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**College of Business and Economics**

**MBA Program**

## **Assessment of Employee Resourcing Practices in Abay Bank**

**By: Abenet Sahilue (GSE/1443/07)**

**Advisor: Gemechu Waktola, PhD**

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Fulfillment of a Degree in Masters of Business Administration (MBA) in Management**

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## DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration and that it contains no material previously published by another person nor material which has been accepted for the award of a degree in any other university, except where due acknowledgement has been made in the text.

Abenet Sahilue

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

### **Certified by:**

Gemechu Waktola, PhD  
(Advisor)

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

### **Approved by Board of Examiners:**

Ato Teshome Bekele  
(Internal Examiner)

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

Tariku Jebena, PhD  
(External Examiner)

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

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## LIST OF ACRONYMS AND ABBREVIATIONS

BSC - Balanced Score Card  
CBE – Commercial Bank of Ethiopia  
EC – European Calendar  
ER – Employee Resourcing  
HR – Human Resource  
HRD – Human Resource Development  
HRM – Human Resource Management  
HRP – Human Resource Planning  
ICT – Information Communication Technology  
L&D – Learning and Development  
NBE – National Bank of Ethiopia  
SHRM - Strategic Human Resources Management  
SPSS - Statistical Package for Social Sciences  
VA – Vacancy Announcement

## ABSTRACT

*Human capital has become the key differentiator for leveraging competitive advantage and employee resourcing (ER) holds the key to success of any organization since it ensures that the right person fit to do the job is resourced and retained. The Ethiopian banking industry is no different. Given the high competition for talent in this sector, banks need to be equipped with competent employees to survive. However, analysis of current literature suggests that despite the numerous merits of ER, there are limited empirical studies which show the existing ER practices in the Ethiopian financial sector, particularly in the banking industry. As a result, this study was undertaken to examine the prevailing ER practices in the Ethiopian banking industry by conducting a case study on Abay Bank. To achieve this objective, the study adopted a mixed method approach which consisted of both qualitative and quantitative approaches. Moreover, the study specifically adopted a case study research design, targeting Abay bank's head office and all of the bank's branches in Addis Ababa. Due to the small number and the need to select respondents who have the requisite experience and exposure to the research topic, purposive sampling approach was adopted in which all the bank's branch managers in Addis Ababa (39) and 2 HR staff were selected and included in the study. Data was collected using self-administered questionnaires and interviews. Data analysis for the questionnaire responses involved editing and coding, tabulating the data and analyzing through SPSS. Furthermore, simple descriptive statistics such as percentages and frequencies, charts, tables, mean and standard deviation were used to analyze and interpret the data collected. Analysis for the interview involved reflection and note taking. The interviews were transcribed and analyzed qualitatively in sentence form. Very stiff competition for talent, shortage of talent, the growing need for talent, and poaching were identified as the most dominant industry related factors influencing ER practices in the Ethiopian banking industry. Abay bank has developed and implemented an ER strategy aligned to the strategic objectives of the organization. Furthermore, the bank has recognized gaps and areas of improvement and is making efforts to revamp its ER strategy and create an integration between its HRM functions. The study concluded that effective ER plays a vital role in ensuring organization's objectives are met. Based on the findings of the study, a conclusion was also drawn that Abay bank should strive to do more and gain competitive advantage through its human resources by ensuring it attracts and retains competent talent. To this effect, the bank should continuously evaluate and improve its ER practices/strategy based on prevailing industry demands and ensure a strong integration among its HRM functions. Finally, the researcher made recommendations in line with current global trends and best practices in strategic HRM, which might support Abay bank to enhance its ER and closely related HRM practices. These recommendations might also be adopted within the banking industry, as applicable.*

**Key words:** *Employee Resourcing Practice/Strategy, Factors Influencing Employee Resourcing, Business Strategy, Human Resource Planning, Recruitment and Selection, Talent Management, Employee Engagement, Retention, Competency Framework, Performance Management, Learning and Development, Reward Management.*

# CHAPTER 1

## INTRODUCTION

### 1.1. Background of the Study

There is little dispute that recently the success or failure of most, if not all, organizations depends largely in the competitiveness of their human resource. As such, Human Resource Management (HRM) has made a transition from a state of insignificance to one of strategic importance academically and business wise. The current disposition of HRM is largely associated with the drastic expansion of businesses globally, technological innovations and fierce competition that characterizes the environment in which businesses operate today (Mohammed, 2012).

Mohammed (2012) further explains that well-devised HR programs not only reduce employee turnover but also make a considerable contribution to financial performance and an impact on the productivity of an organization and employees. This realization reinforces the critical role HRM practices play in this globally modern and increasingly competitive business landscape and shows how HRM plays a leading role in making a valuable impact on the functions of an organization.

Employee resourcing (ER) is one of the key strategic human resource management (SHRM) functions. It focuses on matching resources to the needs of the organization (both strategic and operational) and ensuring the proper utilization of those resources. As such, it embodies core HRM activities such as the recruitment, selection, deployment and retention of employees within the organization, which should be managed in such a way that supports the strategic objectives of the firm (Armstrong, 2008).

According to Josephine (2013), there is a set priority for organizations to have ER strategically integrated with business strategies. Strategies play a critical role in the success of an organization in every sphere of operation and the financial sector is not an exception. A strategic approach to ER becomes more important as labor markets shift and become more competitive, which is

prevalent in the financial sector. To survive in the financial sector, especially in the banking environment, banks need to be equipped with talented and competent employees who are efficient and effective in their work (Josephine, 2013).

According to Lawler (2009), the financial sector plays an important role in the development of the economy and growth in any country. Particularly, banks represent a significant and influential sector of business worldwide that plays a crucial role in the global economy. Most commercial banks have now realized the worth of resourcing and retaining competent employees. Looking at the Ethiopian context, Zerayehu et al (2013), explain that the financial sector is dominated by the banking industry, which can be characterized as highly profitable, concentrated and moderately competitive. In a nut shell, banks in the Ethiopian case are competing in terms of human capital, service quality and efficiency (including use of technological advances), branch network expansions, advertising and prices, put in the order of their significance.

With the above illustration in mind, it's fair to say that employee resourcing practice is one of the most important HRM function in today's organizations, including banks as it is how they recruit talent that drives their goals and interest. It is therefore a step in the right direction to examine the prevailing employee resourcing practices in Abay bank and the practices adopted by this bank to resource staff and translate its human capital into a sustainable competitive advantage.

## **1.2. Historical Background of the Ethiopian Banking Industry**

The Ethiopian financial sector is comprised of one central bank, National Bank of Ethiopia (NBE), 2 government owned (Commercial Bank of Ethiopia & Development Bank of Ethiopia) and 16 private banks, 1 governmentally owned and 16 privately owned insurance companies, and 2 pension funds, i.e. Social Security Authority and Private Sector Social Welfare Agency (NBE Annual Report, 2015/16).

According to Zerayehu et al (2013), in Ethiopia, like in many developing countries, micro-finance constitutes a separate sub-sector of financial services, which consists of 32 micro-finance institutions and numerous savings and microcredit associations. The commercial bank of Ethiopia (CBE), which is among the government owned banks holds 70% of the market share. As a financial

service sector, the Ethiopian banking industry is relatively underdeveloped compared with its regional peers and plays a limited role in the economy. However, Ethiopian banks have been growing fast and should play a prominent role in the development of the nation's economy since the country has been in a cautious approach towards the liberalization of its banking industry. Furthermore, compared to most countries in Sub-Saharan region, the industry is highly dominated by commercial banks and is closed from foreign competition.

Modern banking in Ethiopia started in 1905 with the establishment of Bank of Abyssinia, which was based on a fifty year franchise given to the British-owned National Bank of Egypt. It has landmark significance in introducing financial services, which were previously unknown in the country. A significance feature of commercial banking in Ethiopia then was its innovative nature rather than its contribution to growth and its competitive nature. As the society was new for the banking service, banks had faced difficulty in familiarizing the public and they faced considerable cost of installation (Pankhurst, 2012).

In the pre-1974 era, there hardly was any banking competitive environment, as the banking industry was dominated largely by a single government owned bank, State Bank of Ethiopia. Despite the efforts made to disengage banking from foreign control and to make the institution responsible to Ethiopia's credit needs, these developments did not bring about meaningful competitive environment, as banking industry was characterized by specialization and low level of business. The establishment of privately owned Addis Ababa Bank in 1964 and its growing branch network created relatively better banking competition among commercial banks, with concentration of their branch offices in big towns and trade routes in the country. The then monetary and banking system gave at most emphasis to stability and balanced growth of the economy rather than competition (proclamation No.206/1963). Competition during the period was generally weak. During the Derge regime, there was one commercial bank, whose overriding objective was to accelerate development so as to improve the standard of living of the broad masses rather than maximization of profit. Thus, competition among banks was not taking place during this regime as it was characterized as command economy, instead of market oriented (Alemayehu, 2006).

Alemayehu (2006) further explains that the change of government in 1991 and the consequent changes in economic policy witnessed another transformation in the banking industry. Monetary and Banking Proclamation of 1994 established the National Bank of Ethiopia as a judicial entity, separated from the government and outlined its main functions. Monetary and Banking proclamation No.83/1994 and the Licensing and Supervision of Banking Business No.84/1994 laid down the legal basis for participation of the private sector in banking business, which had been completely prohibited during the Derge regime. Shortly, the first privately owned commercial bank, Awash International Bank, was established in 1994. Several other privately owned banks have been established since then. There are currently 16 private banks in Ethiopia: Awash International Bank, Dashen Bank, Bank of Abyssinia, Wegagen Bank, United Bank, Nib International Bank, Cooperative Bank of Oromia, Lion International Bank, Oromia International Bank, Zemen Bank, Berhan International Bank, Bunna International Bank, Abay Bank, Addis International Bank, Dehub Global Bank, and Enat Bank (NBE Annual Report, 2015/16).

### 1.3. Background of Abay Bank

Abay Bank was officially established on July 14, 2010, fulfilling all the necessary requirements of the National Bank of Ethiopia to set up a bank and started full-fledged banking operations on November 3, 2010. As of June 30, 2016, the bank's paid-up capital is Birr 707 million, the number of shareholders is over 3600, and there are more than 220,000 account holders. The bank is poised to serve all economic sectors through its network of branches with a vision to be a customer driven and financially sound premier bank. It extends its services to domestic trade and services, international trade, agriculture, industry, transportation, construction, and real estate sectors.

Since its establishment, the bank has achieved encouraging achievements by all standards. Its sphere of operation has expanded all over the country and the total number of branches has reached 144 across Ethiopia within six years of operation. Out of these branches, 39 are located in Addis Ababa, including the main branch, while the bank has five "Grade A" branches located in different parts of the country, which are the bank's top branches. Currently, the bank has more

than 1250 permanent staff working in the head office and the various branches. One of the major service that differentiates Abay bank from other banks in the Ethiopian banking industry and makes it unique is the fact that it is the only bank that is open for service until 9 p.m. in the evening, Monday to Saturday in all of its branches.

Abay bank is governed by a board of directors who are elected by the general assembly and the bank's management comprises of highly skilled and experienced staff. The bank has been continuing with aggressive capacity building through staff training and development programs. The bank's critical success factor is about an organization culture that values people, enhances performance and supports the business (Abay bank company profile brochure, 2016).

#### **1.4. Problem Statement**

In the twenty first century, it's quite evident that the success or failure of most organizations lies in the competitiveness of their human resource (Mohammed, 2012). Organizations are in competition to provide efficient and effective service to their customers, to satisfy and enhance their needs. To achieve this, develop and become sustainable, every organization should utilize resources properly. Among these resources, human capital is quite essential and a foundation for other resources such as physical assets, financial and technological resources. It is the most critical one that makes a difference in an organization's performance (Kassa et al, 2011). According to Paul et al (2014), employee resourcing holds the key to success of any organization since it ensures that the right person fit to do the job is acquired in the organization.

Nevertheless, it is a difficult task for organizations to search, attract, recruit, and select talented people in today's tight labor market. To accommodate the changing needs of its customers and business environment, organizations should recruit and hire competent staff that are qualified and professional to achieve improved efficiency. In addition, as there are fewer qualified talents available, it makes it absolutely essential for organizations to effectively resource and retain quality talent. What is more is that acquiring the right talent is becoming an increasingly complex and challenging activity.

Having an employee resourcing strategy is of paramount importance especially to the financial sector, which is the backbone for the growth of any economy. The banking industry, particularly is one of the most important and significant businesses all over the world. It plays a very essential role in strengthening the entire financial structure of the economy and contributes towards the development of overall economy of a country, and Ethiopia is not an exception from this scenario (Woldemedhin, 2015).

Rapid technological growth and increased competition have forced banks in Ethiopia to aggressively compete for the same talent pool in order to remain competitive. The rapid entry and growth of banks in Ethiopia, increase in environmental variability and degree of competition, acute shortage of skilled labor and the corresponding increase in labor turnover and costs of employee replacement have forced banks to aggressively compete for employees. Furthermore, the massive branch expansion of emerging and existing financial firms (banks & insurances) in Ethiopia has resulted in a much tougher competition for the skilled labor market (Zerayehu et al, 2013). The banking sector is human capital intensive since it relies heavily on its human resource to offer services to its clients (Josephine, 2013).

Consequently, if human capital and an effective ER strategy provides competitive advantage to organizations, then further assessments and studies should be conducted about employee resourcing practices. Moreover, analysis of current literature suggests that despite the numerous merits of employee resourcing, there are limited empirical studies which show the existing employee resourcing practices in the Ethiopian financial sector, particularly in the banking industry. In line with this, it is the researcher's view that much is not known about the fundamental employee resourcing practices in the Ethiopian banking industry. As such, more research should be conducted to study how banks in this sector are resourcing talent and dealing with the massive competition, the scarcity of competent employees, and difficulties in resourcing the right talent, at the right place and right time.

This research will therefore try to assess the prevailing employee resourcing practices in the Abay bank, identify gaps, and contribute to existing knowledge, aligned with current global trends and best practices in strategic human resources management.

## 1.5. Research Questions

In view of the problems associated with employee resourcing practices, the study will focus on Abay Bank and try to answer the following research questions:

1. What is the nature of ER practice?
2. What are the factors influencing ER practices?
3. How is ER linked to the overall business strategy?
4. How are components of ER, i.e. Human Resource Planning (HRP), Recruitment & Selection, Employee Engagement, Talent management, Retention and Competency Framework linked with the ER practice?
5. How is ER integrated with other HRM areas/functions, mainly with, Learning & Development, Performance Management, and Reward Management?

## 1.6. Research Objectives

### **General Objective**

The main objective of this study is to examine the employee resourcing practices in Abay Bank.

### **Specific Objectives**

In order to meet the general objective, this study will address the following specific objectives, focusing on Abay Bank:

- To identify the nature of ER practices in the selected bank understudy;
- To evaluate the major factors influencing ER practices in the selected bank;
- To examine the link between ER and the business strategy of the selected bank;
- To assess how components of ER, i.e. Human Resource Planning (HRP), Recruitment & Selection, Employee Engagement, Talent management, Retention and Competency Framework are linked with the ER practice.

- To determine the integration between ER and other HRM areas/functions in the bank understudy, mainly focusing on; Learning & Development, Performance Management, and Reward Management.
- To contribute to existing knowledge and provide recommendations for improving ER practices in the selected bank understudy in line with current global trends and best practices in strategic HRM, which might be reciprocated within the banking industry.

### 1.7. Operational Definition of Variables

To explore the answer for the above research questions the researcher will base the following variables as operationally defined below.

**Employee Resourcing Strategy:** ER strategy refers to a company's decision regarding where to find employees, how to select them and the mix of employee skills and statuses (temporary, full time, etc.) (Armstrong & Taylor, 2014).

**Factors Influencing ER Practices:** Various causes/elements that may impact upon an organization's ER strategy and practice, and the key goal of effective ER, which is to get the right talent, in the right jobs, at the right time, and at the right cost.

**ER and Business Strategies:** Strategies play a critical role in the success of an organization in every sphere of operation (Josephine, 2013). ER strategies should be aligned to the business strategy and in accordance with the business needs. Therefore, there is a set priority for organizations to have ER strategically integrated with business strategies.

**Human Resource Planning (HRP):** HRP is a process of ensuring that human resource requirements of an organization are identified and plans are made for satisfying those requirements. This process assures that the organization has the right number of people, in the right place, at the right time, with the aim of delivering the strategic plan of the organization (Armstrong, 2008).

