary setting. By adopting Scott's (2001) institutional theory perspective, the research explored the effects of host-country institutional factors on strategic e-HRM practices in foreign subsidiaries. More specifically, the aims the research were, first, to shed light on how regulative, cognitive and normative institutional dimensions affect Western-based e-HRM practices in MNC subsidiaries in China, and second, to examine how these institutional factors influence the strategic potential of e-HRM in this setting. Based on interview data collected from key informants in 10 MNC subsidiaries from Beijing and Shanghai, the findings illustrate how institutional pressures create both positive transformational and negative dysfunctional consequences for subsidiaries, and that subsidiary responses to these pressures can substantially affect the ability of IS to achieve its strategic potential (Heikkilä, 2013).

### **2.2.2. E-HRM in African Context**

The adoption of E-HRM in African context is characterized by a drift from HRIS to E-HRM. This takes place when organization supports the HR department to assume a business partner role in that organization through strategic planning, redesign human resources practices, providing customer services to employees, providing rich and highly integrated information to both managers and workers (Sungwa, 2021). African organizations have adopted the best practices of E-HRM such as electronic selection, recruitment, learning, training and performance management, compensation, employee profiling and career planning. E-HRM has been formulated aiming at maximizing the efficiency of the HR function in smoothening the procedures, reducing high recruitment costs, minimizing unnecessary administrative Constraints and having organizations pursuing a strategic role (Kariznoee, 2012).

Evidence from a survey carried out by CRANET reveal that most African companies have adopted Lepak and Snell's three level model (1998) (Lepak, 1998). The three level models suggest that operational e-HRM level is the first one. HR planning systems that include salary administration and personnel profile administration. The relational e-HRM is the second level that provides HR tools that aid in electronic selection, recruitment, training, employee performance appraisal and reward management. The third level, the transformational e-HRM covers issues of strategic in nature. This level entails all activities tailor made to support and promote organizational change processes. This mainly involves strategic change, strategic competence management and organizational environment management. Most organizations in Africa use knowledge systems, intranet and inner portals (Sungwa, 2021).

Given the increasing complexity in E-HRM theory and practice, a 'multi-functional e-HRM approach' is clearly needed. Future research should examine the identified factors and consequences in relation to distinct functional HRM areas. At present it is extremely difficult to say whether the identified factors influence all types of E-HRM applications. This of course is also a limitation of this study since we selected solely articles on e-HRM. It is essential to establish a theoretical framework for the various e-HRM applications. Further, we did not examine the archives for the rich body of literature on a host of other IT adoption. For instance, literature on ERP (Enterprise Resource Planning) would no doubt be especially useful to understand e-HRM adoption effectiveness. Scholars should continue to investigate IT literatures

and assess if the factors presented in this review can be meaningfully extended and validated in practice (Tanya, 2017). Modern information technology-based management has emerged due to communication and information technology systems improvements. Because these are readily available, HRM decision support systems function is under intense pressure to improve more effectively, successfully, creatively, and competently in promoting strategic goals and developing a new e-HRM strategy (Almashyakhi, 2022). The other benefits that can be achieved through practices of E-HRM in an organization is its ability to manage company talent in a more efficient manner. Talent acquisition is a primary factor for a business to succeed in the competitive world in which a company can be able to identify and preserve talents in the organization for its success.

### **2.3. Research Gap**

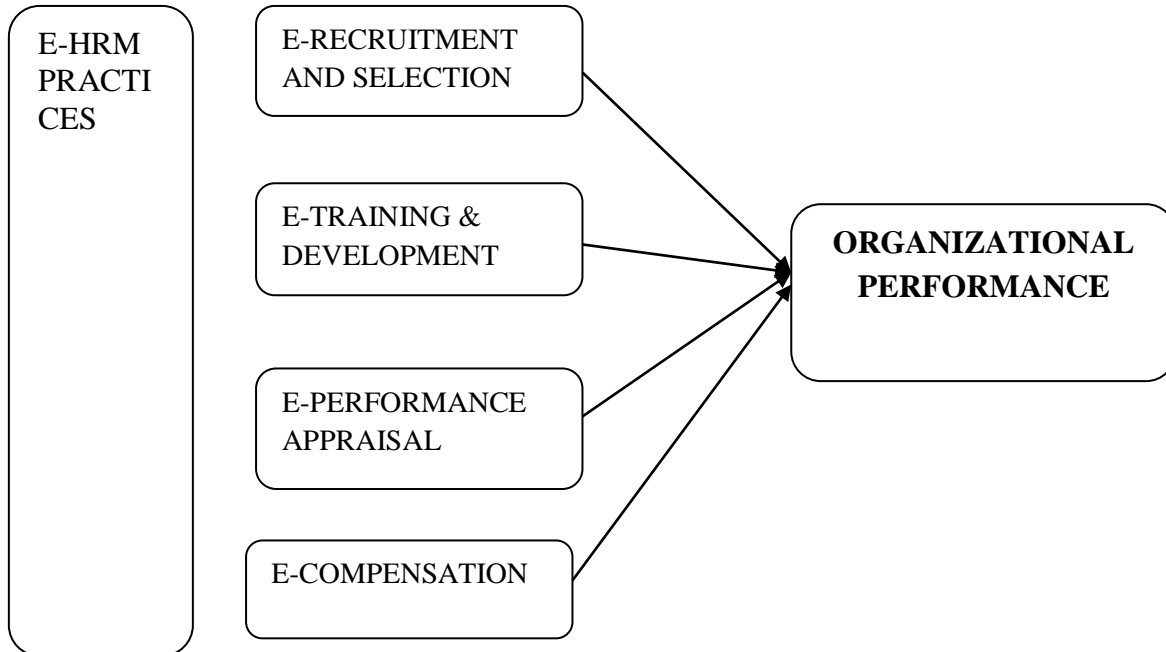
HRMP are dealt with all the aspects of how people are employed and managed in particular organization. It has a strong conceptual basis drawn from the behavioural sciences, strategic management, human capital and industrial relations theories. This foundation has been built with the aid of a multitude of research studies (Pamella, 2018). Most of the organizations refer to HRM as involving people practices. An organization performs utmost when all of these practices are managed well. Organizations with effective HRMP, employees and customers apt to be more satisfied and the organizations apt to be more innovative, have a greater productivity developing a more beneficial identity in the community of employee.

Previous research studies were conducted in relation to electronic HRM adoption and consequences (Bondarouk et al., 2017), mechanizing and information in the roles to examine technology's impact on performance (Bravo et al., 2016), Internet practices, user satisfaction, task-technology appropriateness, and performance impact among public sector employees (Isaac et al., 2017) and enabling the HR function of industrial SMEs through the strategic alignment of e-HRM (L'Ecuyer et al., 2023). This shows most previous studies ignored the effect of E-HRM practises on organizational performance in banking sector. Developed nations were the first to conceptualize and implement E-HRM. The United States leads the world in E-HRM (Marler and Parry, 2016).

Therefore, it should not be assumed that this concept is appropriate for developing nations. Therefore, it is anticipated that more work will be required than in developed countries when offering E-HRM to developing countries like Ethiopia. It is simple to examine E-HRM's efficacy and impact on organizational performance separately, taking into account all of its facets (also known as e-HRM practices) (Martini et al., 2020). E-performance appraisal, e-recruitment and selection, e-compensation management, e-surveillance, e-attendance, e-time management, e-learning and training, and e-leave management are the practices of e-HRM, according to Martini et al., (2020). However, as recommended by Mishra (2016), who noted that the frequently utilized E-HRM practices in non-profit organizations, this study concentrated on the four primary HR practices: e-recruitment, training, e-performance appraisal, and e-compensation management. From the industry point of view, the Ethiopian banking sector is also a sector that can be characterized by its intense competition for greater market share and profit maximization which cannot be achieved without proper management of its most valuable asset that is its Human Resource. Automation, being a norm in a very area of the Ethiopian banking sector, investigating E-HRM practices in the Ethiopian banking sector in relation with their impact on organizational performance is also a gap that this particular research will attempt to fill.

## **2.4. Conceptual Framework**

E-HRM is an Electronic Human Resource Management, that emphasizes the use of technology and information systems to manage various HR Functionalities within an organization which otherwise done in the traditional HR activity. It encompasses activities such as recruitment, selection, training & development, performance management, compensation management, and employee engagement. Organizational performance on the other hand, refers to the overall achievements and effectiveness of an entity in attaining its objectives and goals.



**Figure 1: Conceptual framework showing the relationship between E-HRM Practices & Organizational Performance**

(Elsawy and Elbadawi,2021)

Researches shows that organizations that implement E-HRM practices tend to experience improved efficiency, accuracy, and employee satisfaction. These practices include electronic recruitment and selection, online performance management systems and virtual training programs.

Empirical evidence suggests that organizations that adopt E-HRM practices have higher level of organizational performance as measured by metrics such as productivity, profitability, and employee retention. Additionally theoretical frameworks such as the Resource-Based view suggest that E-HRM practices can lead to sustained competitive advantage by enhancing the organization's human capital and strategic alignment.

Overall, the integration of E-HRM practices into organizational process has a positive impact on organizational performance. By leveraging technology to streamline HR process and enhance employee engagement, organizations can gain a competitive edge in today's fast-paced business environment (Parry, 2008).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

The goal of this section is to provide an overview of the research methodology used to investigate the research problem. It covers the research design, source of data, sampling method, data collection procedure and methods of data analysis in relation to assessing the impacts of E-HRM practices on organizational performance in the case of Cooperative Bank of Oromia (COOP)

#### **3.1. Research Setting**

This study was conducted in Oromia Cooperative Bank (COOP) Head office Branch and in all its City branches. The concern regarding the data collection capability and reliability is the rationale behind these two areas of settings. The population was all employees in the headquarters of Cooperative Bank of Oromia and all its city branches.

#### **3.2. Research Approach**

There are generally three types of research methodologies identified by Creswell (2003). The study will use a quantitative research technique. Among the quantitative techniques, survey method will be applied. Thus, data was gathered from all employees at the headquarters of Cooperative Bank of Oromia and its City Branches via self-administered closed ended questionnaires. As (Zikmund, 2000) defined, survey is a research technique in which information is gathered from a sample of people by the use of a questionnaire. Quantitative data is about numbers in general terms. They are all such data that are usually quantified to help answer research questions and meet pre specified objectives (Lewis ,2007).

Quantitative research is an approach for testing objective theories by examining the relationship among different variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. The quantitative approach has provided a suitable research data collection strategy, allowing the collecting of large data amounts from a huge population. In this research a population of all headoffice employees and its city branch employees of the bank were utilized. Quantitative research approach is selected

because it provides a statistical measurement that enables to assess E-HRM practices and its impact on organizational performance and to identify major E-HRM features by comparing with other E-HRM functionalities in this study, to provide answer for research questions and meet pre specified objectives regarding the Impacts of E-HRM practices on organizational performance in the case of Cooperative Bank of Oromia

### **3.3. Research Design**

A research design is a function of the research objectives, is defined as “a set of advance decisions that make up the master plan specifying the methods and procedures for collecting and analyzing the needed information” (Burns & Bush, 2002). An appropriate research design is essential as it determines the type of data, data collection technique, the sampling methodology and the budget (Hair, 1998). This study used an explanatory type of research design. Explanatory research design is particularly useful when researchers want to test hypothesis, identify practical causal relationship.

### **3.4. Population, Target Population, Sample Frame and Sampling**

The collection of all possible observations of a specified characteristic of interest is called a population. For the purpose of this study, the population of the study will be all employees of the bank in its Headquarters and City branches. Target population includes all the members real or hypothetical set of people, events or objects to which researchers wish to generalize the results of their research (Singleton and Strait 2010). The target population for a survey is the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize.

#### **3.4.1. Study Setting**

This Research will be conducted in the city of Addis Ababa, Ethiopia, it planned to peruse the study in Cooperative Bank of Oromia Headquarters and in all its city branches. The rationale behind these two locations; is to have a better data collection and administration opportunity.

### **3.4.2. Target Population**

The target population for a survey is the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize. For the purpose of this study, Population of this study is the employees who are working in head office and city branches of cooperative bank of Ethiopia in Addis Ababa. Population of interest is homogeneous and population studies are more representative because everyone has an equal chance to be included in the final sample that is drawn. The head office has approximately 335 and city branches have 415 a total of 750 staff of as of February 28 2024.

### **3.4.3. Sampling Procedure**

There are two main types of sampling techniques: Probability Sampling Design and Non-Probability Sampling Design. Probability sampling method refers to the rules and procedures by which some elements of the population are included in the sample. In Probability sampling, each sample has an equal probability of being chosen. Probability sample is one in which each element of the population has a known non-zero probability of selection. This method of sampling gives the probability that sample is representative of a population. Unlike probability sampling method, non-probability sampling technique uses non-randomized methods to draw the ample. To conduct this research probability sampling method that is by assigning a number to each member of the population, then generating a unique number and select that generated unique number randomly was used. The probability sampling method specifically the simple random will be used to identify the sample for the study.

### **3.4.4. Sample size Determination**

The target population of the study is all employees of Cooperative Bank of Oromia working in the head office and its city branches. For the purpose of the sample size determination, the study will use a technique that will enable to have appropriate sample size to represent the target population .Thus, the sample can be selected from both the head office and city branches employees of the bank by utilizing a statistical formula described below.

$$N = 1550 / (1 + 750 * (0.05)^2)$$

$$= 260$$

Where n= is the sample size for the research

With 5 % marginal error

Rounding up the above number and got 260 as the maximum sample size for the study.

Therefore, for this study statistically determined sample size is 260.

**Table 2: Sample Size Determination**

<b>Staffs in Study Organization</b>	<b>Target population</b>	<b>Proportion</b>	<b>Sample size</b>
Head office	335	0.34666667	116
Branches	415	0.34666667	144
<b>Total</b>	<b>750</b>		<b>260</b>

Source: Survey result, 2024

### **3.5. Data sources and Data Collection tools**

In order to gather primary information from employees, a questionnaire has been prepared and will be distributed for employees. Primary data were collected from employees who are working in different departments of the company using questionnaire survey. For the purpose of this study, a structured questionnaire consisting of various question items were made to collect data. The questionnaire was organized into two sections. Section-one included questions regarding the personal details of respondents such as age, experience, sex, education etc. Section-two encompassed various question items which included about E-HRM practices impact on organizational performance. A five-point Likert scale was used in this second section of the questionnaire to measure the impact of E-HRM practices on Organizational Performance. The scaling is: 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree were given in order to analyze data.

### 3.6. Validity and Reliability of Research Instruments

#### 3.6.1. Validity of the Instruments

Validity aimed at whether the tools are truly measuring what they intended to measure. Pilot study was done to test whether the tools truly measure what they intended to measure (Kothari 2004).

Pilot test was conducted in Awash Bank in Addis Ababa with 15 respondents. Validity of the tool was made by piloting the questionnaires before a comprehensive exercise of data collection to see if the tool can measure what it was supposed to measure from five (5) respondents such as experts in HR and organization performance, academicians and supervision and leadership experts.