**Recruitment & Selection:** are core areas of HRM that allow management to determine and gradually modify the behavioral characteristics and competences of the workforce (Armstrong &

Taylor, 2014). Recruitment involves identifying the sources of manpower and stimulating them to apply for jobs in the organizations. On the other hand selection is the process of choosing best out of recruited (Djabatey, 2012).

**Employee Engagement:** Employee engagement is defined as an individual's purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort and persistence directed towards organizational goals (Armstrong & Taylor, 2014).

**Talent management:** Is a major feature of strategic human resource management and a process of ensuring that the organization has the talented people it needs to attain its business goals (Josh et al, 2010).

**Retention:** Refers to an organization's ability to keep the employees it has already hired, reduce turnover, and ensure that talented people remain as engaged and committed members of the organization (Josh, 2015).

**Competency Framework:** Is a total collection of clusters, competencies and behavioral indicators, which provides the basis for the use of competencies in areas such as recruitment and selection, learning and development, and performance management (Armstrong & Taylor, 2014).

**Learning & Development (L&D):** Armstrong & Taylor (2014) define Learning and development as the process of ensuring that the organization has the knowledgeable, skilled and engaged workforce it needs.

**Performance Management:** Josh (2015) explains that performance management is a means of getting better results by providing the means for individuals to perform well within an agreed framework of planned goals, standards and competency requirements.

**Reward Management:** Reward management is concerned with the strategies, policies and practices required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded (Armstrong & Taylor, 2014).

## 1.8. Scope of the Study

This study will be limited to Abay Bank. Furthermore, the study will mainly focus on branches within Addis Ababa. The sample respondents will be national staff from these selected branches in Addis Ababa, who are working on different grades and functional areas, but holding managerial positions. The scope of this study is also limited to employee resourcing strategies adopted by the selected bank to attract competent applicants and related core HRM functions only. To this end, the research is mainly confined to employee resourcing related activities and tries to briefly explore HRM functions highly corresponding to employee resourcing that are carried out by the bank. Moreover, the study will not include other banks and similar institutions in the Ethiopian financial sector.

## 1.9. Significance of the Study

Over the years, the financial sector has played a major role in most economies hence the importance attached to its HRM practices, policies and related general issues that concerns it. More specifically, banking institutions occupy a central position in Ethiopia's financial sector and are catalytic agents in the development process of the country. Therefore, the researcher hopes that the findings and recommendations of this study will provide a framework for the adoption of sound employee resourcing practices in Abay bank, which prove useful to other banks within the Ethiopian banking sector. Moreover, the study can give insight to researchers and students about the problem and stimulate further investigation for those who intend to research into related areas. Finally, the research may be used as a source of reference for other researchers who are interested to conduct further study related to this problem and other related studies.

## 1.10. Organization of the Study

The research paper has five chapters structured according to the below framework;

*Chapter 1 – Introduction:* In the first chapter, the background of the study, background of the Ethiopian banking industry, problem statement, research questions, research objectives, scope, significance and organization of the study has been presented.

Chapter 2 - Literature Review: The second chapter will present a review of literature pertinent to the study and discuss the conceptual framework underpinning this study. Relevant previous scholars work on the research topic will also be reviewed here.

Chapter 3 - Research Design and Methodology: This chapter covers the research design and methodology, data sources, target population, sampling procedure and sample size, data collection instrument used to collect data, data analysis technique used for the study, data validity and reliability, and ethical considerations for the study.

Chapter 4 - Data Analysis, Discussion and Presentation of Results: This chapter will present an analysis of the actual data and discussion, presentation and interpretation of results.

Chapter 5 – Summary of Findings, Conclusion and Recommendation: The last chapter will provide a summary of the research findings, draw a conclusion and make recommendations arising from the findings of the study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1. Introduction

Human resources are a significant organizational asset if properly used and managed. The application of appropriate HRM strategies for the development of human resources can lead to improvement of corporate performance both in the short and long term. Employee resourcing is one of the key strategic HRM, which focuses on matching resources to the needs of the organization and ensuring the proper utilization of those resources. This chapter describes related literature on employee resourcing practices and addresses the variables used for the research in detail. It also offers analysis of previous studies conducted in this area and provides a conceptual framework for the study.

##### 2.1.1. Evolution of Human Resource Management

According to Peter & John (2011), HRM is the process of managing human talents to achieve organization's objectives. Ume (2015) also defines HRM as a system of activities and strategies that focus on successfully managing employees at all levels of an organization to achieve organizational goals. Similarly, according to Ulrich & Brockbank (2005), HRM refers to the policies, practices and systems that influence employees' behavior, attitudes, and performance.

The major contribution to the development of HRM comes from the industrial revolution in the 1800's (Josephat, 2011). The term HRM and HR have largely replaced personnel management in the processes of managing people in organizations. While HRM is defined as a strategic and coherent management approach for the organization's most valued assets, personnel management is mostly to manage the paperwork around hiring and paying people (Kassa et al, 2011). Since the 1980s, HRM strategy has become an important topic for the management area and it has achieved its prominence because it provides competitiveness and promotes

managerial efficiency in the business area. The rise of HRM in the 1980s brought managerial scholars to the link between the management of people and performance. The approach that focuses on individual HR practices and the link with the performance continued since early 1990s (Josephat, 2011).

Most recently, organizations consider the HR department as playing a major role so that people and the organization are performing at maximum capability, in a highly fulfilling manner. In the global business, HRM is increasingly considered a contemporary development to reshape employment relationships as a tool that may have effectively replaced other management traditions like Personnel Management and Industrial Relations (Kassa et al, 2011).

### 2.1.2. Human Resource Management in Ethiopia

Various literature indicates that human resource management began in Ethiopia during Emperor Menilek's era through the introduction of the modern civil service, with the establishment of the first few ministries. Prior to this, the country was under a different traditional administrative system in which the government could exercise absolute power. During Haileselassie's regime, efforts were made to formalize and consolidate the functions of civil service which was reflected with enactment of civil service law known as order 28 of 1962. This law aimed at establishing efficient and effective civil service, governed by specified rule and procedures and had a great impact on the way HRM started to function as per the regulations. The law included issues related to recruitment, training and development, salary increment, performance appraisal, job evaluation and assessment and other related HR functions (Adebabay & Perkins, 2010).

During the socialist era, under the Dereg regime, even if new government institutions were established and the public sector expanded, merit system and professionalism of HRM was undermined and political influence was dominant. Senior positions in almost all institutions were occupied by political assignees. Therefore, the civil service was unable to provide effective and efficient HRM services. After the EPRDF came to power in 1991, a task force (Inter-Ministerial Committee) was established in 1994 in charge of assessing the civil service's main problems and making recommendations. Based on the task force's recommendation, the government took

different measures and introduced reforms to improve the system. Later on in 1996, the civil service reform was launched focusing on five sub-programs, including HRM reform that was implemented through civil service institutions of the country. The objective of this HRM reform was to improve the various problems that existed in relation to HRM practices in the Country (Ume, 2015).

In 2001, the country launched a broad National Capacity Building Program (NCBP) which was an extremely wide ranging and encouraging program that needed commitment from all sectors to upgrade employees' potential. The government identified inter-dependent programs which led to the creation of a Federal Ministry of Capacity Building (FMCB) to coordinate and provide strategic guidance to the overall programs especially, HRM. However, currently various sectors in Ethiopia, including the financial sector face inefficiency and poor service delivery resulting from limited focus on HRM (Adebabay & Perkins, 2010).

## 2.2. The Concept of Employee Resourcing

In an ever-shifting global business environment employers are presented with a complex challenge of how to meet current staffing needs while preparing for strategic future needs, building great challenges on human resource departments and management. Employee resourcing, a method of addressing this challenge is one of the key HRM functions that helps organizations to attain their key strategic and operational goals (Ngui et al, 2014).

Armstrong & Taylor (2014) define ER as the term used to describe activities concerned with the acquisition, retention and development of human resources. Similarly, Paul (2009) explains that ER is the process that covers employment activities that ensure the organization has the people it needs, and deals with employee issues such as turnover and retention. The employment activities comprise workforce planning, recruitment and selection, attracting and retaining people, managing employee turnover, and talent management. Also, according to Peter & John (2011), ER is concerned with ensuring that the organization obtains and retains the people it needs and employs them efficiently.

Paul (2009), further explains that ER is a vital organizational activity that recognizes that the strategic capability of a firm depends on its resource capability in the shape of people (the resource-based view). This is the strategic approach to resourcing. From this emerges the workforce planning aspect of resourcing, which deals with what sort of workforce the organization requires now and in the future and what steps should be taken to meet those requirements. Ngui et al, 2014 also explain that ER involves the range of methods and approaches used by employers that will enable them to meet their key goals. Clear resourcing procedure ultimately lead organizations to outperform other businesses in the same industry.

According to Josh (2015), ER includes a set of interrelated activities that focuses on the recruitment and proper deployment of staff, including: *Planning* - appropriate ER calls for the business to possess both clear short- and long-term goals; *Recruitment* - recruitment for short-term business needs typically centers around filling existing positions that require a specific skill-set. In the broader context of ER, however, recruitment requires that the hiring organization consider the current needs and balance those against future needs; *Deployment* - essentially assigning an employee to a given set of tasks, represents a key factor in successful ER; *Performance* – ER hinges on both the evaluation and improvement of performance; *Change Management* - While not a factor in every business's ER, change management plays a role in businesses that use a project-based model. Successful ER for a change initiative means making sure the team includes both those with the right skills and those with enough organizational clout to maximize acceptance of the change.

### 2.3. Employee Resourcing Strategy

ER strategy refers to a company's decision regarding where to find employees, how to select them and the mix of employee skills and statuses (temporary, full time, etc.). It is concerned with any means available to meet the needs of the firm for certain skills and behaviors. The objective of resourcing strategies is to obtain the right basic material in the form of workforce endowed with the appropriate qualities, skills, knowledge and potential for future training (Armstrong & Taylor, 2014).

The resourcing of employees best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation should be built. For any organization to ensure that it achieves competitive advantage over its rivals, there are certain strategies or components of ER needed to be put in place. Some of these major components include: Human Resource Planning, Recruitment and Selection, Retention Strategy, Talent Management, Career Management, Succession Planning, Performance Management and Reward Management (Mary, 2015).

Ngui et al (2014) also state that an employee resourcing strategy to enlarge the skill base may start with recruitment and selection but would also extend into other variables of ER in order to enhance skill, modify behaviours and for the acquisition of extra skills. This simply means that ER is not just about recruitment and selection. It is concerned with any means available to meet the needs of the firm for certain skills and behaviours.

Organizations can take one of three actions to fulfill their employee resourcing: 1) reallocate tasks between employees, so that existing staff take on more or different work; 2) reallocate people within the company; and 3) recruit new staff from the external job market. Gaining competent employees at all levels of the organization is more than a matter of training. It stems from changes in ER strategies, making it a key method of improving the strategic capability of an organization (Margaret, 2012).

Ngui et al (2014) conclude that high emphasis should be given to developing an effective employee resourcing strategy that suits the business best, which will have an impact on a company's ability to resource the right talent, at the right place, time and cost. People should also be placed in positions that fit them best, since failure to properly align skills with jobs would result in forfeiture of the company's competitive position.

## **2.4. Integrating Employee Resourcing and Business Strategies**

Paul (2009) explains that the philosophy behind the strategic HRM approach to resourcing is that it is people who implement the strategic plan. The process is one of 'planning with people in

mind'. The integration of business and resourcing strategies is based on an understanding of the direction in which the organization is going and the determination of:

- The numbers of people required to meet business needs;
- The skills and behaviour required to support the achievement of business strategies;
- The impact of organizational restructuring as a result of rationalization, decentralization, delayering, acquisitions, mergers, product or market development, or the introduction of new technology, for example cellular manufacturing;
- Plans for changing the culture of the organization in such areas as ability to deliver, performance standards, quality, customer service, team working and flexibility, which indicate the need for people with different attitudes, beliefs and personal characteristics.

These factors will be strongly influenced by the type of business strategies adopted by the organization and the sort of business it is in (Paul, 2009). ER strategies exist to provide the people and skills required to support the business strategy, but they should also contribute to the formulation of that strategy. HR directors have an obligation to point out to their colleagues the human resource opportunities and constraints that will affect the achievement of strategic plans (Armstrong & Taylor, 2014).

## 2.5. Objectives of Employee Resourcing

In today's rapidly changing business environment, a well-defined ER strategy is necessary for organizations to respond to human resource requirements on time. Therefore, it is important to have a clear and concise ER strategy in place, which can be executed effectively to resource the right talent, at the right place, time and cost, and acquire the best talent pool (Deloitte University Press - Global Human Capital Trends, 2015).

According to Paul (2009), the concept that the strategic capability of a firm depends on its resource capability in the shape of people (the resource-based view) provides the rationale for ER strategy. The aim of ER is therefore to ensure that a firm achieves competitive advantage by employing more capable people than its rivals.

Armstrong & Taylor (2014) also stress that the primary objective of an ER strategy would be to obtain the right basic material in the form of a workforce endowed with the appropriate qualities, skills, knowledge, and potential for future needs. The selection and recruitment of workers best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation could be built. This major objective of ER necessitates that organizations are being called upon investing in their employees through proper recruitment and selection and adequate training which will provide them continuity in improvement in their various organizational functions.

According to a research by Deloitte University Press on Global Human Capital Trends (2015), the objectives of ER in today's contemporary organizations also include determining the number of people required to meet business needs in line with the overall business plan or strategy. This aspect must be evaluated carefully. The business exists in order to profit, therefore it must consider the number of people it employs to be assured that their compensation is within the business reach.

Josh (2015) in his study on predictions for 2015 - redesigning the organization for a rapidly changing world, also explains that another objective of ER would be related to changing the organizational culture. The employees are the entities which show the major significance in forming a corporate culture. To be able to establish a sound organizational culture, there is a need to establish a sound work force as well. In addition, ER provides a means of continuous monitoring and evaluation objectives (Lawler, 2009).

## **2.6. Components of Employee Resourcing**

According to Armstrong & Taylor (2014), the overarching component of employee resourcing is the integration of resourcing and business plans. Within this framework ER includes specific strategies for:

### 2.6.1. Human Resource Planning (HRP)

Josephine (2013), characterized HRP as involving establishment of links between strategic business planning and strategic HRM. HRP is a process of ensuring that human resource requirements of an organization are identified and plans are made for satisfying those requirements. This process determines the people needed to meet the strategic objectives of the organization and evaluates the size, nature and sources of supply which will be required to meet the demand. It also assures that the organization has the right number of people, in the right place, at the right time, with the aim of delivering the strategic plan of the organization (Armstrong, 2008).

HRP is an ongoing process that includes the planning and development of human resource programs, such as employee resourcing, talent management, performance management, learning and development, employee engagement and retention, and developing a competency framework. HRP therefore requires a strategic approach to the resourcing, development, management and motivation of the people in the organization, in the context of a pressing business issue. It is a systematic process of linking human resource practices with business demands in order to improve an organization's abilities. It establishes the plans, courses of action and targets for the range of policies needed to enable the organization to influence the management of its human resources (Josh et al, 2010).

According to Armstrong (2008), HRP is a decision-making process that combines three important activities:

- Identifying and resourcing the right number of people with the proper skills.
- Motivating them to achieve high employee engagement and performance.
- Creating interactive links between business objectives and workforce planning activities.



Figure 2.1: Human Resource Planning Process (Armstrong, 2008)

## 2.6.2. Recruitment and Selection

Recruitment and selection, which are core areas of HRM are not simply techniques for filling jobs. They are also levers for organizational change, sustaining employee commitment and achieving high performance. Different models of resourcing have been developed with a greater concern for personality and attitude than presumed ability. Recruitment and selection allow management to determine and gradually modify the behavioral characteristics and competences of the workforce (Armstrong & Taylor, 2014). Selection is different from recruitment, where recruitment technically precedes selection (Djabatey, 2012).

### 2.6.2.1. Recruitment

Recruitment is the process of finding and engaging the people the organization needs. It is the process by which an applicant is attracted towards the company and where the organization sells itself as an attractive workplace. In other words, it is the process of searching potential employees for a certain organization. Potential candidates may come from an internal trawl of the organization, or from the external job market (Armstrong & Taylor, 2014). Internal recruitment marketing can take place by word of mouth, staff notices, newsletters, blogs,

webcasts, or social networking through media such as Twitter, Facebook and LinkedIn (Josh, 2015).