#### 3.6.2. Reliability of the Instruments

Reliability is the extent to which a test or procedure of data collection yields similar results under constant conditions on all occasions (Kothari, 2019). That is, if we repeated to assess the effects of HRs practices on the organizational performance normally a person gets the same answer each time. The reliability of this study's instruments was determined by using Cronbach's Alpha test. The purpose of deriving a scale score by having multiple items is to obtain a more reliable measure of the construct than is possible from a single item.

**Table 3: Statistics Test Results**

Variables	Reliability	
	Cronbach's Alpha	N of Items
<b>E-Recruitment</b>	.756	6
<b>E-Training</b>	.860	6
<b>E-Compensation</b>	.789	6
<b>E- Performance appraisal</b>	.871	6
<b>Organizational Performance</b>	.881	6

Source: Survey result, 2024

According to Crobanch (1951) there are several devices for checking reliability in scales and tests such as Test and re- test, alternative forms methods or split half method. Therefore, Cronbach's alpha gives the proportion of the total variation of the scale scores that is not attributable. The questionnaires were distributed and collected within Two month (from September 06, 2022 to November 10, 2022). Generally, the survey response result shows Cronbach's Alpha were found as above .70 and this is an acceptable reliability level ( as all variables were scored more than .70) and the detail is attached in the above reliability table.

### **3.7. Data Processing and Analysis**

The researcher used Statistical Packages for Social Scientists (SPSS) version 25 for the analysis of Quantitative data.

#### **3.7.1. Descriptive Statistics**

Data was sorted, coded and entered into the SPSS software. After data entry, the researcher could able to present that in descriptive statistics including frequencies, mean, and percentages and making cross tabulations of variables to check the relationships.

#### **3.7.2. Inferential Statistics**

##### **3.7.2.1. Correlation Analysis**

This study applied Pearson's Correlation Coefficient (Gopa, 2019). Correlation coefficient is measuring the degree to which two random continuous variables are linearly associated in a sample. It measures the degree of linear correlation between two variables (E-HRM practices and organizational performance). A Pearson's Product Moment Correlation was conducted to establish the strength of the relationship between the variables.

##### **3.7.2.2. Multiple Regression Analysis**

Multiple regression is a flexible method of data analysis that may be appropriate whenever a quantitative variable (the dependent or criterion variable) is to be examined in relationship to any other factors (expressed as independent or predictor variables).

## **Linearity**

Multiple regression models the linear (straight-line) relationship between  $Y$  and the  $X$ 's. Any curvilinear relationship is ignored. This is most easily evaluated by scatter plots early on in your analysis. Nonlinear patterns can show up in residual plots.

## **Constant Variance**

The variance of the  $\varepsilon$ 's is constant for all values of the  $X$ 's. This can be detected by residual plots of  $e_j$  versus  $y_j$  or the  $X$ 's. If these residual plots show a rectangular shape, we can assume constant variance. On the other hand, if a residual plot shows an increasing or decreasing wedge or bowtie shape, non-constant variance exists and must be corrected.

## **Normality**

It is assumed the  $\varepsilon$ 's are normally distributed when hypothesis tests and confidence limits are to be used.

## **Multicollinearity**

Collinearity, or multicollinearity, is the existence of near-linear relationships among the set of independent variables. The presence of multicollinearity causes all kinds of problems with regression analysis, so you could say that we assume the data do not exhibit it. Multicollinearity can create inaccurate estimates of the regression coefficients, inflate the standard errors of the regression coefficients, deflate the partial  $t$ -tests for the regression coefficients, give false non-significant  $p$ -values, and degrade the predictability of the model. Further, it also used inferential statistics such as correlation and multiple regression analysis.

## Model Specification

The multiple linear regression model of the study is based on the theoretical regression model as indicated follows

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$$

Where:

Y= Organizational Performance

a= the y intercept.

X<sub>1</sub> – Electronic recruitment

b<sub>1</sub>= the regression coefficient electronicrecruitment

X<sub>2</sub> - Electronictraining

B<sub>2</sub>= the regression coefficient of e- training

X<sub>3</sub> – Electroniccompensation

B<sub>3</sub>= the regression coefficient of e-compensation

X<sub>4</sub> – Electronicperformance appraisal

B<sub>4</sub>= the regression coefficient of e-performance appraisal

e= error term.

The following assumptions were considered when using multiple regression analysis (Frost, 2017).

### 3.8. Ethical Considerations

Research is the collection of information and material that is provided to the researcher on the basis of trust and confidentiality, and it is vital that the participant's feelings, interests and rights are protected at all times. The study kept the surveyed organization policy in relation to any intellectual property rights of the organization. Regarding privacy of the respondents, their responses are strictly confidential and only will use for academic research purposes. There was no bias, exposing leaking, hyperbolizing and understatement of the information from the respondents. The information regarding the purpose and procedure of the study was provided through both verbal means when personally meeting each of the participants as well as through a written form that is included with the questionnaires. Information obtained was held in strict

confidentiality by the researcher. It cannot be ethical to access some confidential documents of the organization. Therefore, the organizations code of ethics taken in to account without significantly compromising the findings of the study. Concerning references, all the materials and sources are properly acknowledged. All assistance and collaboration were acknowledged properly and ethically. In addition, all the collected data through the questionnaires and interviews were employed only for this particular research project and will not use in any other contexts or other research purposes.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

This chapter identifies and evaluates the data that was gathered in order to look into how electronic HRM practices affected the organizational performance of Ethiopia's Cooperative Bank of Oromia. The first chapter discusses the goals set forward and the research questions posed. The key findings are succinctly stated, and the consequences of the research findings are interpreted.

#### 4.1. Response Rate

**Table 4: Analysis of Response Rate**

	<b>Distributed Questionnaire</b>	<b>Returned</b>	<b>Repose Rate</b>
<b>Total</b>	<b>248</b>	<b>209</b>	<b>84%</b>

Source: Survey result, 2024

Primary data for this study were obtained from Cooperative Bank of Oromia in Ethiopia or from a sample of respondents in the study area. 248 questionnaires were given to the sampled respondents, and the findings, which can be seen in Table 4 below, show the response rate. It is evident from this study that 209 were correctly completed and returned at an 84% rate. According to Moureen et al. (2020), a response rate of 50% is considered enough for a study, 60% is good, and 70% and more is great. Therefore, the study's response rate of 87% was appropriate and consistent. Consequently, the following analysis is done using this response rate as a basis.

#### 4.2. Analysis of Respondents' Demographic

The respondents' demographic profile is shown in this section. The respondents' personal profiles are examined in light of their years of work with the Cooperative Bank of Oromia, gender, age, and educational attainment. To describe the traits and reactions of the targeted samples, descriptive statistics were applied.

**Table 5: Analysis of Respondents' Demographic**

Variables (Category)		Count	%
Gender of Respondent	Male	122	58.4%
	Female	87	41.6%
Respondent age	18 -35	55	26.3%
	36 - 55	113	54.1%
	Older than 55	41	19.6%
Working year	Below 4 years	44	21.1%
	5 to 8 years	80	38.3%
	9 to 12 years	44	21.1%
	Above 13 years	41	19.6%
Education Level	Diploma	20	9.6%
	First Degree	135	64.6%
	Masters Degree & above	54	25.8%
Work experience	Below 5 years	66	31.6%
	6 to 10 years	113	54.1%
	11 to 15 years	25	12.0%
	Above 16 years	5	2.4%
Which management level do	Low	57	27.3%
	Medium	135	64.6%
	Top	17	8.1%

Survey Result, 2024

Gender, age, marital status, work experience, educational attainment, and employment position of the respondent were all analyzed as demographic characteristics. A total of 248 questionnaires were given to the Cooperative Bank of Oromia staff members. Fortunately, 209 completed and accurately documented questionnaires were gathered. As a result, 209 questionnaires from sampled respondents (84%), in all, were collected.

By way of Table 5, most of the respondents were male and the rest were females. It is apparent that the males contributed 58.4 % of the total participants and the remaining 41.6 % respondents were females. In terms of their age as portrayed in Table 5, 26.3 % of the respondents were in between 18 -35 years of age, 54.1 % were in the age range between 36 – 55 years, and the rest of the respondents (19.6 %) were above 55 years of age. Hence, it indicates that the age composition of the respondents is dominated by more matured sampled employees. Implying that the responses can be taken as due diligent and can be taken with reasonable assurance, and the data can be more indicative of the practical matter of the organization.

Concerning the overall working year of the respondents 21.1 % have been worked for less than four years, 38.3 % of them were working for 5 to 8 years, 21.1 % were working for 9 to 12 years and 19.6 % of them indicated they were working for above 13 years as depicted in Table 5. As in the indicated Table, regarding employees' specific service years, most (54.1 %) of the respondents was in between 6 to 10 years of in education sector. About the level of education, 64.6 % of the respondents were first degree holders, 25.8 % of the respondents were master holders, and 9.6 % of the respondents were holders of diploma certifiers and other educational qualifications. This shows that the majority of the respondents or employees in the sample were educated and knowledgeable about how HRM practices affect the success of organizations. Therefore, in order to keep this skilled labor force, the Cooperative Bank of Oromia must implement HRM.

### **4.3. The Current Practices of Electronic HRM**

Response analysis, which was carried out using descriptive statistics like mean and standard deviation, was used in this study to evaluate the degree of EHRM practices. These statistics enable us to show the data in a more relevant way and assist in presenting the many features for data sets, making it easier to analyze the data.

### 4.3.1. Current Practices of Recruitment and Selection

**Table 6: Analysis of Electronic Recruitment**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Cooperative Bank of Oromia (Coop) brings transparency in by using electronic (like portals, social websites) model in selection process.	14	7%	18	9%	39	19%	101	48%	37	18%	3.62	1.051
Cooperative Bank of Oromia (Coop) selects candidate electronically can lessen the employee turnover.	8	4%	20	10%	31	15%	111	53%	39	19%	3.74	.914
Cooperative Bank of Oromia (Coop) advances tools & techniques like portals, social websites will enhance successful rate of recruitment and selection.	17	8%	37	18%	52	25%	85	41%	18	9%	3.25	1.001
Jobs are competitively recruited by Cooperative Bank of Oromia (Coop) using electronic information system.	26	12%	34	16%	56	27%	80	38%	13	6%	3.01	1.009
Background checks are performed on all candidates in Cooperative Bank of Oromia (Coop)	15	7%	20	10%	49	23%	100	48%	25	12%	3.49	.907
Applicants are fully electronically informed about the qualification required to perform the job before being hired in Cooperative Bank of Oromia (Coop)	15	7%	39	19%	56	27%	85	41%	14	7%	3.24	.998
<b>Grand Mean 3.39</b>												

*Survey result, 2024*

The above table's results indicate that the respondents agreed that this firm looks for electronic job applications from qualified candidates, with a mean score of 3.39, indicating that they agree or are good at it. Likewise, the standard deviation values were less than two which is a small

standard deviation. This is an indication of the respondents' agreement on the various statements on electronic recruitment practices of the surveyed organization. It means through the use of technological models in the selection process—such as social media websites and portals—Cooperative Bank of Oromia (Coop) promotes transparency. By using an automated selection process, Cooperative Bank of Oromia (Coop) can reduce employee turnover. Social media websites and portals are examples of cutting-edge tools and strategies that Cooperative Bank of Oromia (Coop) is using to increase the success rate of hiring and selection. Cooperative Bank of Oromia (Coop) uses an electronic information system to hire workers in a competitive manner. All candidates at Cooperative Bank of Oromia (Coop) undergo background checks. Before being hired, candidates are thoroughly informed electronically about the qualifications needed to do the position at Cooperative Bank of Oromia (Coop). Evidently, Tahir and Shahzeb (2020) specified that electronic recruitment is a ease process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications, and encouraging them to apply for jobs with an organization.

### 4.3.2. Current Practices of Electronic Training

**Table 7: Analysis of E-Training**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
I Prefer using e-learning tools to traditional methods to learn	15	7%	33	16%	40	19%	78	37%	43	21%	3.49	.974
Traditional training methods need to be supplemented with e-learning	15	7%	40	19%	53	25%	60	29%	41	20%	3.35	.944
Most of the training and development in our bank is not done through e-learning.	3	1%	32	15%	28	13%	80	38%	66	32%	3.8	1.101
Coaching and Mentoring are the main electronic information system features of this organisation.	9	4%	42	20%	32	15%	64	31%	62	30%	3.64	.939
In this organization, there is an environment that stimulates electronic learning.	18	9%	33	16%	43	21%	66	32%	49	23%	3.46	.946
This bank is working to develop appropriate plans to train all workers	18	9%	40	19%	42	20%	62	30%	47	23%	3.39	.928
<b>Grand Mean 3.5</b>												

*Survey result, 2024*

The grand mean of 3.52 was deemed to be extremely good, according to the above table. Likewise, the values of the standard deviation were smaller than two, indicating a tiny standard deviation. Given that the standard deviation values were less than two—a tiny standard deviation—it is likely that the respondents' opinions were similar. This shows that most respondents agreed that using e-learning resources to learn was preferable than using traditional methods. Electronic learning must be used in addition to traditional training approaches. In this bank, e-learning is not used for the majority of training and development activities. The primary electronic information system components of this organization are mentoring and coaching.

There is an atmosphere that encourages electronic learning at this organization. This bank is trying to create programs that would adequately teach every employee in accordance with planned studies and strategies. This assists to distinguish that EHRM also makes the eventual employee knowledge and involvement in this private bank. This combines the traditional training and development responsibilities of HRM with the new responsibilities of human capital steward: using all of the organization's resources to create strategic capability. This implies that there is an effective information exchange in this organization that leaning to be overturned and requires those with information to become teachers and mentors who ensure that others in the firm know what they know (Panos and Bellou, 2016).

### 4.3.3. Practices of E-Compensation

**Table 8: Sampled Respondents’ Responses on Compensation Variable**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
e-compensation has contributed to improve employee satisfaction	25	12%	50	24%	41	20%	63	30%	30	14%	3.11	1.010
e-compensation has been useful in attracting and retaining top talents	9	4%	38	18%	39	19%	82	39%	41	20%	3.52	1.020
e-compensation has increased employee motivation & productivity	13	6%	25	12%	72	34%	72	34%	27	13%	3.36	0.960
e-compensation has been implemented	21	10%	52	25%	59	28%	67	32%	10	5%	2.97	0.970
e-compensation has positively influenced	34	16%	62	30%	43	21%	61	29%	9	4%	2.76	1.060
E-compensation helps to achieve transparency	22	11%	50	24%	40	19%	73	35%	24	12%	3.13	1.030
Grand Mean 3.15												

*Survey result, 2024*

The aforementioned table indicates that the mean score of 3.15 was considered good. The respondents were in agreement that this organization offers very few different types of multiple pay plans, which can be in the form of bonuses, performance-based short incentives, group rather

than individual rewards, and merit pay in the form of rewards. This in particular shows how in agreement the respondents were with the various claims made about the examined organization's remuneration methods. As well, the standard deviation values were less than two which is a small standard deviation and therefore suggests that respondents had similar opinions. It means employee satisfaction inside the company has increased thanks in part to e-compensation, which has also helped draw and keep top talent. Since it was introduced in their business, e-compensation has improved employee motivation and productivity. It has also had a good effect on overall organizational performance and aids in achieving transparency and justice inside the company. Obeidat (2016) stated that organization contemplates financial packages as compensation to its employees. It suggests that it indicates compensation for employees is done fairly in their organization and it considers non-financial packages as compensation to its employees.