**Advertisement** - There are a host of methods of attracting applicants, including advertising and the use of recruitment agencies. Probably the most common is to place online advertisements aimed at a 'target group' of potential employees (Margaret, 2012).

**Informal Recruitment** – A recruitment that is conducted without the formal recruitment procedures, rather in an informal manner (Armstrong & Taylor, 2014).

**Formal Recruitment** - Equal opportunity demands equal access. This can only be achieved through public and open recruitment. The likelihood of attracting 'suitable' applicants depends on the detail and specificity of the recruitment advertisement or literature (Josh, 2015).

**Web-based Recruitment** - The internet has become the dominant recruitment medium in recent years. It has become normal for jobseekers to scan employment sites on the web for opportunities (Deloitte University Press - Global Human Capital Trends, 2015).

#### 2.6.2.2. Selection

Selection is the process in which a candidate is given a job from the pool of applicants. It is a process concerned with deciding which applicants or candidates should be appointed to jobs. In this process, relevant information about applicant is collected through series of steps so as to evaluate their competence for the job to be filled followed by an offer of employment (Armstrong & Taylor, 2014). Tilahun (2016) emphasizes that fairness is one of the most important requirement for effective selection; specifically, candidates' perceptions of the equity of the process. Ghulam & Song (2014) describe that the basic objective in a selection process is to solicit maximum possible information about the candidates to ascertain their suitability for employment.

## Selection Methods

- ❖ **Pre-Screening** - This process involves looking at the early stages of the selection process - often called pre-selection. At the heart of any effective pre-screening is an understanding of what characteristics are essential for high performance (Josephine, 2013). According to Josh (2015), the pre-screening criteria of the organization may include; education, experience, skills and abilities, and personal characteristics.
- ❖ **Short-Listing** - The purpose of short listing is to reduce the number of applicants. It is also employed in order to identify the applicants which will undergo the selection process (Armstrong & Taylor, 2014).
- ❖ **Employment or Ability Tests** - An employment test is a device for measuring characteristics of an individual to include factors such as personality, verbal and quantitative skills, intelligence, or aptitude (Mary, 2015).
- ❖ **Interview** - The interview is a social ritual which is expected by all participants, including applicants. According to Armstrong & Taylor (2014), interview can be either formal or informal. *Formal Interviews* - Despite the existence of alternative methods of selection most employers regard the formal selection interview as the most important source of evidence in making the final decision. Structured interviews tend to produce the best validity scores. *Informal Interviews* - These interviews are useful for information exchange, particularly in the case of professionals. They provide an opportunity to discuss the full nature of the job, the working environment, prospects for further development and promotion (Armstrong & Taylor, 2014).
- ❖ **Assessment Centers** - Assessment centers are procedures that function on the principle that no individual method of selection is particularly good and no individual assessor is infallible. They use multiple methods and several assessors in structured programs which attempt to minimize the inadequacies of each method and cancel out the prejudices of individual selectors (Armstrong & Taylor, 2014).

❖ **Reference and Background Verification** – Reference checking, which involves collecting information from applicants' previous employers, provides another potentially useful means of assessment. Reference checks serve two important purposes. One is to verify information provided by applicants to ensure that they have not fabricated their qualifications and past work histories (Djabatey, 2012).

### 2.6.3. Employee Engagement

Employee engagement is defined as an individual's purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort and persistence directed towards organizational goals. Engagement relates to the harnessing of organization members' selves to their work roles in which they employ and express themselves physically, cognitively and emotionally during role performances (Armstrong & Taylor, 2014).

A study conducted by Deloitte University Press on Global Human Capital Trends (2015), suggests that logically, engagement is all a company really has. An organization can build great leadership, hire top people, train people well, and coach them expertly—but, if they do not like their jobs and the mission of the organization, then they will not deliver quality work. An organization that has an effective employee resourcing strategy, will reap the benefits of a number of positive employee outcomes. These outcomes might include commitment to the company, trust in management, higher levels of cooperation, higher levels of effort and involvement, and a lower inclination for employees to leave the company.

The same research by Deloitte University Press on Global Human Capital Trends (2015), shows that organizations that create a culture defined by meaningful work (based on career framework - job design & job description), deep employee engagement, job and organizational fit, and strong leadership will outperform their peers and likely beat their competition in attracting and resourcing top talent.

According to Josh (2015), many researches now show that highly engaged organizations can hire easily, deliver strong customer service, have the lowest voluntary turnover rates, and be more profitable over the long run. By focusing on driving engagement through the right corporate

culture, organizations can resource the best talent and improve execution, retention, and financial performance.

#### 2.6.4. Talent Management

Talent management is a major feature of strategic human resource management as it ensures the organization has the most talented people it needs to facilitate its business objectives. According to Lawler (2009), talent management is the conscious, deliberate approach that is undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs and to ensure that the organization has the talented people it requires to provide for leadership/management succession. Talent management processes include workforce planning, talent gap analysis, resourcing, learning and development, retention, talent reviews, succession planning, and performance management. It is important that the right processes are in place to attract and retain employees (Christine, 2015).

Lawler (2009) describes that organizations today are putting a huge emphasis on talent management, since it is deemed as a key contribution to long-term competitive advantage. Furthermore, it will benefit organizations in targeting objectives in the long run. Talent management is also a major part of employee resourcing and is seen as an on-going process. A study conducted by Deloitte Consulting & Development Dimensions International (DDI) on HR Business Partner Program - A Catalyst for Building Effective HR Business Partners (2015), indicates that organizations with superior talent management processes have significant advantages, including:

- 26% higher revenue per employee
- 40% lower turnover among high performers
- 17% lower overall voluntary turnover
- 87% greater ability to “hire the best people”
- 156% greater ability to “develop great leaders”
- 92% greater ability to “respond to changing economic conditions”

The study by DDI (2015), further explains that winning the war for talent starts with instilling a talent mindset and compares it with the old mindset on people as follows:

<b>Old Mindset About People</b>	<b>New Talent Mindset</b>
A vague notion that “people are our most important asset”	A deep conviction that better talent leads to better corporate performance
HR is responsible for people management	All managers are accountable for strengthening their talent pool
We have a two-day succession planning exercise one a year	Talent management is a central part of how we run the company
I work with the people I inherit	I take bold actions to build the talent pool I need

*Table 2.1: Comparison between the old mindset on people and the new talent mindset (DDI, 2015)*

### 2.6.5. Retention

Retention is the implementation of policies designed to ensure that talented people remain as engaged and committed members of the organization (Josh, 2015). Armstrong & Taylor (2014) also define retention as a business effort to retain its current staff by sustaining a supportive working environment. It refers to an organization’s ability to keep the employees it has already hired and the ability of an organization to reduce the turnover of its organization. The purpose of various employee retention policies is to enhance the job satisfaction which adds to retention rate and trim down the considerable expenses associated with resourcing and guiding fresh employees. Some of the factors that affect retention include:

- Company image – employee value proposition;
- The effectiveness of recruitment, selection and deployment (fitting people into jobs that suit them);
- Leadership – employees join companies and leave managers;
- Learning and development and career opportunities; and
- Performance recognition and rewards.

Josh (2015) in his study on predictions for 2015 - redesigning the organization for a rapidly changing world, explains that a good compensation and benefits program is the baseline that must be in place to keep good employees, but it is just as important for employees to feel motivated, challenged, energized and to feel that they are contributing to the success of the company. If employees do not feel as if the company is investing in their professional development, they quickly lose interest and go to the company down the street. Furthermore, building trust as a leader is fundamental to retaining talent. Employees have to feel a connection to the company, called “emotional glue”, which in turn influences them to apply additional discretionary effort to their work. Trust is the emotional glue that binds people, leaders and the organization (Deloitte University Press - Global Human Capital Trends, 2015).

#### 2.6.6. Competency Framework

Competency refers to an underlying characteristic of a person that results in effective or superior performance. Competency frameworks provide the basis for the use of competencies in areas such as recruitment and selection, learning and development, and performance management (Armstrong & Taylor, 2014). Similarly, Josephat (2011) defines competency framework as a total collection of clusters, competencies and behavioral indicators.

Armstrong & Taylor (2014) further explain that the most common competencies are Behavioral and Technical competencies. Behavioral competencies define behavioral expectations, i.e. the type of behavior required to deliver results under such headings as team working, communication, leadership and decision-making and are sometimes known as ‘soft skills’. Technical competencies define what people have to know and be able to do (knowledge and skills) in order to carry out and meet performance expectations and are sometimes known as ‘hard skills’. They are related to either generic roles (groups of similar roles), or to individual roles (‘role-specific competencies’).

Competencies are defined and used in many organizations as a basis for person specifications set out under competency frameworks, which is used for employee resourcing, and structuring competency-based interviews around the competencies listed in the specification.

## 2.7. Factors Influencing Employee Resourcing

According to Josephine (2013), a common problem in ER is poor HR planning. Rigorous HR planning translates business strategies into specific HRM policies and practices. This is particularly so with ER strategies and practices. The key goal of HR planning is to get the right number of people with the right skills, experience and competencies in the right jobs at the right time, at the right cost. Past research also shows that the competency level of HR managers has a major influence on ER and experienced HR experts within the HR department will not only shorten recruitment duration, but also improve the quality of the applicants. Moreover, effective ER is possible only if there is a dedicated and competent HR team. (Josh et al, 2010).

Ngui et al (2014) suggest that in the strategy implementation phase, the extent of ER strategic integration can be gauged through four distinctive indicators. These indicators are: the timely supply of an adequately qualified workforce, effective job analysis and descriptions, effective selection, and the involvement of line managers in the recruitment and selection process. HR experts generally drive the staffing process and the purpose of the staffing is to fulfil the requirements of business, and the skill levels presented by each new recruit is likely to be judged better if the line managers are involved in the recruitment and selection process. In business strategy implementation, the involvement of line managers in the entire staffing process (i.e. drafting of job descriptions, setting selection criteria and being on the panel of recruitment) is vital for ensuring ER to meet business needs (Adeyemi et al, 2015).

A key source of uncertainty in the business strategy implementation is whether there is a timely supply of adequate qualified people, and to a great extent this uncertainty involves the quality of employees. An organization can successfully eliminate this uncertainty if its ER strategies and practices are strategically integrated with the business strategy (Josephine, 2013).

Ngui et al (2014) further explain that effectively conducting job analysis and targeting right potential candidates ensures a good match between applicants and the jobs. For every job in the organization, a thorough job analysis, which includes job description and job specifications, is necessary and based on this, an appropriate selection criteria is vital. The job description provides indications of the duties to be undertaken, and the job specification usually prescribes relevant

personal qualities and attitudes as well as skills and knowledge required for the job. Furthermore, defining competencies and using this as a basis for person specifications set out under competency frameworks can be used for employee resourcing and structuring competency-based interviews around the competencies listed in the specification (Armstrong & Taylor, 2014)

According to Josh (2015), two major trends shaping the contemporary business environment are globalization and the impact of information and communication technologies. These have increased the unpredictability and dynamism of the business environment, and many organizations have sought to transform their HR practices in general and ER practices in particular, to respond to these challenges. Organizations throughout the world are passing through a process of social and cultural change that is transforming not only their traditional values and beliefs, but also the way they make decisions, including formulating ER strategies.

A study conducted by Deloitte University Press on Global Human Capital Trends (2015) also indicates that cultural differences and diversity are some of the factors that have their own impact on ER strategy of a given organization. If cultural differences are recognized, valued, and used to the organization's advantage, then greater synergy can result in recruiting and retaining talent. Many international organizations have recognized that valuing cultural diversity and incorporating it into the business is likely to be a source of competitive advantage (Josh, 2015).

## **2.8. Employee Resourcing Integration with other HRM Areas/Functions**

HRM functions work as a bundle, linked to the overall business strategy. A research conducted by Deloitte University Press on Global Human Capital Trends (2015) indicates that a positive relationship exists between employee resourcing practices, top-class performance and various HRM functions, including; HRP, talent management, L&D, enhancing motivation through reward, recognition and compensation, performance management, retention, and employee relations and employee engagement. The assessment techniques that are used in selection reflect the core attributes and values that define the business and its purpose, in terms of both what is assessed and how it is done. Similarly, reward strategies support the application and demonstration of those attributes and communicate consistent messages about what the organization values.

Changes to core values can be communicated and reinforced through these same resourcing activities.

Employee resourcing is not just about recruitment and selection. It is concerned with any means available to meet the needs of the firm for certain skills and behaviors. Recruitment and selection are core areas of human resource management, which are not simply techniques for filling jobs - they are also devices for organizational change, sustaining employee commitment and achieving high performance (Paul, 2009).

A strategy to enlarge the skill base may start with recruitment and selection but would also extend into L&D to enhance skills and modify behaviors, and methods of rewarding people for the acquisition of extra skills. Performance management processes can also be used to identify development needs (skill and behavioral) and motivate people to make the most effective use of their skills. Competency frameworks and profiles can be prepared to define the skills and behaviors required and used in selection, employee development and employee reward processes. The aim should be to develop a reinforcing bundle of strategies along these lines. Talent Management is a 'bundling' process, which is an aspect of resourcing (Josh et al, 2010).

In general, today's business environments are characterized by exceptional, matchless, and largely unpredictable change, where competitiveness has become a major concern. It is therefore necessary to outline systematic procedures or bundling process of HRM while designing an ER strategy (Deloitte University Press - Global Human Capital Trends, 2015).

### 2.8.1. Learning & Development (L&D)

Armstrong & Taylor (2014) define Learning and development as the process of ensuring that the organization has the knowledgeable, skilled and engaged workforce it needs. It is an indispensable component of strategic HRM and involves facilitating the acquisition by individuals and teams of knowledge and skills through experience, learning events and programs provided by the organization, guidance and coaching provided by line managers and others, and self-directed learning activities carried out by individuals. According to Armstrong & Taylor (2014), the components of L&D are:

- *Learning* - the process by which a person acquires and develops knowledge, skills, capabilities, behaviours and attitudes.
- *Development* – the growth or realization of a person’s ability and potential through the provision of learning and educational experiences.
- *Training* – the systematic application of formal processes to impart knowledge and help people to acquire the skills necessary for them to perform their jobs satisfactorily.
- *Education* – the development of the knowledge, values and understanding required in all aspects of life rather than the knowledge and skills relating to particular areas of activity.

A study conducted by Deloitte University Press on Global Human Capital Trends (2015), indicates that resignations and turnover can increase if people are not given opportunities for L&D, or feel that demands are being made upon them that they cannot reasonably be expected to fulfill without proper training. L&D can be used to assess and address skill deficiencies, act as a catalyst for change, give the organization a competitive edge and encourage a learning climate. Learning today has become a business critical priority for attracting and retaining talent, increasing skills, improving leadership pipeline and enhancing employee engagement.

### 2.8.2. Performance Management

Performance management is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. It is a process of performance planning and review conducted by managers and individuals (Armstrong & Taylor, 2014). Josh (2015) further explains that performance management involves developing a shared understanding about what is to be achieved and how it is to be achieved.

According to a study conducted by Deloitte University Press on Global Human Capital Trends (2015), performance management is often seen as primarily a developmental process. It provides the basis for self-development but, importantly, it is also about ensuring that the support and guidance people need to develop and improve are readily available. Performance management

can also play an important role in rewarding employees by providing them with positive feedback and the recognition of their accomplishments.

The same study outlines that as a measurement tool, performance management evaluates performance to date against criteria identified as relevant to the achievement of corporate objectives. As a motivational tool it serves to identify and encourage future performance, establishing goals which challenge and engage the employee with the organization's core project while also allowing the identification of relevant rewards for goal achievement. As a developmental tool performance management seeks to identify weaknesses or build upon the strengths of an individual, or as a disciplinary tool it may regulate behavior.

Based on a study conducted by Deloitte University Press (2015) on global human capital trends, done poorly, performance management cannot only waste valuable time, but also have a negative effect on engagement and retention. Done well, it can be one of the most inspiring and developmental events in an employee's career, as well as drive performance improvements and organization-wide results. Performance management is now a tool for Identifying training needs, recognizing employee's achievements, evaluate hiring process, judge effectiveness of orientation process and greater employee engagement.

### **2.8.3. Reward Management**

Reward management is about the design, implementation and maintenance of reward systems that aim to satisfy the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently. It is also a means of enhancing company performance and securing competitive advantage, through the alignment of pay strategies, systems, practices and processes to the organizational strategy (Armstrong & Taylor, 2014). Josh (2015) also explains that reward systems are multifaceted, comprising both financial and non-financial elements. The financial element, or remuneration package, includes base and variable pay components, as well as additional benefits and opportunities. Non-financial rewards include recognition, learning and development opportunities, increased job responsibility, opportunities to develop new skills or

career directions, and a range of intrinsic and almost entirely intangible issues such as job satisfaction, intrinsic motivation and attachment to or engagement with the organization.