#### 4.3.4. Practices of E- Performance Appraisal

**Table 9” Analysis of Sampled E-Performance Appraisal**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Being used for evaluation purpose	15	7%	44	21%	44	21%	63	30%	43	21%	3.37	0.970
Used to improve business process	6	3%	26	12%	50	24%	89	43%	38	18%	3.62	0.920
Allowed for higher HR services	3	1%	40	19%	62	30%	69	33%	35	17%	3.45	1.050
Allowed for enhanced communication between managers and employees	12	6%	22	11%	44	21%	81	39%	50	24%	3.66	0.960
Help in setting clear performance goals and expectations	13	6%	46	22%	32	15%	67	32%	51	24%	3.47	0.970
Facilitates continues feedback and coaching	12	6%	36	17%	44	21%	80	38%	37	18%	3.46	1.046
<b>Grand Mean 3.51</b>												

*Survey result, 2024*

The above table displays the results, which indicate that the grand mean score was determined to be 3.51, which was assessed as very good. The respondents concurred that this performance evaluation is reasonably distinguished in aiding this organization in accomplishing its goals. This could have to do with the support of robust HRM procedures, which are usually viewed as a one-time or twice-yearly organizational tool approved by the HR department. It means higher HR services are now possible thanks to e-performance appraisal, which is also utilized for evaluation and can be used to enhance underlying business processes. Improved communication between managers and staff has been made possible by e-performance appraisal systems. These tools aid in defining performance expectations and goals and provide on-going coaching and feedback.

#### 4.4. Organizational Performance Level

**Table 10: Analysis of Organizational Performance**

Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Organizational performance relevant to corporation's goals.	12	6%	28	13%	42	20%	107	51%	20	10%	3.48	1.080
The organization functions smoothly with a minimum of internal conflict	12	6%	44	21%	54	26%	77	37%	22	11%	3.28	0.980
This bank or organization can satisfy the owners/ shareholders	12	6%	62	30%	37	18%	77	37%	21	10%	3.17	0.970
Customers' expectations are met in this organization.	11	5%	50	24%	38	18%	78	37%	32	15%	3.36	1.060
In this organization, reduction in operation costs (efficiency) attained.	8	4%	48	23%	35	17%	99	47%	19	9%	3.38	1.080
In this organization, worker's productivity highly enhanced.	11	5%	50	24%	35	17%	92	44%	21	10%	3.31	1.046
Grand Mean											3.34	

*Survey result, 2024*

The grand mean score for this study was 3.34, which was considered good; yet, the respondents found it difficult to reach a consensus regarding the organizational performance. The standard deviation numbers were also less than two, indicating that respondents' opinions were likely to be similar. This is a tiny standard deviation. This demonstrates how this organization's performance relates to the company's objectives. But it lacks a proper conflict administration mechanism. The effort to achieve such excellence is through the fundamental elements of the human resource management that is focusing on learning, quality, team work and reengineering which are driven by the way organization get things done and how they treat their people. This means that this bank evaluated its performance in relation to the company's objectives. There is very little internal strife inside the organization. The owners and shareholders can be satisfied with this bank or business. This company meets the expectations of its clients. Efficiency a decrease in operating costs was achieved in this organization. Employee productivity in this organization has significantly increased. In the contemporary market economy, obstacles have arisen for all kinds of enterprises due to the growing global rivalry, customer focus, speed, and adaptability. Even Nevertheless, research is still needed to pinpoint exactly which HR procedures are marginally associated with improved organizational performance (Tawk, 2021).

#### 4.5. Relationship between EHRM and Organizational Performance using Correlation Analysis

**Table 11** Analysis of Correlation Matrix - N= 209

		E- Recruitment & Selection	E-Training and Developme nt	E- compensati on	E-performance appraisal	Organizational Performance
E- Recruitment & Selection	Pearson Correlation	1	.407**	.336**	.414**	.436**
	Sig. (2-tailed)		.000	.000	.000	.000
E-Training and Development	Pearson Correlation	.407**	1	.303**	.443**	.428**
	Sig. (2-tailed)	.000		.000	.000	.000
E-compensation	Pearson Correlation	.336**	.303**	1	.384**	.587**
	Sig. (2-tailed)	.000	.000		.000	.000
E-performance appraisal	Pearson Correlation	.414**	.443**	.384**	1	.497**
	Sig. (2-tailed)	.000	.000	.000		.000
Organizational Performance	Pearson Correlation	.436**	.428**	.587**	.497**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	209	209	209	209	209

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

*Survey result, 2024*

The preceding table makes it clear that correlational analysis was used in this study to examine the relationship between organizational performance and recruitment and selection. The results showed that e-recruitment and selection and organizational performance had a positive connection (0.436; .000;  $P < 0.05$ ). This result was consistent with research by Tahir and Shahzeb (2020), which discovered a positive association between organizational performance and e-recruitment and selection.

This study involved in testing the correlational analysis or the association between e-training and development and organizational performance. Consequently, strong evidence was found that there is a substantial association or relationship between e-training and development ( $r=.428$ ; .000) and organizational performance in banking services. As it was expected that the study of

Moureen et al., (2020) found similar result as it has positive relationship with organizational performance.

A positive correlation was found between e-compensation and organizational performance,  $r$  (**0.587; .000**);  $P \leq 0.05$ ; thus, the relationship is significant statistically. This was found as this study testing the correlational between e-compensation relationships and organizational performance. A comparison of other results, similar finding was found; for example, Panos and Bellou (2016) found that it has positive relationship with organizational performance.

Similarly, the results, as seen in the correlation table, it is apparent that there is a relation between e-performance appraisal and organizational performance,  $r$  (**0.497; .000**;  $P \leq 0.05$ ). In line with this study, Tahir and Shahzeb (2020) found that e-performance appraisal has positive relationship with organizational performance.

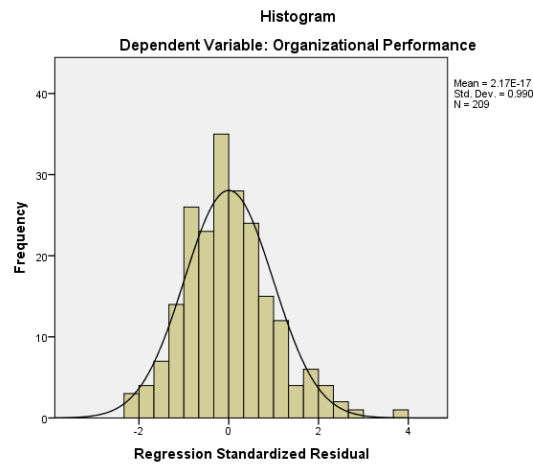
#### **4.6. The effect of EHRM on Organizational Performance using Multiple Regression Analysis**

Multiple regression analysis is a flexible method of data analysis that may be appropriate whenever a quantitative variable is to be examined in relationship to any other factors.