According to Lawler (2009), reward serves a range of purposes for both organization and employee. For the organization, the central purposes are mobilizing and motivating a workforce: that is, attracting and retaining staff, and encouraging them to put forth optimum effort in order to achieve the aims of the organization. For the employees, as well as establishing a certain level of purchasing power, it serves as a means of recognition for their efforts and a demonstration of their relative value, both within the organization and in the wider labor market. Based on a study conducted by Deloitte University Press on Global Human Capital Trends (2015), compensation and rewards have a close link with employee resourcing if the management of an organization can ensure well-structured remuneration and reward system based on the individual performance and innovation of the employees.

## 2.9. Review of Empirical Research

This research was conducted by taking into consideration other researcher's work on the same topic, as well as by reviewing studies done on related areas. Below are some of these reviews.

**Ngui et al (2014)**, this study was undertaken on "Effect of Employee Resourcing Strategies on the Performance of Commercial Banks in Kenya". It established that, employee resourcing strategies have a significant positive effect on performance of the aforementioned banks. In addition, the study findings indicated that, there is a positive relationship between strategic employee resourcing and employee performance in commercial banks in Kenya.

**Mohammed (2012)**, a study conducted on "Evaluation of Recruitment Methods: A Case Study of Selected Banks In Tamale Metropolis". The research attempted to identify and evaluate the recruitment methods of three selected banks operating in Tamale metropolis, Ghana and to offer recommendations to improve recruitments in selected banks, namely; Barclays Bank, Guaranty Trust Bank and Agricultural Development Bank. The findings of the study indicated that the banks used several recruitment methods to attract potential job seekers for employment. The popular recruiting strategies identified included; job advertisement, walk-in applicants, employee

referrals, specialized recruitment firms and educational institutes. The findings further highlighted the issues of poaching and a recruitment practice based on contacts, which has become the major barrier to effective recruitment in the selected banks. The study concluded that e-recruitments and multiple sourcing strategies hold the key to effective recruitment in the selected banks.

**Awesu (2014)**, this study examined “The Impact of Employee Resourcing on Organizational Performance - A study of Somolu Local Government”. The study’s analysis revealed that employee resourcing strategies have an impact in influencing an organizational performance. Irrespective of this, based on the interview conducted, respondents’ opinions projected SLG’s employee resourcing as a mere lip service. The study therefore recommended that employee resourcing should be used to acquire, retain and to motivate employees with the right skills, knowledge and abilities, qualities, competencies, personality, emotional stability, and intelligence of prospective employees.

**Djabatey (2012)**, the purpose of this study was to assess the “Recruitment and Selection Practices of Organizations, A Case Study of HFC Bank Ltd. in Accra, Ghana”. The study’s results indicated that, advertising of job vacancies and employee referrals are mostly the mode for recruiting potential employees. Furthermore, the study also realized that the recruitment and selection process method used was very effective and helped improve employee performance. The study also revealed that the recruitment and selection process is also characterized with lots of challenges. The study concluded that employees must be appraised constantly to ensure that they improve upon their performance.

**Mary (2015)**, a study conducted to assess “The Importance of the Strategic Recruitment and Selection Process on Meeting an Organization’s Objectives”. The study indicated that it is essential for the right people to be employed for the right job in order for a business to grow and achieve its objectives. Furthermore, the study showed that recruitment and selection is becoming more and more prevalent as organizations are becoming more aware of the need for it in order to target objectives as well as endorse competitive advantage. The paper

demonstrated the need to spend sufficient time and money on the recruitment and selection process and how important it is as it can make a huge impact on organization's objectives.

**Tilahun (2016)**, a study conducted on "The Assessment of Recruitment and Selection Practice on Commercial Bank of Ethiopia (CBE at Adama District)". The study found that; the recruitment process is conducted by human resource department of the district office; CBE, specifically Adama district office uses both internal and external recruitment, but mostly it uses external recruitment; the bank also uses promotion and transfer for internal recruitment, but predominantly the bank uses promotion; advertising is the most common method of external recruitment used by the office; the district office has more experienced employees; and the district office follows the standardized selection process. The study also found that in the district, the recruitment practice is affected by different factors like; organizational size, organizational growth rate, employment condition, working condition selection criteria and legal factors.

**Zerayehu et al (2013)**, a study conducted on "Competition in Ethiopian Banking Industry". This study tried to assess the trend, nature, and extent of competition in the Ethiopian banking industry using qualitative, descriptive and econometric techniques. The study highlighted that the Ethiopian banking industry can be characterized as highly profitable, concentrated and moderately competitive. The study concluded that banks in the Ethiopian case are competing in terms of human capital, service quality and efficiency (including use of technological advances), branch network expansions, advertising and prices, put in the order of their significance.

## 2.10. Conceptual Framework of the Study

In this study, the researcher assesses employee resourcing practices in Abay bank through specific variables that would explain the research topic in detail and cater for good analysis. These variables are selected based on the research questions and literature review. Factors influencing ER practices and their effect on the bank's ER practice is examined; the alignment between the bank's business strategy and ER practice is evaluated. Similarly, the existence and formulation of ER strategy required to carry out the bank's ER practice and its linkage with the business strategy is examined. The components of ER (HRP, Talent management, Recruitment & Selection,

Competency Framework, Employee Engagement and Retention) as defined in the literature are also used to assess Abay bank's ER practice. Furthermore, the integration between the bank's ER practice and specific HRM areas (L&D, Performance Management and Reward Management) that are closely related to ER and identified in the research question and literature is assessed. The conceptual framework of the study is presented in figure 2.3 below.

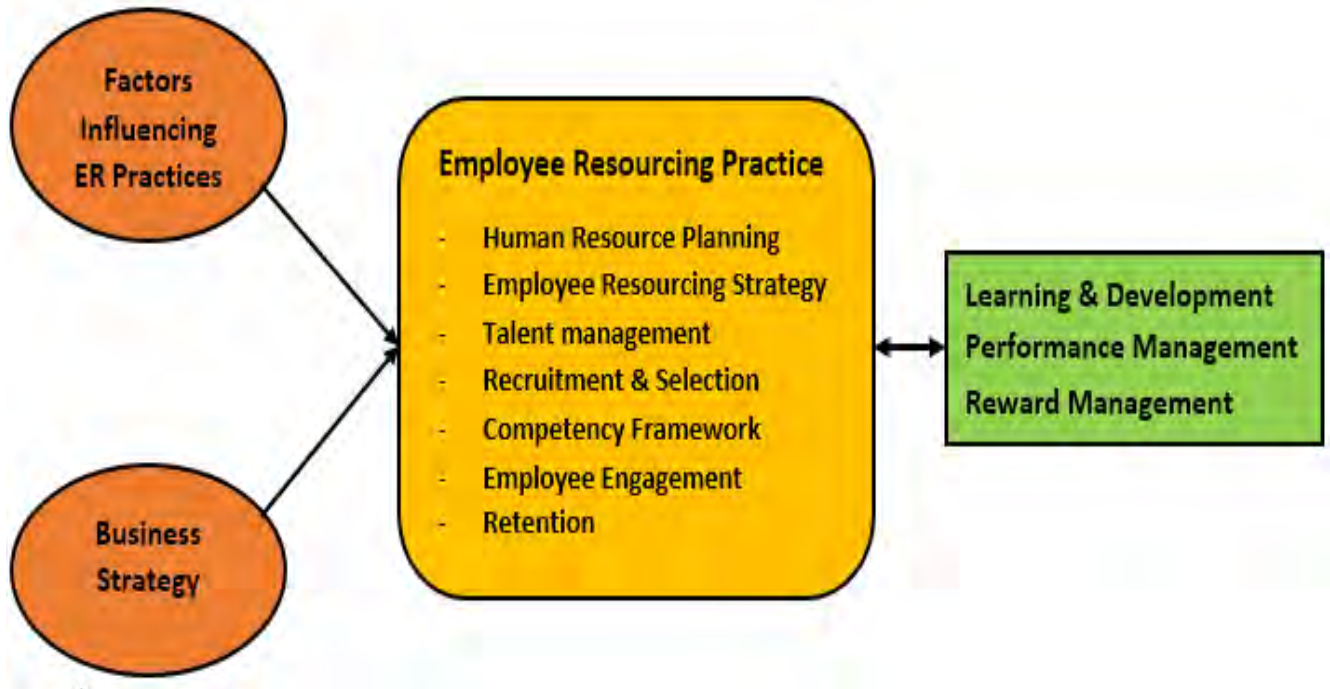


Figure 2.3: Conceptual Framework of the Study (Developed by the author)

## CHAPTER 3

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1. Introduction

This chapter describes the research design and methodology used to assess the employee resourcing practices at Abay Bank. The structure of this chapter will begin with the research design and then discuss the data sources, target population, sampling procedure, data collection instruments used to collect data, and data analysis technique used for the study. The measures used to ensure validity and reliability of the study instruments is also discussed in this chapter.

#### 3.2. Research Design

Research design is the specification of the procedure for collection and analysis of data so that conclusions may be drawn. This study adopted the mixed method design utilizing both qualitative and quantitative methods. The rationale for combining both quantitative and qualitative data is to better understand a research problem by combining both numeric values from quantitative research and the details of qualitative research in order to neutralize limitations of applying any of a single approach. According to Creswell (2011), the mixed research approach uses separate quantitative and qualitative methods as a means to offset the weaknesses inherent within one method with the strengths of the other method. Therefore, qualitative approach was used to supplement and strengthen the quantitative aspects and provide an opportunity for the researcher to observe and assess the application of employee resourcing strategies in Abay bank first hand.

Descriptive method of research is also used in this study. This method of research design helps to clearly describe relevant aspects of the phenomenon of interest about a particular individual, group, or situation. A descriptive study is also a study concerned with describing the characteristics of a particular individual or of a group (Kothari, 2004). As such, the study sought to establish and describe the prevailing employee resourcing practice in Abay bank. In addition,

the method adopted by this study is specifically a case study. A case study involves careful and complete observation and analysis of a unit in its relationship to any other unit in the group. A case study is an empirical enquiry that investigates a contemporary phenomenon in-depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Kothari, 2004).

### **3.3. Data Sources**

In order to obtain relevant data for this study, both primary and secondary source of data were considered. According to Fraenkel and Wallen (2008), primary data source is data prepared by individuals who were participants in or a direct witness to the event that is being described. This type of data is more accurate. Primary data was collected from branch managers and HR Managers at Abay bank through instruments used to address the research questions of the study. For better understanding and explanation of the research problem, the researcher also collected data from secondary sources. The secondary data refers to the existing data that may be appropriate to the topic under study (Fraenkel and Wallen, 2008). Information from secondary data sources were used mainly to supplement data obtained from primary data source for this research. The secondary data for this study was obtained from company sources provided by the bank officials, company publications and HRM and financial sector industry reports.

### **3.4. Target Population**

Abay Bank was selected for the study, targeting the head office and all of the bank's branches in Addis Ababa, the capital city of Ethiopia and the major commercial center. This bank was selected due to easy access to reliable data, respondent's that had shown interest in the study, and management's willingness to undertake the study. As of May 2017, Abay bank has 39 branches in Addis Ababa. The branch managers in Addis Ababa are targeted due to their exposure to the research topic and closeness to the HR department, which is centralized at the head office as compared to those in the regions.

Furthermore, the study targeted the HR managers working at the head office and branch managers of all the 39 branches. The total population from the selected branches and the head

office was made up of 41 employees/managers, including the 39 branch managers, the HR director and a senior HR manager who manages the recruitment and Selection function of the bank. The study preferred to use managers from the targeted area because most of the HR strategic decisions and practices related to the research topic is made at the bank's head office and then cascaded down to the branches. On the other hand, these managers are also employees of the bank.

### 3.5. Sampling Procedure and Sample Size

The research purposefully choose participants and locations that would encourage a better understanding of the research questions. Against this backdrop, sampling for this research was done using the purposive sampling approach, which is a non-probability sampling technique to select respondents who have certain qualities and knowledge of the employee resourcing practices in the selected bank under study, thus based on the selection of key informants. This technique is used because of the criteria of choice as a function of the knowledge and expertise of the respondents in relation to the suitability of the study. It was therefore important to choose the right people for this research, in order to collect appropriate and substantial information to conduct an analysis and meet objectives.

Accordingly, respondents/managers who deal directly with employee resourcing from the Human Resource department are selected using purposive sampling. The purposive sampling approach is also used to select branch managers. This method was adopted mainly because the researcher wanted to deal only with respondents who have the requisite knowledge, experience and exposure to the research topic based on the objectives of the study. Furthermore, the rationale behind this sampling is that in addition to HR managers, branch managers also have good experience of human resource practices in general in their respective branches, related to their managerial role. As a result, all the branch managers from the bank's branches located in Addis Ababa (39), the HR director (1) and senior HR manager (1) in charge of recruitment and selection at the head office were purposively selected and included in the study.

### 3.6. Data Collection Instruments

The data collection instruments used in this study were self-administered questionnaires and a brief interview. The researcher used questionnaire because it is relatively simple to administer, easy to analyze and above all capable of producing responses that are suitable for data analysis. Interview were conducted for triangulation purpose in order to ensure the data gathered through the questionnaire was accurate and reliable.

The questionnaire was prepared based on the research questions and the main variables used in the study. The main themes in the previous chapter on the literature review was also captured and used in designing the questionnaire. The questionnaire contained two sections: Section A which deals with demographic characteristics of the respondents such as: gender, age, educational qualification, length of service, and position within the organization contains 5 items and Section B consisting of questions based on the objectives of the study, research questions and research variables contains 81 items.

The questionnaire contained closed-ended questions, which was designed using a five-point Likert-scale, using the following rating scales: strongly agree, agree, undecided, disagree, and strongly disagreed. This approach was used since closed-ended questions are easy to code and analyze. One open-ended question was also included in the questionnaire in order to provide an opportunity for respondents to express their comments/ideas related to the topic, which would supplement the analysis. A total of 39 questionnaires were distributed to the selected respondents and a duration of one week given to fill them. The researcher then made follow-up calls to ensure that adequate response was obtained from the respondents. In cases where the questionnaire had not been received, further follow ups were made and final reminders sent to concerned respondents. All in all, 37 completed questionnaires were collected. Various efforts to gather data from the remaining 2 respondents from Kaliti and Lebu branches could not prevail since these participants were not willing to complete the questionnaires even after several reminders and follow ups. As a result, the quantitative data analysis was done excluding these two respondents/branches.

Data was also collected through interviews. Creswell (2014) emphasizes the importance of interviews as the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience. The other major advantage that can be derived from the interview is its flexibility in expressing different viewpoints on the subject under study. For this research, the participants were selected through purposive and judgmental method because of their closeness to execute the issues. As such, the researcher believed that the HR Director and Senior HR manager in charge of recruitment and selection functions had the greatest opportunity to explain in detail about the bank's employee resourcing strategies and practices and were likely the best source of information for the research topic.

Therefore, interviews were conducted with these HR staff in order to gather additional information define HR concepts related to the study, and elicit information based on the statement of problem. The interviews were conducted by the researcher only and structured interview approach was used in order to ensure that only relevant data was collected. A recording device was used and key words and phrases were noted in order to collect data throughout the interview process.

### **3.7. Data Analysis Technique**

The collected data was processed and collated in a meaningful way for easy comprehension and quantitative technique was employed to analyze data. The raw data were thoroughly edited and cleaned to remove inconsistencies and errors. After editing to remove mistakes, the data were coded to facilitate enumeration and addition. The coding enabled the researcher to group responses into limited number of categories for easy analysis. The coding process was followed by tabulation. The data collected through questionnaires were analyzed through quantitative descriptive statistical tools using Statistical Package for Social Sciences (SPSS) version 21 computer software.

Simple descriptive statistics such as percentages and frequencies, charts, tables, mean and standard deviation were used to analyze the data collected and ensure easy and quick

interpretation of data. These descriptive statistics were used due to their ability to convey information to a good number of people easily because they are relatively simple to understand and interpret than rigorous mathematics (Saunders et al, 2009).