##### **4.6.1. Assumptions and Diagnostic Test**

Strong efforts have been conducted to test multicollinearity, autocorrelation and test for average value of the error term are found in appendices part; next to the data collection instrument in this study. The assumption test was done based on theoretical and empirical multiple regression concepts. The test results show that the normality, Multicollinearity, autocorrelation and test for average value of the error term were met the assumptions of regression analysis.

### 4.6.1.1. Normality Test



**Figure 2 Normality test**

*Survey result, 2024*

This study used the descriptive statistic of Kurtosis and Skewness statics calculation and establishes that the distribution is normal because Kurtosis and Skewness are in between -2 and +2, thus data is normally distributed and had a reasonable variance to use subsequent analysis. The study found that significance in both test were less than 0.05 which is leads to the rejection of the null hypothesis that that data on the all variables were not normally distributed this is an indication that data on the variables were normally distributed from the finding on the histogram table on normality,.

### 4.6.1.2. Multicollinearity

The Variance inflation factor (VIF) was employed to check the multicolenirity assumption test in all the analysis which is not a cause of concern that indicated that a VIF greater than 5 is a cause of concern. The VIF senses multi collinearity by calculating the degree to which the variance has been inflated. A VIF beyond 5 is supposed to indicate the presence of harmful multi collinearity.

**Table 12: Assumption Test Result - Collinearity Statistics**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
E- Recruitment & Selection	.743	1.346
E-Training and Development	.734	1.362
E-compensation	.805	1.242
E-performance appraisal	.696	1.437

*Source: Survey result, 2024*

#### **4.6.1.3. Test for Autocorrelation**

To test the attendance of autocorrelation, the widespread known testing mechanism namely Durbin-Watson Test. This test was employed in this study to test the presence of autocorrelation. If the observations have a natural sequence in time or space, the lack of independence is called autocorrelation.

**Table 13: Assumption Test Result by Durbin-Watson (N= 209)**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.689 <sup>a</sup>	.475	.465	.407	1.626

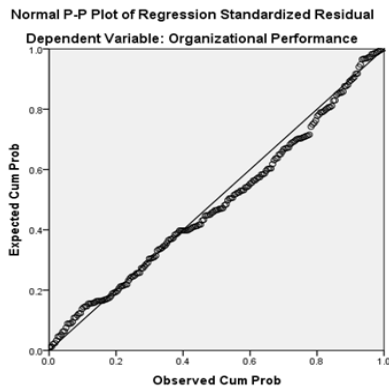
a. Predictors: (Constant), E-performance appraisal , E-compensation, E-Recruitment & Selection, E-Training and Development

b. Dependent Variable: Organizational Performance

*Source: Survey result, 2024*

The Durbin-Watson statistic result for assessing the presence of autocorrelation was determined to be 1.626, indicating that the residuals are uncorrelated and, thus, the independence assumption for this study is met. It is assumed that the covariance between the error terms across time (or cross-sectional, for that kind of data) is zero for the disturbance terms of multiple linear regressions.

**4.6.1.4. Linearity Test**



*Source: Survey result, 2024*

**Figure 3 Assumption Test Result - Normal P-P Plot**

When the homoscedasticity assumption has been met, the residuals will present as being randomly scattered around the horizontal line depicting  $RI=0$ . It refers to homogeneity of variances that is, all of the treatment groups have the same variance. The homoscedasticity assumption can be tested through the visual examination of the same residual plots of the standardized residuals and predicted values depicted in the assumption of linearity. Accordingly, the linear regression model may not be applicable or fitted to the data under consideration. The mean value of response variable (Y) is a straight line function of the independent variables, X'. A violation of this assumption may indicate that there is a non-linear relationship between the response and explanatory variables. Therefore, the graph below shows that the regression can run.

#### 4.6.2. Multiple Regression Test Results

**Table 14: Regression Test Results Model Summary (N=209)**

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689 <sup>a</sup>	.475	.465	.407

a. Predictors: (Constant), E-performance appraisal, E-compensation, E- Recruitment & Selection, E-Training and Development

Source: Survey result, 2024

In order to determine the degree to which the independent variable had an impact on the dependent variable, multiple regression tests were conducted and their results were measured using the assumed value of  $R^2$ . The linear regression of four independent variables and one dependent variable has been demonstrated satisfactorily.

According to this study, the four independent variables' total bundle of determinant factors was 47.5% ( $R^2 = .475$ ), which clearly defined the dependent variable (organizational performance). This suggests that 47.5% of organizational performance in the study organization is determined by the independent variables that were defined, with the other 52.5% being determined by additional factors that were not specified or taken into account and were not shown in this study. 0.465 is the adjusted R-squared (adj.  $R^2$ ). In addition, 0.465 is the adjusted R-squared (adj.  $R^2$ ). This indicates that the four listed independent factors account for 46.5 percent of the total variability of the dependent variable (organizational performance), with additional variables accounting for 53.5 percent.

**Table 15: Analysis of ANOVA (N=209)**

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	30.545	4	7.636	46.203	.000 <sup>b</sup>
Residual	33.717	204	.165		
Total	64.262	208			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), E-performance appraisal , E-compensation, E-Recruitment & Selection, E-Training and Development

Source: Survey result, 2024

This investigation revealed that the regression model explains the relationship between the research variables in a statistically meaningful way. This can be attributed to the ANOVA test table. Given that the F-statistic was 46.203 and the P-value was 0.000, which is less than 0.05 ( $0.000 < 0.05$ ), it is evident that the regression model significantly affects organizational performance. This indicates a strong fit between the model and the data, as the data indicates a substantial relationship between EHRM practices and organizational performance.

**Table 16: Analysis of Coefficients Results (N=209)****Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.398	.179		7.799	.000
E- Recruitment & Selection	.114	.044	.151	2.564	.011
E-Training and Development	.110	.044	.148	2.507	.013
E-compensation	.319	.044	.411	7.270	.000
E-performance appraisal	.134	.039	.211	3.468	.001

a. Dependent Variable: Organizational Performance

Source: Survey result, 2024

Multiple linear regression analysis was used in this study to look at the connection between organizational success and recruitment and selection. As a result, this study discovered that e-recruitment and selection significantly affected by organizational performance ( $p = .011$ ). For every more effort, there was a .114 gain in organizational performance in the areas of e-recruitment and selection. Martini et al., (2020) discovered that performance appraisal has a positive, considerable impact on organizational performance, which is consistent with this study.

The information in the regression table shows that the coefficient is different from zero in the Sig column, which shows the p-values for each of the independent variables and its outcome was evaluated by a p-value  $< 0.05$ . As a result, this study discovered that organizational performance is significantly predicted by e-training and development ( $p = .013$ ). Use the Unstandardized Coefficient B to clarify the link between the independent and dependent variables if the independent value is significant. L'Ecuyer and Raymond (2023) discovered a noteworthy positive impact on organizational performance.

Additionally, this study discovered a moderate relationship between e-compensation and organizational performance ( $p = .0001$ ). Using the multiple linear regression analysis method, it also demonstrates that there was a .319 gain in organizational performance for each extra effort organizational e-compensation provision. Canatay et al., (2022) discovered that it has a good, noteworthy impact on organizational performance, which is consistent with this study.

This study engaged in investigating the relationship e-performance appraisal and organizational performance by means of multiple linear regression. The result indicates that there was a significant effect of e-performance appraisal on organizational performance ( $p = .001$ ). Further, investigation shows that there was a .134 increase in organizational performance for each extra effort e-performance appraisal. On the basis of this statistic, the study concludes that there is significant positive relationship between performance appraisal and performance of public organisation. Martini et al., (2020) also found that it has positive significant effect on organizational performance.