According to Creswell (2014), qualitative data collected will have to be prepared in an organized manner in order to be able to conduct the analysis. Transcribing interviews and scanning information, taking notes and arranging the data into different types depends on the sources of information. The qualitative data for this research was analyzed through reflection in order to understand the information. The information gathered through interviews needed to be read and analyzed thoroughly in order to draw conclusions. When the interviews were transcribed it was important to highlight different sections and key words in order to make it easier to analyze. Qualitative data obtained through interviews was analyzed qualitatively in sentence form. To finish, the quantitative data analyzed was interpreted so as to draw important conclusions and recommendations based on the findings. Finally, the findings from the analysis of both qualitative and quantitative data is triangulated and discussed comparatively in chapter five.

### **3.8. Instrument Validity and Reliability**

Saunders et al., (2009) reveal that validity is the degree of accuracy to which data collection method measures what it intended to measure or the extent to which research findings are about what they claim to be about. The questionnaire was constructed to obtain a systemic coverage of each construct, with a keen focus on the general and specific objectives in order to ensure content validity. To measure content validity of the questionnaire, the researcher consulted relevant people who have experience conducting research, and carefully compared the interpretations to make sure there are no major discrepancies of understanding. Then the researcher redeveloped definitions, approaches and research instruments to synthesize the expert's comments and to ensure the instrument for each construct is valid.

Additionally, to increase validity and test the study instruments, the researcher did a pilot test (a small-scale version of the full study) before administering the main questionnaire and conducting interviews. Pretesting ensured that the items in the instrument were stated clearly, had the same

meaning to all respondents, and enabled the researcher to know if the instrument was valid and that the study's design was able to capture the required data. The pilot test made reference to 9 respondents from the population and took 3 days. The same method that was used in the full study was also applied in the pilot test. Based on the pilot test, questions were framed in a very clear and concise manner to ensure each question measures each variable at a time and to minimize any threats of misunderstanding or wrong interpretation.

Reliability refers to the consistency of scores or answers from one administration of an instrument to another and from one set of items to another. If an instrument is reliable, it provides consistent result (Fraenkel and Wallen, 2008). To establish the reliability of the instrument used for this study, Cronbach Alpha was used to assess the reliability of items included in the questionnaire under each variable/construct based on 10 respondents. Cronbach Alpha is a commonly used test of internal reliability. A computed alpha coefficient varies between 1, denoting perfect internal reliability, and 0, denoting no internal reliability (Fraenkel and Wallen, 2008). In this regard, the Cronbach's Alpha for this study shows the items were reliable and the entire questions are internally consistent for each variable/construct. Hence, the researcher accepted the Cronbach's Alpha calculated and presented in table 3.2 below and deployed the instrument to collect the primary data.

<b>Cronbach's Alpha Reliability Coefficient</b>			
<b>Variables/Constructs</b>	<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized Items</b>	<b>N of Items</b>
The Bank's strategy	0.80	0.80	3
Employee Resourcing Strategy	0.88	0.88	8
Human Resource Planning (HRP)	0.73	0.73	4
Recruitment and selection	0.88	0.88	14
Talent Management	0.86	0.86	6
Employee Engagement	0.82	0.82	6
Employee Retention	0.84	0.84	5
Competency Framework	0.90	0.90	8
Factors Influencing ER Practices	0.92	0.92	13
Integration of ER with L&D	0.76	0.76	4
Integration of ER with Performance Management	0.88	0.88	6
Integration of ER with Reward Management	0.72	0.72	3

*Table 3.1: Cronbach's Alpha Reliability Coefficient for Research Questionnaire*

### 3.9. Ethical Considerations

According to Creswell (2014), ethical concerns in research deal with voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, and analysis and reporting. To help eliminate or control any ethical concerns the researcher made sure that participation was completely voluntary. However, this can sometimes lead to low response rate which can in turn introduce response bias (Creswell, 2014). For this study, up to three contacts were made per targeted participant. To avoid possible harm such as embarrassment or feeling uncomfortable about questions to respondents, the study did not include sensitive questions that could cause embarrassment or uncomfortable feelings. Anonymity and confidentiality was also exercised to protect a respondent's identity. A study is anonymous when a respondent cannot be identified on the basis of a response (Creswell, 2014). Participant identification was kept confidential and was only used in determining who had not responded for follow-up purposes.

All prospective respondents knew the purpose of the study and the university that the thesis was being submitted to. A cover letter was also used to explain that the results of the study would be used in a dissertation as partial fulfillment for a Degree in Masters of Business Administration (MBA) in Management at the Addis Ababa University College of Business and Economics. Because advancements in academic fields come through honesty and openness, the researcher assumed the responsibility to report problems and weaknesses experienced as well as the positive results of the study. Accordingly, the researcher accurately reported both the methods and the results of the study to professional colleagues in the educational community. Furthermore, it was clearly explained to the managers of the bank understudy that the results of the study will be shared with them in order to facilitate knowledge sharing and assist the management's efforts to enhance their system.

## CHAPTER 4

### DATA ANALYSIS, PRESENTATION AND DISCUSSION OF RESULTS

#### 4.1. Introduction

This chapter describes the analysis of data, followed by a discussion of the research results. Data were analyzed to identify, describe and explore the prevailing employee resourcing practices at Abay bank. Data was obtained from the field using semi structured interviews with 2 participants and questionnaires, completed by 37 respondents out of a sample of 39 respondents targeted. Quantitative and qualitative data are analyzed separately and the findings from both analysis is also triangulated.

Each data set contains some errors which can significantly affect the final statistical results and lead to drawing wrong conclusions if the errors have not been rooted out. In this study, data cleaning involved firstly examining and correcting the key variables. This involved detection and then correction of errors in the data set. Cleaning involved using SPSS to conduct consistency checks in order to identify the data, which are out of range, logically inconsistent or have extreme values. The missing responses were treated carefully to minimize their adverse effects by assigning a suitable neutral value or discarding them. Errors that were easily detectable included data entry and respondent errors that were corrected. Data entry errors included, mistyping responses and entering data out of range. Respondent errors included; failing to accurately follow a skip pattern, writing a response that is difficult to interpret and providing false answers.

#### 4.2. Questionnaire Response Rate

The sample for the study comprised of a total of 39 branch managers from all Abay bank branches in Addis Ababa, Ethiopia. Out of this, a total of 37 questionnaires were filled and returned by respondents from 37 Abay bank branches and all of these were usable for this study since they met the required inclusion criteria. This represented 95% response rate by the branch managers. According to Saunders et al (2009), a response rate exceeding 40% of the total sample size

provides enough data that can be used to generalize the characteristics of a study problem as expressed by the opinions of few respondents in the target population. Creswell (2014) also argues that a non-response rate of 10% or less of the sample is adequate for data analysis.

This means that the data gathered from the 37 respondents is enough to demonstrate the true nature of the ER practices at Abay bank. Therefore, the 95% response rate, as shown in figure 4.1 below was adequate for the researcher to proceed with data analysis and interpretation. The main reason for being unable to get the remaining 2 questionnaires completed was refusal/unwillingness to participate in this study and lack of interest by the two participants who failed to respond.

### **4.3. Presentation of Demographic Data**

Although it was not part of the purpose of the study, this set of data was intended to describe demographic characteristics of the sample and any implications this might have on the nature of employee resourcing at the bank. The analysis relied on the information of the respondents to classify the different results according to their knowledge and responses. Four questions were used for collecting demographic information from the respondents. These included gender, age, educational qualification, and length of service in the organization.

#### **Gender Distribution of Respondents**

Regarding the distribution of the gender retrieved from the respondents, of the 37 respondents, 33 are male and 4 are female, representing 89.2% and 10.8% respectively. This indicates that majority of the respondents in the sample were male employees. This might also be an indication that majority of Abay bank's branch manager posts in Addis Ababa are held by males.

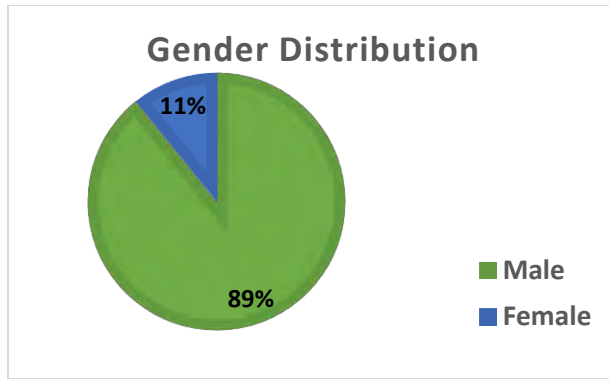


Figure 4.1: Gender Distribution (Field Survey, May 2017)

### Age of Respondents

Pertaining to age distribution of the research respondents, the pictorial presentation of the analysis shows that, 4 (10.8%) of the respondents were under 25 years old, while 33 (89.2%) of the remaining respondents were in the age category of 25-35. None of the respondents were in the age categories of 36-45 and 46 and above. Based on this, it can be interpreted that the majority of Abay bank's branch managers in Addis Ababa is comprised of a young generation.

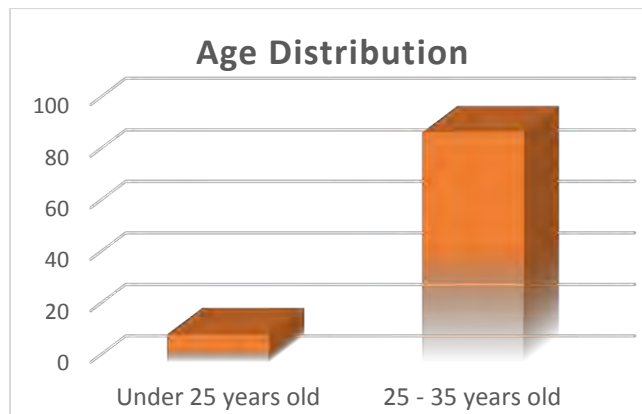


Figure 4.2: Age Distribution (Field Survey, May 2017)

### Education Qualification of Respondents

On the education qualification, respondents were asked to indicate their highest education level. Based on the responses, Bachelor Degree (i.e. either a BA or BSc.) recorded the highest education level which accounted for 78.4% of the total respondents in the sample, with 29 counts. Masters Degree, with a frequency of 8 out of 37 recorded the second highest education level accounting

for 21.6% of the total respondents. None of the respondents have a Diploma as their highest educational qualification. We can infer that the minimum education requirement set for branch manager positions at Abay bank is fairly high. The chart below gives further description of the education qualification of the research respondents.

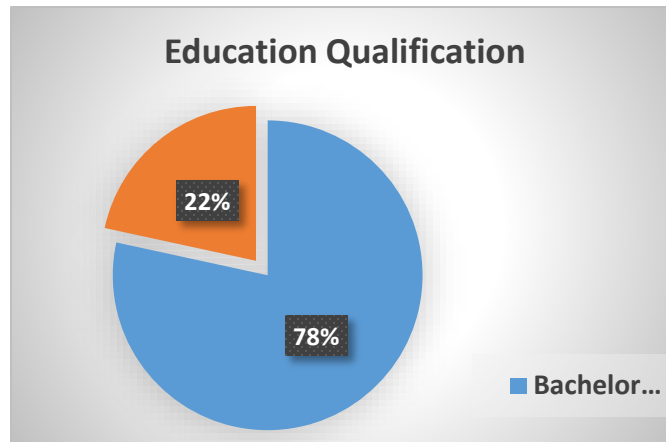


Figure 4.3: Education Qualification (Field Survey, May 2017)

#### Length of service in the organization

This was to find out the number of years respondents have spent with the bank under study. The responses are illustrated as follows:

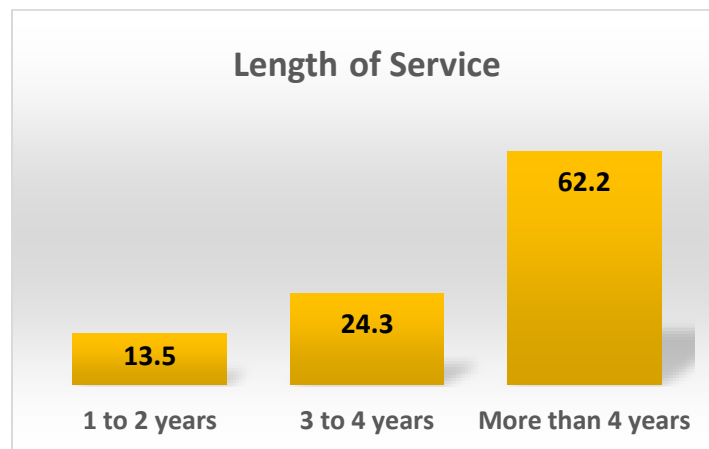


Figure 4.4: Length of service in the organization (Field Survey, May 2017)

The above chart shows that the majority of respondents (23) representing 62.2% of the population have worked with the bank for 4 years and more, while 9 respondents representing

24.3% of the population have spent between 3-4 years at the bank. The remaining 5 respondents representing 13.5% have been with the bank for 1-2 years. There was no selection for length of service for less than a year. This clearly shows that the majority of respondents have spent more than 4 years at the bank, which accumulates to significant years of experience. This might also be an indication that the respondents were assigned/promoted to their current branch manager posts after serving the bank for an extended duration and acquiring the requisite experience to perform at this level or resourced externally depending on their level of experience and skills.

#### **4.4. Analysis of Attributes of Employee Resourcing Practices at Abay Bank**

This section tries to analyze participant's response to the questionnaire and interview questions posed related to the objectives of the study, research questions and research variables considered in the study with respect to employee resourcing practices. For the questionnaire analysis, the values for the variables used in this study is computed from the sub questions/items incorporated under each construct/sub-construct by taking the median value of the overall response for all the questions in each construct/sub-construct. The response from the two interview respondents, the HR Director and Senior HR manager was quite aligned and almost similar. As such, their response is merged together to provide a clearer description.

##### **4.4.1. Abay Bank's Business Strategy**

For the statements listed under this construct, 8 (21.6%) of the questionnaire respondents strongly agreed, 20 (54.1%) agreed, 6 (16.2%) were neutral, and 3 (8.1%) disagreed, while none of them strongly disagreed. With a mean score of 2.1, it can be stated that the majority of the respondents (75% and above) believe that: the bank views human capital as a main source of competitive advantage; HR is involved in the strategic business planning process; the bank's business strategy and top level management support the ER strategy/practice and that the organizational strategic plan is used to identify the talents and competencies required. A standard deviation of 0.8 indicates that the values for Abay bank's business strategy are close to the mean of the data set, on average.

<b>Abay Bank's Business Strategy</b>							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Abay Bank's Business Strategy</b>	<b>21.6</b>	<b>54.1</b>	<b>16.2</b>	<b>8.1</b>	<b>0.0</b>	<b>2.1</b>	<b>0.8</b>
Human capital is viewed as a main source of competitive advantage	100.0	0.0	0.0	0.0	0.0	1.0	1.1
HR is involved in the strategic business planning process	37.8	37.8	13.5	5.4	5.4	2.0	0.9
The bank's business strategy and top level management support the Employee Resourcing strategy/ practice	21.6	56.8	10.8	8.1	2.7	2.1	0.9
Organizational strategic plan is used to identify the talents & competencies required	19.4	52.8	16.7	11.1	0.0	2.2	0.8

*Table 4.1: Statistics on Abay bank's Strategy (Field Survey, May 2017)*

The interview respondents indicated that Abay bank's major competitive advantage is its human resources based in line with what strategic human resource and human capital scholars and theories emphasize and promote. The bank's brand is also another source of competitive advantage since the bank operates until 9 pm in the evening, making it the only bank to do so in the country. In addition, the respondents believe that the bank has tried to increase its accessibility to its customers and that this helps to be competitive in the industry.

According to the respondents, the main role of Abay bank's staff is to perform their jobs efficiently, provide the necessary skills and expertise and contribute their share in order to meet the bank's overall objectives and support the bank to achieve further success. The respondents also confirmed affirmatively that HR is highly involved in the strategic business planning process, which was carried out in a very detailed manner where all the departments within the bank, including HR were involved and consulted. Furthermore, it was confirmed that all of the bank's strategies derive from the business strategy, which is highly linked with all departments within the bank, including HR. Accordingly, the ER strategy is also aligned with the bank's business strategy. Top level management also supports and works closely with the HR department to improve the various HR practices, including employee resourcing.

#### 4.4.2. Abay Bank’s Employee Resourcing Practices

##### Employee Resourcing Strategy

Analysis of questionnaire respondent’s feedback revealed that 4 (10.8%) of the respondents strongly agreed, 24 (64.9%) agreed, 5 (13.5%) were neutral, 4 (10.8%) disagreed and none strongly disagreed for items described to assess Abay bank’s ER strategy. With a 2.2 mean score, it can be possible to generalize that the majority of the respondents (more than 75%) consider that Abay bank: has a clearly defined ER strategy that is strategically integrated with the business strategy; the bank takes measures to attract good quality employees, selects those having the desired knowledge, skills and attitudes, deploys the right people in the right jobs at the right time, and measure the effectiveness of the ER strategy. A standard deviation of 0.8 indicates that the values for employee resourcing strategy are close to the mean of the data set, on average.

Employee Resourcing Strategy							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Employee Resourcing Strategy</b>	<b>10.8</b>	<b>64.9</b>	<b>13.5</b>	<b>10.8</b>	<b>0.0</b>	<b>2.2</b>	<b>0.8</b>
There is a clearly defined ER strategy put in place	27.0	45.9	16.2	10.8	0.0	2.1	0.9
ER strategies/ practices are integrated with the business strategy	27.0	54.1	10.8	8.1	0.0	2.0	0.8
The bank takes measures to attract good quality employees	29.7	51.4	13.5	5.4	0.0	1.9	0.8
The bank deploys the right people in the right jobs at the right time, ensuring a good work environment	32.4	29.7	21.6	10.8	5.4	2.3	1.2
The bank’s ER strategy ensures that qualified candidates are attracted by focusing on talents and competencies	10.8	67.6	8.1	8.1	5.4	2.3	1.0
The bank selects those having the desired skills	2.7	51.4	24.3	18.9	2.7	2.7	0.9
The effectiveness of the ER strategy is measured	21.6	51.4	18.9	5.4	2.7	2.2	0.9
Cost and time per hire, employee turnover rate and cost, and preventable employee turnover are measured	16.2	51.4	21.6	10.8	0.0	2.3	0.9

Table 4.2: Statistics on ER Strategy (Field Survey, May 2017)

According to the interview respondents, Abay bank has its own clearly defined ER strategy, which is developed in line with practical and pertinent HRM principles and procedures that is applicable to the bank. This strategy is formulated by taking the business strategy into consideration and ensuring that there is high integration between the two strategies. Using this strategy, the bank endeavors to recruit talented staff at the right place and time, making this its main objective. The bank also aims at ensuring that the talent it resources are qualified and have the requisite competencies as defined in the job requirement. In terms of measures that the bank takes to attract the right people in the right jobs, the respondents explained that the bank works towards providing a conducive working environment. Offering a competitive and attractive salary and benefit package is also something the banks uses to attract talent. This compensation scheme is also included in vacancy announcements (VAs) disclosed and clearly elaborated to potential candidates before they join the bank in order to manage expectations.

The bank also measures the effectiveness of its ER strategy through performance management, which is currently considered to be a little outdated and more of a traditional performance evaluation system. However, the bank is working towards strengthening this and developing a new system called Balanced Score Card (BSC) that incorporates financial and non-financial components and is more robust and effective.

### **Human Resource Planning**

Of the 37 questionnaire respondents, 9 (24.3%) strongly agreed, 14 (37.8%) agreed, 13 (35.1%) were neutral, none disagreed and 1 (2.7%) strongly disagreed with the questions related to HRP. With a 2.2 mean score, we can infer that majority of the respondents (62%) believe that Abay bank has an effective HRP that is linked with the business strategy, considers workforce planning and used to identify the kind of people and capability that will create value and enhance the bank's performance now and in the future. There is also an indication that respondents consider the bank's ER policies and procedures to be integrated with the HRP. A standard deviation of 0.9 indicates that the values for HRP are close to the mean of the data set, on average.

Human Resource Planning							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Human Resource Planning</b>	<b>24.3</b>	<b>37.8</b>	<b>35.1</b>	<b>2.7</b>	<b>0.0</b>	<b>2.2</b>	<b>0.9</b>
There is an effective HRP that links strategic business planning and strategic Human Resource Management	5.4	43.2	27.0	18.9	5.4	2.8	1.0
ER policies, procedures and management are integrated with HRP and derive from the HRM strategy and objectives	27.0	37.8	24.3	8.1	2.7	2.2	1.0
The bank's HRP creates interactive links between business objectives and workforce planning activities	29.7	51.4	16.2	2.7	0.0	1.9	0.8
Through its HRP, the bank identifies the people and capability that will create value and enhance performance now and in the future	24.3	51.4	16.2	8.1	0.0	2.1	0.9

*Table 4.3: Statistics on HRP (Field Survey, May 2017)*

The interview participants disclosed that the bank has a human resource planning that is integrated with the business plan and that currently, the HR department is working on next year's plan mainly using the existing five years strategic plan which is effective until 2020 E.C. The work force requirement is clearly defined within the strategic plan and as such the workforce planning for each department and branch, which is one of the major component of the HRP is done taking this into consideration. However, there might be variations between what is planned and the actual demand that may arise. Therefore, depending on the prevailing situation, workload and operational needs, this plan is revised accordingly, while always sticking to the original strategic plan as a benchmark. The respondents also confirmed that the ER policies and procedures are integrated with the HRP, which is the basis for guiding ER and other HRM functions.

The bank uses its workforce planning in order to identify the people and capacity that will create value and enhance the bank's performance now and in the future. The bank also conducts job analysis that is used to prepare each job title, job description and job specification in order to set a criteria and make evaluations for each job. These criteria is used to advertise VAs as well as during the selection process to ensure the right talent for the right job is identified. Another

mechanism the bank uses to assess new hire's capacity and suitability for a certain job is through probation. The bank has a probation period of 45 days and 3 months for non-managerial and managerial positions respectively.

### **Recruitment & Selection**

8 (21.6%) of the questionnaire respondents strongly agreed, 23 (62.2%) agreed, 4 (10.8%) were neutral, 2 (5.4%) disagreed and none strongly disagreed with the questions posed in order to get a better understanding about Abay bank's recruitment & selection process. The mean score for recruitment and selection was 2. This analysis signified that the bulk of respondents (almost 84%) consider their bank's recruitment and selection process to be fair and transparent. There was also indication that the respondents agree that although the recruitment process is centralized, hiring managers are involved in the recruitment process by guiding and managing the recruitment process. Furthermore, emphasis is given to competitive recruitment process and Job vacancies are often advertised as a result. The bank also uses a mix of sourcing channels to recruit staff depending on their effectiveness, including utilizing referrals and recommendations to source employees. Moreover, there was agreement that the selection process is considered to be strict consisting of standardized written test and interview.

It is worth noting that there were respondents (almost 92%) who signaled the need to eliminate redundancies and steps in the recruitment and selection process in order to reduce the length of recruitment and on-boarding of employees. An overall standard deviation of 0.8 indicates that the values for recruitment and selection are close to the mean of the data set, on average.

Recruitment and Selection							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Recruitment and Selection</b>	<b>21.6</b>	<b>62.2</b>	<b>10.8</b>	<b>5.4</b>	<b>0.0</b>	<b>2.0</b>	<b>0.7</b>
The recruitment process is fair and transparent	24.3	48.6	13.5	10.8	2.7	2.2	1.0
The recruitment process is centralized	40.5	45.9	13.5	0.0	0.0	1.7	0.7
Hiring managers are involved in the recruitment process	43.2	48.6	8.1	0.0	0.0	1.6	0.6
Emphasis is given to competitive recruitment processes	37.8	35.1	21.6	5.4	0.0	1.9	0.9
A mix of sourcing channels are used to recruit staff	24.3	56.8	13.5	5.4	0.0	2.0	0.8
Referrals and recommendations are utilized to source employees	13.5	67.6	8.1	10.8	0.0	2.2	0.8
Job vacancies are often advertised	18.9	40.5	27.0	8.1	5.4	2.4	1.1
Online recruitment is used to recruit employees	51.4	43.2	0.0	0.0	5.4	1.6	0.9
Assessment centers are used to resource candidates	16.2	24.3	40.5	10.8	8.1	2.7	1.1
Background checks are conducted for new recruits	13.5	40.5	32.4	10.8	2.7	2.5	1.0
Selection is a strict process consisting of a number of stages	18.9	48.6	18.9	5.4	8.1	2.4	1.1
Job applicants are subjected to standardized written tests	16.2	56.8	16.2	8.1	2.7	2.2	0.9
Interview is a regular feature in the selection process	37.8	45.9	10.8	0.0	5.4	1.9	1.0
There are redundancies and steps in the recruitment & selection process that could be eliminated to reduce the length of recruitment	48.6	43.2	2.7	0.0	5.4	1.7	1.0

*Table 4.4: Statistics on Recruitment and Selection (Field Survey, May 2017)*

Asked whether the bank’s recruitment and selection process is fair and transparent, the interview respondents confirmed that the existing procedure is very clear and promotes impartiality. In fact, one of the respondents, the HR Director went further to stress that the bank’s recruitment and selection process that is in place is a very good one. The bank has established a special recruitment committee whose main purpose is to make its own assessment of candidates and review the recruitment, selection and promotion process in respect of all appointments within the bank. This committee serves as an advisory body established to review procedural compliance on appointment, selection and promotion of staff. This panel also reviews the

processes for compliance with the pre-established selection criteria, applicable company staff rules and regulations, the HR manual, and any other applicable policy document. The committee even had the delegation of authority to review selections for very junior positions like fresh graduate recruitment programs as well as support service positions like, cleaners, security guards and messengers. These services/positions have however been outsourced.

To ensure transparency, the bank allows candidates who fail after competing for vacant posts to review their overall score given by the recruitment committee throughout the competition, which is based on the set criteria, if they wish to do so. Abay bank's recruitment process is centralized and managed at the head office. According to the respondents, the main rationale behind this is because the bank is a relatively newcomer to the industry with only six years since its establishment. The other reason mentioned is that there is lack of adequate HR capacity to decentralize the recruitment process to the various departments and branches. The bank does however have plans to increase its current HR capacity and enhance HR staff skills in order to change this procedure in the future.

Though the bank follows a competitive recruitment process in most cases, the HR director specifically indicated that it is very difficult and in fact impossible to stick to this mechanism all the time. For example, positions requiring highly specialized expertise are hard to fill through vacancy advertisements. Instead, headhunting is used as an appropriate sourcing channel under such circumstances. As a result, Abay bank exceptionally resources talent through headhunting and recommendations/referrals, depending on the nature and requirement of the position. This according to the respondents might be as low as one or two recruitments in a year. The two major sourcing channels Abay bank uses to recruit staff are newspapers and recruitment agencies like Ethiojobs, which have proved to be most effective for the bank.

The bank has both internal and external recruitments. The internal recruitment is mainly linked with promotion for internal staff, but even these posts are advertised and filled through a competitive process. As per the bank's HR rules and regulations, any vacant position is initially advertised internally, even if it is a director post, with the exception of President, Vice President and Audit and Risk Director posts, which are solely endorsed and approved by the National Bank

of Ethiopia. It is only if the advertised post can't be filled from within that the post is re-advertised externally to the public.

With respect to the bank's selection process, the respondents clarified that written exams and interviews are the main components used, i.e. a candidate that passes the written exam will make it to the interview for additional competition before a decision is made on a selection. The validity and reliability of selections is checked through the recruitment committee, which comprises 4-5 people. The selection is further checked by internal audits that are conducted internally. Asked if there are improvements that could be made to enhance the recruitment and selection lead-time, both respondents unanimously indicated that the current process is efficient as it is and there is no need for improvement at this juncture.

### **Talent Management**

With respect to talent management, 7 (18.9%) of the questionnaire respondents strongly agreed, 18 (48.6%) agreed, 7 (18.9%) were neutral, 4 (10.8%) disagreed and 1 (2.7%) strongly disagreed with the items used to gather information. The mean score for talent management was 2. Accordingly, analysis this analysis revealed that the majority of respondents (67.5%) consider talent management as a key HR function that can help the bank meet current and future organizational needs, contribute to the bank's long-term competitive advantage, attract, develop and retain engaged people with the right skills. There was also a general consensus that the bank has taken steps to manage its talent and to ensure it has the talented people it requires to provide for leadership/management succession and that attention for talent is embedded in all main HR-processes, including ER. A standard deviation of 1 indicates that the values for talent management are close to the mean of the data set, on average.

Talent Management							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Talent Management</b>	<b>18.9</b>	<b>48.6</b>	<b>18.9</b>	<b>10.8</b>	<b>2.7</b>	<b>2.3</b>	<b>1.0</b>
Talent management is considered as a key HR function in order to attract, develop and retain engaged people	10.8	32.4	32.4	18.9	2.7	2.7	1.0
Talent management is considered as a key HR function that helps the bank to meet current and future organizational needs	21.6	45.9	18.9	8.1	5.4	2.3	1.1
The bank has taken steps to manage its talent & ensure it has talented people to provide for leadership succession	32.4	40.5	13.5	8.1	2.7	2.1	1.0
Talent management is deemed as a key contributor to long-term competitive advantage at the bank	13.5	43.2	27.0	16.2	0.0	2.5	0.9
Attention for talent is embedded in all main HR-processes	27.0	45.9	18.9	5.4	2.7	2.1	1.0
Managers are accountable for strengthening their respective staff	18.9	45.9	18.9	16.2	0.0	2.3	1.0

*Table 4.5: Statistics on Talent Management (Field Survey, May 2017)*

The interview respondents admitted that the bank has done very little so far in this front. However, the bank is preparing to work more on talent management linked with its other HRM functions and develop realistic plans towards this end. Furthermore, the respondents indicated that as HR professionals, they believe talent management is a very crucial HR component that would have a positive effect not only on attraction and retention, but also to ensure that the right talent is put at the right place.

### **Employee Engagement**

Respondent's opinion towards employee engagement showed that 6 (16.2%) strongly agree, 23 (62.2%) agree, 6 (16.2%) remain neutral, 2 (5.4%) disagree and none strongly disagree with the points raised herewith. With a mean score of 2.1, it is possible to generalize that a large group of respondents (close to 75%) consider employee engagement as a central part of every HR program to facilitate how the bank hires, manages and works. And as such, Abay bank has put in place strategies to increase employee engagement. The respondent's also believe that Abay Bank has

an engaged workforce and can therefore attract, hire easily and has low voluntary turnover. A standard deviation of 0.7 indicates that the values for employee engagement are close to the mean of the data set, on average.

Employee Engagement							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Employee Engagement</b>	<b>16.2</b>	<b>62.2</b>	<b>16.2</b>	<b>5.4</b>	<b>0.0</b>	<b>2.1</b>	<b>0.7</b>
The bank has strategies to increase employee engagement	32.4	51.4	5.4	8.1	2.7	2.0	1.0
Employee engagement is considered as a central part of every HR program to facilitate how the bank hires and works	18.9	64.9	10.8	5.4	0.0	2.0	0.7
Abay Bank has an engaged workforce	16.2	64.9	10.8	8.1	0.0	2.1	0.8
The bank can attract and hire easily, deliver strong customer service and has low voluntary turnover because of its high employee engagement	27.0	54.1	16.2	2.7	0.0	1.9	0.7
My job inspires & motivates me & I am enthusiastic about my job	18.9	45.9	27.0	8.1	0.0	2.2	0.9
I find the work that I do full of meaning and purpose	35.1	45.9	13.5	5.4	0.0	1.9	0.8

*Table 4.6: Statistics on Employee Engagement (Field Survey, May 2017)*

According to the interview respondents, more needs to be done on employee engagement. As it stands, the only tangible information available is that the bank’s leadership is committed to enhance the capacity of staff under their respective teams/supervision in order to create a productive relationship, a conducive environment and good team spirit. The interviewed HR staff believe that this in turn will lead to better engagement levels. The bank’s management also encourages leaders to focus on their teams and work more towards this end. In addition, discussion sessions are held in different intervals and a bank-wide retreat is organized once a year in order to enable discussions, brainstorm, solve problems closet to the staff, create a sense of belongingness and increase engagement levels as a result.

The respondents, especially the HR director believes that Abay bank’s current employee engagement level is good. Staff performance and output are mentioned as tools to measure

engagement level, elaborating that if staff are engaged, they will contribute positively towards overall efforts to achieve the bank's objectives. Turnover was also mentioned as an indicator of employee engagement. The HR director stressed that although staff have various reasons for resigning, turnover and resignation are inevitable in the banking industry and even in the developed world. Although there were some issues related to compensation that contributed for voluntary turnover, this has now been resolved and the current turnover rate at Abay bank is low. Furthermore, Abay bank has adjusted its compensation scheme and now offers a reward that is competitive to the industry.