#### **4.7. Hypothesis Testing**

##### **E-Recruitment & Selection**

This study primarily used a Pearson correlation analysis, results established to the relationship between e-recruitment & selection and organizational performance ( $r = .436, .000$ ), and attempted was exerted to test the level of effect e-recruitment & selection has on organizational performance in the survey organization by applying multiple regression analysis. Consequently, the finding of the regression analysis shows that e-recruitment & selection (***Sig, 0.011***) has a positive and significant effect on organizational performance; this assures that the hypothesis is accepted. Similarly, Martini et al., (2020) discovered that performance appraisal has a positive, considerable impact on organizational performance, which is consistent with this study. E-HRM e-recruitment makes extensive use of digital and web-based technologies to facilitate the hiring process in organization (Ahmed 2019). Nowadays, almost every business employs a number of websites, either directly or through a third party, to locate new hires. Jobs are posted online through a number of platforms, and job seekers can apply online and save time and money by uploading their resumes (Patel & Dhal, 2017). Businesses have integrated an application system into their websites so that job searchers who are not actively seeking employment can upload

their resumes to the company's database for future review and when a position becomes available (Obeidat, 2016).

### **Training and Development**

This study used person correlation analysis, this study established the relationship between training and development and organizational performance ( $r=.428, .0001$ ), and this study endeavoured to test the level effect of training and development has on organizational performance in the studied organization by applying multiple regression analysis. As result, the result of the regression analysis shows that training and development (Sig, 0.013) has a positive and significant effect on organizational performance; this promises that the hypothesis is accepted. The training and expertise of employees determines the skills available to the firm. The adaptability of employees determines the strategic flexibility of the firm. The commitment and loyalty of employees determine the firm's ability to maintain competitive advantage. It is well known that one of the main reasons people join organizations is to have the chance to grow in their careers (Barrow, 2003). The use of electronic or digital platforms, such as online courses, webinars, virtual classrooms, mobile applications, and other digital resources to support learning, is known as e-training and development (Iqbal, 2019). Since the invention of computers and the internet, e-training and development have changed (Patel & Dhal, 2017). One of the most important aspects of E-HRM practices in the banking industry is e-training and development. Employees must continuously upgrade their skills and knowledge to stay competitive in the market, given the speed at which technology is developing and the growing digitization of the banking sector (Gomathi, 2016).

### **Compensation on Organizational Performance**

This study recognised to the relationship between compensation and organizational performance ( $r=.587, .000$ ) using correlation analysis. This study also attempted to investigate the effect of compensation on organizational performance in health service organization by using multiple regression analysis. As a consequence, the result of the regression analysis displays that compensation (Sig, 0.0001) has a positive and significant effect on organizational performance; this assure that the hypothesis is accepted. E-compensation is related to web-based software tools that help administrators create, maintain, and explain compensation plans in an efficient manner

(Patel & Dhal, 2017). Because of this, pay has developed into a crucial managerial tool for luring, keeping, and inspiring the people required to remain competitive (Gomathi, 2016). According to Al-Karabesh et al. (2023), e-compensation is web-enabled approaches to a variety of compensation technologies that allow an organization to collect, save, alter, analyze, utilize, and distribute compensation data and information. The web-based nature of e-compensation sets it apart from earlier compensation software, which was either PC-based or client-server based (Abuhantash, 2023). People can access databases, analytical tools, and electronically delivered compensation software from any location—at work, home, on vacation, or elsewhere—by using an internet browser.

### **Performance Appraisal**

This study established the relationship between performance appraisal and organizational performance ( $r=.497, .000$ ) used correlation analysis. This study verified the effect of performance appraisal on organizational performance in health service organization by applying multiple regression analysis. Then, the result of the regression analysis displays that performance appraisal (*Sig, 0.001*) has a positive and significant effect on organizational performance; this assure that the hypothesis is accepted. In line with study Murphy et al. (2019) stated that performance appraisals involve the systematic evaluation of employees' work in an effort to determine their potential for more development and progress. Aggrawal and Thakur (2017) have observed that Performance Appraisal has the potential to enhance work performance, facilitate communication of expectations, identify employee potential, and support employee counseling. Al-Karabesh et al. (2023) state that e-performance appraisal, a crucial component of electronic human resource management (E-HRM), assist businesses in assessing employee performance and promptly providing feedback for enhancement. Technology, such as software or online platforms, is used in e-performance appraisal to expedite the e-appraisal process (Abuhantash, 2023). Another benefit of e-performance appraisal is that it gives workers immediate feedback, which increases process effect and transparency (Tasneem, 2019).

### 4.7.1. Summary of Hypotheses

**Table 17: Summary of Hypotheses**

Hypothesis	r	Sig.	Decision
E-Recruitment & selection have positive and significant effect on organizational performance.	.436	.011	Agreed
E-Training and development have positive and significant effect on organizational performance	.428	.013	Agreed
E-Compensation has positive and significant effect on organizational performance in service organization	.587	.000	Agreed
E-Performance appraisal positive and significant effect on organizational performance	.497	.001	Agreed

*Survey result, 2024*

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter provides an overview of the conclusions, findings, and recommendations for policy that were reached after the data in Chapter 4 was analyzed. This component of the study comprises the last chapter, which includes a conclusion, a summary of the findings, and pertinent suggestions based on the study's findings.

#### 5.1. Summary of Key Findings

This effect of EHRM practices on the Cooperative Bank of Oromia's organizational performance in Ethiopia was examined in this study. With the use of an explanatory and descriptive research approach, this study discovered that

- There is a strong positive relationship between e-recruitment and selection ( $r = .436$ ; sig.  $= .011$ ) and organizational performance, and it has a significant effect on organizational performance.
- The study's findings show that there exists a positive relationship between e-training and development ( $r = .428$ ; sig.  $= .013$ ) and organizational performance and that it has a significant effect on organizational performance.
- There also exists a positive relationship between e-compensation ( $r = .587$ , sig.  $= .0001$ ) and organizational performance, and it has a significant effect on organizational performance.
- There also exists a positive relationship between e-performance appraisal relationships ( $r = .497$ , sig.  $= .001$ ) and organizational performance, and it has a significant effect on organizational performance.

## **5.2. Conclusions**

The study shows that EHRM increase the effectiveness and quality of HR exercises by saving money, effectively delivering HR services, and transforming the role of hr work from regulatory master to strategic partner. Organizations that have integrated their plans, the strategic change process, and their human resource management principles are those that manage change effectively. This means that matters such as electronic recruitment, training, compensation, and performance reviews are not merely operational concerns for the human resources department; rather, they are deeply important and fundamental concerns regarding how workers relate to the character and course of the company, and as such, they have the potential to both seriously impede and significantly help with strategic change. In order to maximize and develop people's inherent capacities—their contributions, potential, and employability—it is necessary to evaluate and meet the demands of future generations and to offer learning and ongoing development opportunities. Consequently, the study draws the conclusion that electronic recruitment and selection, electronic training and development, electronic compensation, and electronic performance evaluation all contribute to or amplified the improvement in private bank performance.

## **5.3. Recommendations**

- Using multiple regression and correlation analysis, the study discovered a positive statistically significant effect of EHRM on organizational performance. The report advises this bank (COOP or CBO) management to place a strong emphasis on E-HRM practices in order to increase the organization's effectiveness. Organizational effectiveness is crucial because it enables a company to operate profitably while satisfying the ever-changing needs for humanitarian aid.
- Based on the effects of implementing e-HRM practices, this study suggest that this bank must thus concentrate more on enhancing the e-HRM and performance practice, which is directly tied to performance management, in order to improve this area. Setting performance goals, assessing them frequently, and informing staff members of their objectives can all help achieve this.

- This study recommends that this Cooperative Bank of Oromia focuses on a personal development plan that provides a learning action plan for which individuals are responsible with the support of their managers and the organization. It may include formal e-training, self-managed learning, coaching, mentoring, project work, job expansion, and job enrichment.
- This study recommends that this Cooperative Bank of Oromia focuses on future performance planning and improvement rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process, in which performance improves over time. It is mainly concerned with individual performance, but it can also be applied to team performance.
- The study also commends Cooperative Bank of Oromia should confirms adequate compensation, as this is likely to positively influence performance, as revealed by the research study.
- This study recommends that the Cooperative Bank of Oromia should avoid the financial and personal costs associated, on both sides, with poor recruitment decisions.

#### **5.4. Implications of the Findings**

The study's conclusions also have significant practical ramifications. Empirical evidence on the relationship between EHRM practices and organizational performance suggests that organizational performance is highly dependent on or positively related to EHRM practices such as e-recruitment and selection, e-training programs, e-performance evaluation, and e-compensation and benefits. The findings suggest that the implementation of EHRM results in the achievement of strategic corporate objectives. Productivity increases and organizational efficiency are the results of the phenomena. When an organization relies on the HR function as a strategic partner, it can focus on higher-value duties and pursue strategic initiatives. As a result, HRM technology has improved the role to the point where it merits a place in the boardroom. Organizational excellence can be attained by implementing electronic HRM use in conjunction with other HRM strategies. In order to enhance organizational performance, practitioners are urged to implement e-HRM in conjunction with other HR procedures. HRM professionals should also anticipate increases in worker performance and job satisfaction as a result of e-HRM implementation.

## **5.5.Directions for Future Research**

For the purpose of benchmarking and advancing research accomplishment, this study suggests that a comparable study be conducted in Ethiopia's industrial firms as well as in all public and private service sectors. Thus, it is imperative that future study accomplish the following goals: investigating EHRM systems, protocols, and regulations; ascertaining the perceived impact of strategic EHRM practices on worker productivity and performance.

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**ANNEX**  
**Annex I - Questionnaire in English**

**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**DEPARTMENT OF HUMAN RESOURCE**  
**MA PROGRAM**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**SCHOOL OF COMMERCE**  
*(Employee Survey)*

**Dear Respondent,**

Questionnaire to be filled by employees of Cooperative Bank of Oromia (coop); the purpose of this questionnaire is to collect primary data on the "*The Effect of E-HRM Practices on Organizational Performance.*" The study's goal is to complete a project work requirement for Addis Ababa University's School of Commerce's MA in HRM program. It is hoped that this research will contribute towards understanding of impact of E-HRM practices on organizational performance. Therefore, I will be pleased to submit a copy of my final report to your office at the completion.

Your prompt and reliable responses will be much appreciated as it will enable the timely completion of this thesis and enhance the benefits of the research in terms of its relevance. All information gathered through the questionnaire will be kept confidential and used exclusively for the purposes of the study. If you have any query please contact me through email: [muhidinahmed94@gmail.com](mailto:muhidinahmed94@gmail.com).

Thank you for your commitment in advance

Thank you for your co-operation in advance

Best Regards,

Muhidin Ahmed

## PART I. Demographic Information

**Direction** - Please put (√) mark to select the response

Sex:	Male	[ ]
	Female	[ ]
Age (in years)	18-35 years	[ ]
	36-55 years	[ ]
	Older than 55 years	[ ]
Experience working	Below 4 years	[ ]
	5 to 8 years	[ ]
	9 to 12 years	[ ]
	Above 13 years	[ ]
Education level:	Diploma and below	[ ]
	First Degree	[ ]
	Master and above	[ ]
Work experience in banking sector	Below 5 years	[ ]
	6 to 10 years	[ ]
	11 to 15 years	[ ]
	Above 16 years	[ ]
Which management level do	Low	[ ]
	Medium	[ ]
	Top	[ ]

## PART II. Human Resource Practices and Organizational performance

**Direction** - Please read each statement and, then circle one of the five numbers against it. The number you choose to circle should be the number that represents the extent, to which you agree with what the statement is saying about you and your job, Where: 1 = *Strongly Disagree (SD)*; 2 = *Disagree (D)*; 3 = *Neutral (N)*; 4=*Agree (A)*; and 5=*Strongly Agree (SA)*. Please put (√) mark to select the response

Code	Scale	1	2	3	4	5
<b>Electronic Recruitment</b>						
<b>RS1</b>	Cooperative Bank of Oromia (Coop) brings transparency in by using electronic (like portals, social websites) model in selection process.					
<b>RS2</b>	Cooperative Bank of Oromia (Coop) selects candidate electronically can lessen the employee turnover.					
<b>RS3</b>	Cooperative Bank of Oromia (Coop) advances tools & techniques like portals, social websites will enhance successful rate of recruitment and selection.					
<b>RS4</b>	Jobs are competitively recruited by Cooperative Bank of Oromia (Coop)using electronic information system.					
<b>RS5</b>	Background checks are performed on all candidates in Cooperative Bank of Oromia (Coop)					
<b>RS6</b>	Applicants are fully electronically informed about the qualification required to perform the job before being hired in Cooperative Bank of Oromia (Coop)					
<b>Electronic Training</b>						
<b>TD1</b>	I Prefer using e-learning tools to traditional methods in order to learn					
<b>TD2</b>	Traditional training methods need to be supplemented with e-learning					
<b>TD3</b>	Most of the training and development in our bank is not done through e-learning.					
<b>TD4</b>	Coaching and Mentoring are the main electronic information system features of this organisation.					
<b>TD5</b>	In this organization, there is an environment that stimulates electronic learning.					
<b>TD6</b>	This bank is working to develop appropriate plans to train all workers according to prepared studies and plans.					
<b>Electronic Compensation</b>						
<b>Com1</b>	e-compensation has contributed to improve employee satisfaction with in the organization					

<b>Com2</b>	e-compensation has been useful in attracting and retaining top talents					
<b>Com3</b>	e-compensation has increased employee motivation & productivity					
<b>Com4</b>	e-compensation has been implemented in our organization					
<b>Com5</b>	e-compensation has positively impacted overall organizational performance					
<b>Com6</b>	e-compensation helps to achieve transparency and fairness to achieve in the organization.					
<b>Electronic Performance appraisal</b>						
<b>PAP1</b>	e-performance appraisal is being used for evaluation purpose					
<b>PAP2</b>	e-performance appraisal can be used to improve underlying business process					
<b>PAP3</b>	e-performance appraisal has allowed for higher HR services					
<b>PAP4</b>	e-performance appraisal has allowed for enhanced communication between managers and employees					
<b>PAP5</b>	e-performance appraisal systems help in setting clear performance goals and expectations					
<b>PAP6</b>	e-performance appraisal facilitates continues feedback and coaching					
<b>Organizational Performance</b>						
<b>OP1</b>	Organizational performance relevant to corporation's goals.					
<b>OP2</b>	The organization functions smoothly with a minimum of internal conflict					
<b>OP3</b>	This bank or organization can satisfy the owners/ shareholders					
<b>OP4</b>	Customers' expectations are met in this organization.					
<b>OP5</b>	In this organization, reduction in operation costs (efficiency) attained.					
<b>OP6</b>	In this organization, worker's productivity highly enhanced.					

*Thank you again!*