Asked if good engagement levels help to attract, hire easily, increase retention rate, and minimize voluntary turnover, the HR director clarified that though this is true theoretically and in other sectors, this is not the case in the Ethiopian banking industry in general. Rather, salary is the major factor considered for attracting and resourcing talent within the industry due to the prevailing poor economic situation in the country. There were also some instances where candidate's salary expectation was unrealistic and beyond the bank's salary scale in the past. The bank has taken steps to try and resolve this problem by adjusting its scale. However, it was noted that there are indeed some staff/candidates who consider working environment as a factor to join or remain with a bank in the industry.

## **Retention**

Of the 37 questionnaire respondents, 6 (16.2%) strongly agreed, 17 (45.9%) agreed, 7 (18.9%) were neutral, 7 (18.9%) disagreed and none strongly disagreed with items used to describe Abay bank's retention strategy/practice. With a 2.4 mean score, it can be implied that a significant group of respondents representing 78% believe that the bank has a strategy to retain its talented employees aimed at ensuring key people stay with the organization. Furthermore, these respondents are of the opinion that the main reasons for staff voluntarily leaving the organization are identified. A standard deviation of 1 indicates that the values for retention are close to the mean of the data set, on average.

Retention							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Retention</b>	<b>16.2</b>	<b>45.9</b>	<b>18.9</b>	<b>18.9</b>	<b>0.0</b>	<b>2.4</b>	<b>1.0</b>
The bank has a strategy to retain its talented employees	35.1	43.2	8.1	5.4	5.4	2.0	1.1
The bank's retention strategy aims to ensure that key people stay with the organization and that employee turnover is reduced	10.8	35.1	27.0	18.9	8.1	2.8	1.1
The bank recognizes that effectiveness of employee resourcing, recruitment, selection and deployment can affect retention	10.8	32.4	27.0	21.6	8.1	2.8	1.1
There are programs geared towards the identification of individuals with leadership potential	24.3	40.5	18.9	10.8	5.4	2.3	1.1
The main reasons for staff resignation are identified	8.1	35.1	27.0	24.3	2.7	2.8	1.0

*Table 4.7: Statistics on Retention (Field Survey, May 2017)*

With respect to retention, the bank does not have an organized document or formal strategy in place. However, the HR team takes action to minimize turnover and have a better understanding on motives for resignations. The team follows up with staff leaving voluntarily from the moment the resignation request is submitted and conducts an exist interview with concerned staff to explore options and retain the staff, if the reason can be resolved and both parties can reach a common agreement. There are however cases that cannot be resolved, case in point being staff who request a salary increase beyond company scale or promotion without the requisite experience or education. Under such circumstances, the HR team tries to provide the necessary advice to concerned staff in order to make the right decision.

The respondents also explained that in addition to salary, usually categorized as better opportunity, which is the main factor for resignations in the Ethiopian banking industry, there are staff who associate resignations with personal reasons or health problems. These are commonly justifications that turn out to be lies and simply used mainly because of fear of employer retaliation and a general culture that is widely prevalent in the society in general.

## Competency Framework

The questionnaire responses given for questions posed with respect to competency framework denoted that 6 (16.2%) of the respondents strongly agreed, 21 (56.8%) agreed, 7 (18.9%) remained neutral, and 3 (8.1%) disagreed, while none strongly disagreed with the items described under this sub construct. A mean score of 2.2, signified that the majority of respondents (73%) concurred that Abay bank has a competency framework linked to all HR processes including, ER, performance management and L&D; vacancies are advertised based on job profiles and clearly defined competency frameworks; and that competency frameworks are used to define performance criteria for each position. A standard deviation of 0.8 indicates that the values for competency framework are close to the mean of the data set, on average.

Competency Framework							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Competency Framework</b>	<b>16.2</b>	<b>56.8</b>	<b>18.9</b>	<b>8.1</b>	<b>0.0</b>	<b>2.2</b>	<b>0.8</b>
Competency framework are defined and linked to all HR processes	10.8	40.5	37.8	10.8	0.0	2.5	0.8
Vacancies are advertised based on job profiles and clearly defined competency frameworks	21.6	54.1	16.2	8.1	0.0	2.1	0.8
Competency frameworks are used to help the organization discover the talent available to be cultivated	32.4	45.9	16.2	5.4	0.0	1.9	0.8
Competency frameworks are used to plan for the future development of talents and competencies	24.3	54.1	16.2	5.4	0.0	2.0	0.8
Competency frameworks are used to define performance criteria for each level and is directly linked to promotion and reward	27.0	45.9	16.2	8.1	2.7	2.1	1.0
Jobs are fully explained to prospective employees during employee selection based on the set competencies/ requirements	18.9	62.2	16.2	0.0	2.7	2.1	0.8
Managers know how to use competency frameworks and make a link with ER, Performance Management, L&D, etc.	16.2	59.5	13.5	8.1	2.7	2.2	0.9
Staff are able to outline, explain and demonstrate their qualifications and experiences in terms of competencies	10.8	56.8	18.9	10.8	2.7	2.4	0.9

*Table 4.8: Statistics on Competency Framework (Field Survey, May 2017)*

The interview participants were asked whether the bank has a clearly defined competency framework that is linked with various HRM functions, including employee resourcing. Accordingly, the feedback gathered was that a competency framework was developed only recently linked with the new performance management system, BSC to be rolled out this year. Moreover, the bank has done a company-wide job analysis and identified job descriptions for the various posts. Within the job description, competencies have been defined to set criteria for various positions. These competencies are the foundations for preparing and advertising vacancies. Abay bank has 152 types of positions and there are unique competency frameworks and job descriptions for each position. However, the respondents disclosed that the bank is a very young and growing bank and that a lot remains to be done to further improve the existing HRM structures, strategies, policies and procedures, including the competency framework.

#### 4.4.3. Factors Influencing Abay Bank's Employee Resourcing Practices

Questionnaire respondents were provided with various factors (13), which were deemed to influence employee resourcing and considered critical in the industry based reviewed literature. These factors included: proper HRP; a clearly defined ER strategy; competency level of HR managers and HR staff; line manager's involvement in the recruitment and selection process; availability of adequately qualified workforce; effective job analysis; effective selection; targeting the right potential candidates; defining competencies and using this as a basis for person specifications set out under competency frameworks; globalization and the impact of information and communication technologies; cultural differences and diversity; growth and expansion; Poaching - stealing or buying talent/employees by competitors.

Based on the responses compiled, 9 (24.3%) of the respondents strongly agreed, 25 (67.6%) agreed, 2 (5.4%) remained neutral, 1 (2.7%) disagreed and none strongly disagreed with the factors described above. A 1.9 mean score signified that a very high percentage of the respondents (92%) believed these factors do influence ER practices at Abay bank. A standard deviation of 0.6 indicates that the values for factors influencing ER practices are close to the mean of the data set, on average.

Factors Influencing ER Practices							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Factors Influencing ER Practices</b>	<b>24.3</b>	<b>67.6</b>	<b>5.4</b>	<b>2.7</b>	<b>0.0</b>	<b>1.9</b>	<b>0.6</b>
Proper Human Resource Planning	27.0	40.5	18.9	13.5	0.0	2.2	1.0
A clearly defined Employee Resourcing strategy	35.1	45.9	10.8	5.4	2.7	1.9	1.0
Competency level of HR managers and HR staff	35.1	43.2	5.4	16.2	0.0	2.0	1.0
Line managers involvement in recruitment & selection	29.7	54.1	8.1	5.4	2.7	2.0	0.9
Availability of adequately qualified workforce	24.3	40.5	16.2	10.8	8.1	2.4	1.2
Effective job analysis	35.1	56.8	2.7	2.7	2.7	1.8	0.8
Effective selection	29.7	48.6	13.5	8.1	0.0	2.0	0.9
Targeting the right potential candidates	29.7	56.8	5.4	8.1	0.0	1.9	0.8
Using competency frameworks as a basis for person specifications	32.4	59.5	2.7	5.4	0.0	1.8	0.7
Globalization and the impact of ICT	18.9	51.4	18.9	8.1	0.0	2.2	0.8
Cultural differences and diversity	27.0	59.5	2.7	5.4	2.7	1.9	0.9
Growth and expansion	21.6	59.5	10.8	5.4	0.0	2.0	0.8
Poaching	35.1	54.1	5.4	0.0	2.7	1.8	0.8

*Table 4.9: Statistics on Factors Influencing ER (Field Survey, May 2017)*

Both interview respondents shared a similar view that the challenges related to ER practices are largely widespread in the Ethiopian banking industry in general and don't specifically apply to Abay bank only. Among these, the following were mentioned as the major ones; lack of skilled and key talent in the job market for specialized areas within the banking industry. The HR director who forwarded this view stated that bankers are expensive to hire and difficult to acquire. Abay as an institution needs key talents to help run the bank and this is quite difficult to find in the job market. There is also stiff competition for talent in the industry, which involves a continuous salary increase leading to dangerous and unprecedented competition among banks for the best talent. Money is the major source used to attract talent.

Respondents also confirmed that poaching staff from other banks has become a common practice within the industry. Currently, the experience and skill of the workforce in the industry is more or less the same. What is worse is that, similar types of positions and departments exist in almost all the banks. As a result, there is lack of specialized skill and most of the existing knowledge and talent can be replicated easily. Moreover, respondents indicated that new branches are springing up fast in the country, and banks are all resourcing the best talent in order

to fill the newly created positions and stay on top. Resourcing in this sense means competing with other banks for the same talent within the banking industry.

#### 4.4.4. Integration of Employee Resourcing with other HRM Areas/Functions

As elucidated in the literature review, HRM functions work as a bundle, linked to the overall business strategy. In line with this, one of the objectives of this study was to determine the integration between ER and other HRM areas at Abay bank. The researcher considered L&D, performance management and reward management to assess the actual practice at Abay bank.

#### Learning & Development (L&D)

Information gathered indicated that 8 (21.6%) of the respondents strongly agreed, 20 (54.1%) agreed, 6 (16.2%) were neutral, 3 (8.1%) disagreed and none strongly disagreed with the items described related to L&D and its integration with ER. With a 2.1 mean score, there is indication that as high as 76% of respondents consider Abay bank's L&D and ER strategies are integrated in order to attract and retain talent, assess and address skill deficiencies, enhance employee engagement, and retain staff; L&D needs are identified in terms of talents and competencies and alternative courses of action are developed and implemented; and that there are formal trainings and L&D programs to teach new employees the skills they need to perform their jobs. A standard deviation of 0.8 indicates that the values for L&D are close to the mean of the data set, on average.

Integration of ER with L&D							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Integration of ER with L&amp;D</b>	<b>21.6</b>	<b>54.1</b>	<b>16.2</b>	<b>8.1</b>	<b>0.0</b>	<b>2.1</b>	<b>0.8</b>
The bank believes that L&D ensures the organization has skilled and engaged workforce	24.3	51.4	13.5	5.4	2.7	2.1	0.9
L&D is used for attracting & retaining talent, assessing skill deficiencies, improving skills & leadership pipeline, enhancing employee engagement & to give the bank a competitive edge	37.8	45.9	8.1	8.1	0.0	1.9	0.9
L&D needs are identified in terms of competencies & alternative courses of action are implemented	37.8	43.2	5.4	10.8	2.7	2.0	1.1
There are formal training/ L&D programs to teach new employees the skills they need to perform their jobs	24.3	51.4	13.5	10.8	0.0	2.1	0.9

Table 4.10: Statistics on L&D (Field Survey, May 2017)

The interview respondents explained that there are L&D programs at Abay bank. Orientation programs are designed to provide new staff a better understanding about the bank, the work environment and to help them get accustomed to the organization. Additionally, new recruits are given trainings that are specific to their job and based on the position's requirements in order to help them perform their tasks efficiently. However, the interviewed HR staff indicated that the bank has not systematically looked at the integration between L&D and other closely linked HRM functions, including ER and believe it needs to work on this further to explore how the integration can be improved.

### **Performance Management**

6 (16.2%) of the questionnaire respondents strongly agreed, 21 (56.8%) agreed, 7 (18.9%) remained neutral, 3 (8.1%) disagreed and none strongly disagreed with the contents incorporated in the questionnaire related to performance management. With a mean score of 2.2, there is indication that a significant number of the group (about 78%) believe that Abay bank has a performance management strategy that is fully integrated with all HR Programs including ER and used as a tool to evaluate hiring process, judge effectiveness of orientation process, identify L&D needs, recognize employee's achievements, and increase employee engagement. There was also indication that the bank's performance management is conducted based on a competency model, within an agreed framework of planned goals, standards and competency requirements. A standard deviation of 0.8 indicates that the values for employee resourcing strategy are close to the mean of the data set, on average.

Integration of ER with Performance Management							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Integration of ER with Performance Management</b>	<b>16.2</b>	<b>56.8</b>	<b>18.9</b>	<b>8.1</b>	<b>0.0</b>	<b>2.2</b>	<b>0.8</b>
A Performance Management strategy is developed and integrated with all HR Programs including ER	35.1	56.8	2.7	5.4	0.0	1.8	0.8
Performance Management is used as a tool to evaluate hiring process and other HR needs and performances	16.2	51.4	24.3	8.1	0.0	2.2	0.8
Performance Management is conducted based on a competency model	29.7	37.8	16.2	13.5	0.0	2.1	1.0
Performance reviews are used to inform personal improvement and L&D programs	16.2	54.1	21.6	5.4	2.7	2.2	0.9
Performance management is used to clarify how staff are expected to contribute towards organizational goals	21.6	43.2	21.6	10.8	0.0	2.2	0.9
Performance management is used to reward employees (through recognition) leading to better retention	18.9	51.4	16.2	10.8	2.7	2.3	1.0

*Table 4.11: Statistics on Performance Management (Field Survey, May 2017)*

Asked how the bank integrates its performance management system with its ER strategy to evaluate hiring process, identify L&D needs, and increase employee engagement, the interview respondents elaborated that the existing performance management system is not effective and doesn't take such integrations into consideration. However, it is deemed that the new BSC performance management system which is at a pilot testing stage will bring significant changes once it is implemented in the coming budget year. This new system is designed by the bank's management and a team of senior staff from the head office and different branches. The competency framework defined and included therein was mentioned as one example that will create a link between the bank's ER strategy and performance management system, which will be used to prepare vacancies as well as a criteria to evaluate staff's performance. The other link that the bank has created between its performance management and ER practices is to use the former to measure the effectiveness of its ER strategy.

## Reward Management

The analysis indicated that 5 (13.5%) of the questionnaire respondents strongly agreed, 23 (62.2%) agreed, 5 (13.5%) were neutral, 3 (8.1%) disagreed and 1 (2.7%) strongly disagreed with questions raised about reward management. A 2.2 mean score illustrated that a large percentage of the respondents (almost 76%) reached a consensus showing that these respondents believe Abay bank offers competitive salaries and benefits and is able to attract and retain high quality employees as a result. A standard deviation of 0.9 indicates that the values for reward management are close to the mean of the data set, on average.

Integration of ER with Reward Management							
	Frequency in percentage					Mean	Std. Deviation
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
<b>Integration of ER with Reward Management</b>	<b>13.5</b>	<b>62.2</b>	<b>13.5</b>	<b>8.1</b>	<b>2.7</b>	<b>2.2</b>	<b>0.9</b>
The bank offers competitive salaries and benefits	37.8	37.8	13.5	10.8	0.0	2.0	1.0
The company is able to attract and retain high quality employees because of its reward system	13.5	67.6	13.5	2.7	2.7	2.1	0.8
Performance and ability to demonstrate specific competencies are the basis for rewarding staff	10.8	35.1	40.5	8.1	5.4	2.6	1.0

*Table 4.12: Statistics on Reward Management (Field Survey, May 2017)*

Through the interview, the researcher asked how the bank creates the right incentives for its employees and offer competitive salaries and benefits in order to attract and retain high quality employees. The respondents explained that market survey is conducted to assess the industry rate, benchmark against this and explore options to match what is being offered in the industry if there is a huge variation. Internal surveys through questionnaires are also conducted targeting Abay bank's staff in order to gather their feedback, understand their feeling, and evaluate whether staff are satisfied with the reward the bank offers currently.

#### 4.4.5. Summary of Questionnaire Participants Response to Open-ended Questions

Respondents were also provided with an open-ended question so that they can make recommendations to improve the current ER practices and give other comments related to ER practices at Abay bank. Some of the recommendations/comments forwarded by respondents is presented below:

- The bank ensures qualified staff are hired whenever new branches are opened;
- Since human capital plays a significant role for the overall performance of the business and due to the current stiff competition in the banking industry, Abay bank should set proper HR planning, which is integrated with the bank's overall strategy and ensures job security for the staff;
- Due to Abay's working hours, staff work for long hours often without proper rest. This in turn leads to fatigue and desire to be compensated for the overtime worked. As a result, a proper overtime payment scheme should be developed and implemented;
- Abay bank has to carefully assess the major reasons for employee turnover in order to improve the current employee resourcing practices;
- The bank's compensation scheme should be revised and the benefit package should be adjusted in line with the market rate in order to improve retention and attract qualified talent;
- The bank should be able to create a conducive working environment so as to retain its staff and attract competent and energetic talent from the market;
- Some respondents recommended introducing/implementing the following mechanisms in order to improve ER practises in the selected bank: maintaining impartiality, using the internet to facilitate effective resourcing, setting clear goals and budget limits, outsourcing, use of walk-in applicants, and proper application tracking;
- Theoretical ER strategies must be practically implemented and the HR department should evaluate whether the bank's HR policies, procedures, and strategies are aligned.

## Chapter 5

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1. Introduction

This chapter presents the findings of the research, draws a conclusion of the study and provides recommendations. The main objective of this study was to examine the prevailing employee resourcing practices in the Ethiopian financial sector, particularly in the banking industry by conducting a case study on Abay Bank. The conclusions are drawn in line with the study objectives and in an attempt to answer the study's research questions regarding employee resourcing practices at the bank under study. Recommendations for improving ER practices in the selected bank under study are also provided in line with current global trends and best practices in strategic HRM. The recommendations made in this study will be shared with Abay bank's top management and HR department in case it supports their efforts to improve their ER and related HRM practices/strategies. These recommendations might also be adopted within the banking industry, as applicable.

#### 5.2. Summary of Findings

Drawing on a sample size of thirty seven (37) respondents and with the aid of questionnaires and interviews, a good amount of quality data was gathered and analyzed by the researcher. The Cronbach Alpha test applied to evaluate the reliability of the instruments and to ensure the results are consistent also confirmed same. The major findings of the study which relate to the research questions and objectives that guided the study are presented below.

Analysis of data gathered indicates that Abay bank views human capital as a main source of competitive advantage. Although the bank has identified other sources of competition in the industry, it considers its human resources to be the most critical in achieving its overall objectives and propelling the bank to achieve further success. In order to ensure that the bank resources

and retains competent staff, the bank has defined a clear employee resourcing strategy, which is developed in line with practical HRM principles and procedures that is applicable to the bank. This strategy derives from the business strategy like the bank's all other strategies. Accordingly, the ER strategy is aligned with the bank's business strategy, ensuring that there is high integration between the two strategies. Furthermore, the study revealed that HR is consulted and highly involved in the strategic business planning process. Top level management also supports and works closely with the HR department to improve the various HR practices, including employee resourcing.

Through its ER strategy, the bank is able to attract qualified talent, having the desired knowledge, skills and attitudes, and deploy the right people in the right jobs at the right time. The bank also measures the effectiveness of its ER strategy through its performance management system by evaluating staff's performance against competency frameworks defined therein.

The study also demonstrated that Abay bank has a human resource planning that is integrated with the existing five years strategic plan which is effective until 2020 E.C. The work force requirement is clearly defined within the strategic plan and as such the workforce planning for each department and branch, which is one of the major component of the HRP is prepared taking this into consideration. Through its workforce planning, the bank is able to identify the kind of people and capability that will create value and enhance the bank's performance now and in the future. There was also indication that the ER policies and procedures are integrated with the HRP, which is the basis for guiding ER and other HRM functions.

Both groups of respondents agree that Abay bank's recruitment and selection process is fair and transparent, that emphasis is given to competitive recruitment process and Job vacancies are often advertised as a result. The study also revealed that the bank uses a mix of sourcing channels to resource staff depending on their effectiveness. Among the resourcing methods used by Abay bank to attract qualified people, job advertisement using newspapers and external recruitment agencies like Ethiojobs have proved to be most effective. These approaches are also supplemented by employee referrals, recommendations and headhunting, usually for very senior

and specialized posts. In addition, there was a general consensus that Abay bank has a strict selection process comprising standardized written exam and interview.

There was however a difference in opinion related with improvements that could be made to eliminate redundancies and steps in order to enhance the recruitment and selection lead-time and existing process. Furthermore, as explained by the interviewed HR staff, although hiring managers can be part of the recruitment committee, the bank's recruitment is generally centralized and managed at the head office and managed by the HR department. As such, the notion that 57% of respondents gave agreeing that hiring managers are involved in the recruitment process by guiding and managing the recruitment process seems to contradict with the information gathered from the HR staff.

As high as 60% of the questionnaire respondents highlighted that Abay bank has taken steps to manage its talent and to ensure it has the talented people it requires to provide for leadership/management succession and that attention for talent is embedded in all main HR-processes, including ER. Whereas, the interview respondents admitted that the bank has done very little to date with respect to talent management, adding the bank is preparing to work more on this HR function. Both groups of respondents did however agree that talent management is a very crucial HR component that has a significant effect on ER practices in attracting competent people, ensuring the right talent is put at the right place, and retaining qualified talent.

Almost 84% of the questionnaire respondents concluded that employee engagement is considered as a central part of every HR program to facilitate how the bank hires, manages and works and that the bank has put in place strategies to increase employee engagement. However, the HR staff interviewed reflected that although there are some efforts made by Abay bank's leadership, more needs to be done on employee engagement. Furthermore, positive statements related with engagement were included in the questionnaire to assess engagement levels and triangulate against what the HR staff mentioned regarding Abay bank's good level of employee engagement during the interview. As high as 71% of the questionnaire respondents either agreed or strongly agreed with these statements. Likewise, 78% agreed with the statement that Abay bank has an engaged workforce. Whereas 62% of the questionnaire respondents indicated that

Abay bank can attract, hire easily and has low voluntary turnover because of its high employee engagement, the interview respondents stressed that although this is true theoretically and in other sectors, salary is the major factor considered for attracting and resourcing talent in the Ethiopian banking industry in general.

The questionnaire respondents concluded that Abay bank has a strategy to retain its talented employees aimed at ensuring key people stay with the organization and that the main reasons for staff voluntarily leaving the organization are identified. The HR staff explained that although the bank doesn't have a formal retention strategy in place, the HR department endeavors to minimize employee turnover to the best extent possible. Moreover, the bank takes measures to identify the main reasons for staff voluntarily leaving the organization, mainly through exit interviews.

The quantitative and qualitative analysis generated from the study was aligned regarding Abay bank's competency frameworks. Accordingly, the bank has recently defined a set of competency frameworks linked with various HRM functions including ER, performance management and L&D. Moreover, the bank has identified unique competency frameworks and job descriptions for the 152 types of positions that exist. The competencies identified for each position is the basis for preparing and advertising vacancies. This competency framework is also incorporated into the bank's new performance management system, called BSC and used as a major criteria to evaluate staff's performance. The interviewed HR staff did suggest that as the bank is relatively a new comer to the industry that is continuously growing, a lot remains to be done to further enhance and strengthen the newly defined competency framework and other related HRM structures, strategies, policies and procedures.

In terms of the factors influencing ER practices at Abay bank, the outcome of the quantitative and qualitative analysis implied that the factors considered influential are more or less similar and related from both ends. Information gathered from the interview further explained in detail that the challenges related to ER practices are largely widespread in the Ethiopian banking industry in general and don't specifically apply to Abay bank alone. This analysis also shed better light on the actual predominant factors in the industry, which includes, lack of skilled and key

talent in the job market for specialized areas within the banking industry; stiff competition for talent in the industry using money as the main source to attract talent; and lack of specialized skill since most of the existing knowledge and talent within the industry can easily be replicated.

As is the case globally, poaching of employees from rivalry banks within the industry has also become a popular practice for resourcing talent in the Ethiopian banking sector. This information shows that employee raiding is flourishing in the Ethiopian banking industry notwithstanding the ethical problems the practice poses. Moreover, new branches are springing up fast in the country, and banks are all resourcing the best talent in order to fill the newly created positions and stay on top, waging the war for talent among banks within the same industry and talent pool.

The study revealed that there are L&D programs at Abay bank. Accordingly, orientation programs are designed to help new staff get accustomed to the bank and the work environment. Position specific trainings are also organized to teach new employees the skills they need to perform their job. However, questionnaire respondent's perception that the bank integrates its L&D and ER strategies in order to attract and retain talent, assess and address skill deficiencies, and enhance employee engagement seems to contradict with the information gathered from the interviewed HR staff. According to the latter group, the bank has not thoroughly focused at the integration between L&D and other closely linked HRM functions, including ER and believes more needs to be done to explore how the integration can be boosted more.

Similarly, the study discovered that Abay bank's current performance management system is not effective and doesn't take the integration of the ER strategy to evaluate hiring process, identify L&D needs, and increase employee engagement into consideration. However, this is expected to change soon with the introduction of the newly developed performance management system, BSC which is currently at a pilot testing stage and is due to be implemented in the coming budget year. Nevertheless, the bank has already created a link between its existing performance management system and ER practices by using the former to measure the effectiveness of the ER strategy. Additionally, a competency framework is defined and included in the new system, which will help integrate the bank's ER strategy and performance management system by serving as a foundation for preparing vacancies and a criteria for evaluating staff's performance.

The analysis associated to Abay bank's reward management revealed that the bank offers competitive salaries and benefits and is able to attract and retain high quality employees as a result. Same was also confirmed by both groups of research participants. This indicates that the bank has been able to integrate its ER practices with its reward management. Moreover, the bank conducts market surveys in order to measure the industry rate and take corrective actions/make revisions as necessary. Internal surveys are also conducted on staff through questionnaires in an effort to assess staff's satisfaction with the reward the bank offers.

### 5.3. Conclusion

Strategic human resource management plays a major role in any organization as it creates a link with the business strategy and aligns the workforce to the organization's objective, mission, vision and value. A talent-powered bank is one that sees human resources as the engine for sustained competitive advantage and excels at attracting, developing, engaging and retaining its best people, through effective human resource planning and management. No matter how big or small an organization is, resourcing and hiring a new employee is an important inflection point. Most hiring decisions are not made lightly, and involve a significant investment in time and resources, from money spent on job advertising, time spent by recruiters and hiring managers, investments in screening, assessments, and onboarding, in addition to the time and energy spent by the candidate in the process.

The main objective of this study was to examine the prevailing employee resourcing practices in the Ethiopian financial sector, particularly in the banking industry by conducting a case study on Abay Bank. In general, it is evident from the study that effective employee resourcing plays a vital role in ensuring organization's objectives are met. It can also be concluded from the study that Abay bank has developed and implemented an employee resourcing strategy aligned to the strategic objectives of the organization. Furthermore, the bank has endeavored to ensure that the recruitment and selection process is done in a fair and transparent manner. The bank has also recognized gaps and areas of improvement and is making efforts to revamp its employee resourcing strategy and create an integration between its HRM functions.

Globally, the banking industry offers similar products and services. Even the most distinct service can be replicated easily by competitors in a short space of time, weathering the competitive edge of the innovator. This has also been confirmed through this study, which discovered that there is lack of specialized skill since most of the existing knowledge and talent within the industry can easily be replicated. Nevertheless, literature suggests that the largest differentiating factor for banks is their talent, which provides continued success and longevity. In Ethiopian context, the banking industry is booming and banks are expanding their branches at a rapid rate. Consequently, there is fierce competition for talent within the industry, to the extent that poaching skilled talent has become a common practice.

This study clearly discovered that the "war for talent" goes on and the battle lines are more entrenched in the Ethiopian banking industry. The bank under study cited competition for talent, shortage of talent, and the growing need for talent as the most dominant industry related factors influencing employee resourcing practices. The banks that align themselves, that know themselves well enough to better find and attract the talent they need, those with the specific ability to tap into the pipeline of people with the right skills, right organizational fit and right experience to be successful in a particular organization will be in a position to win this war.

But how can Abay bank resource the right talent, at the right place and right time? It all comes down to knowing the skills and behaviors required to get there! Knowing where the organization is headed (the business strategy), knowing the organizational culture and industry characteristics, knowing what success in each job role looks like, knowing where to find individuals who meet those needs, knowing how to attract, assess and select these qualified individuals, knowing how to build talent, knowing how to create a performance mindset, and knowing how to increase employee engagement and retention. Moreover, in order to achieve employee resourcing excellence, organizations should assess demonstrated skills or competencies and behavior or attitude against defined competency frameworks, aligned with the organization's business strategy. Likewise, this involves asking the right questions and using the right assessments tools to help determine fit for purpose.

In conclusion, talented employees can make organizations, including banks profitable and influence the quality of service they deliver, as illustrated in this study. Resourcing the right people, individuals that stay with the organization, get up to speed quickly, and that meet the needs of the hiring managers that run the business has long term and significant impact on the organization and the individual. Not only is the overall organizational and individual performance improved, but the new employee is also more likely to feel engaged, and aligned with company culture, values and priorities - a true win-win. Against this backdrop, Abay bank should strive to do more and gain competitive advantage through its human resources. It is also imperative that the bank continuously evaluates and improves its employee resourcing practices/strategy in line with current trends and prevailing industry demands in order to attract and retain competent talent. Furthermore, the bank should ensure a strong integration among its HRM functions.

#### 5.4. Recommendations

It is evident from the study that employee resourcing is of great importance to any organization. Though an integral part of human resource management, its application, operation and challenges makes its practice quite difficult. Abay bank has taken steps in the right direction to define an employee resourcing strategy and ensure that it attracts and retains competent talent. Notwithstanding, how can Abay bank improve its employee resourcing practice and other closely integrated HRM functions and stay aloft in the modern era we live in?

There are several new approaches to HR that have proved useful. The researcher has made the below recommendations in line with where global companies are headed and what is currently trending in HRM. The researcher also believes that Abay bank should take a broader and strategic look, assess its employee resourcing practice against these global trends and invest in areas of need and create highly integrated HR processes, considering that resourcing the right people is a pivotal HR function. The below recommendations are therefore forwarded to support the bank enhance its ER practice.

- Grow HR staff capabilities on strategic workforce planning, employee resourcing, and formulating strategies that will help Abay bank to hire, develop and deploy skilled talent.
- ER needs to be a continuous practice, improved and fine-tuned constantly.
- Abay bank must evolve and innovate on how and where to source, and the talent needed to power its evolving business strategy, which can help shape its ER practice.
- Build talent pools to fill critical roles - competition for top performers and key skills is stiff, so knowing where to find it when needed becomes very important.
- It is recommended that the bank adapts to current global practice and explore tools like social media and mobile devices to attract the talent it needs now and in the future.
- The bank should explore establishing web-site resourcing, which is very effective.
- The bank should also endeavour to improve quality of Hire by involving hiring managers in the employee resourcing practice.
- A sharp focus on talent management will help Abay bank resource and retain the human resources needed to achieve its business objectives and deliver strong customer service efficiently and effectively.
- Although the bank tries to interact with staff and increase engagement, it doesn't follow a strategic approach and explain how each employee's role connects with the bank's purpose. The bank should be able to engage and align its staff to its mission by linking individual employees' sense of purpose and aspirations to the organization's purpose to create more meaningful workplace experiences for employees.
- Abay bank should define a retention strategy and develop an employment brand to help it retain critical talent and minimize employee turnover.
- The bank should design a corporate-wide succession program for leadership and critical positions to actively retain and develop high-potential employees from across business units.
- The bank should continue to define and improve competency requirements. Competencies are critical to communicating business needs to the recruiter and serve as a foundation for assessing talent. Defining the characteristics of top performers is a good first step in laying the foundation for employee resourcing success.

- Talent development - HR should build strong people development programs tailored to the staff and offering a variety of L&D opportunities. Such programs would not only strengthen staff's skills, but also leverage competitive advantage by making Abay bank a desirable workplace.
- When crafting talent development plans, HR should consider the 70-20-10 rule, which holds that 70% of learning occurs through doing and experiencing; 20% through mentoring, coaching & feedback; and 10% through formal training. This approach has proved very useful.

Employee resourcing isn't just about filling a job. At its best, it's a launching pad for new insights, energy, and ongoing performance for the organization. When a new hire is the right fit for a role, a team and a culture, it can make a vast difference in the organization's ability to retain, develop and engage that individual. Resourcing is difficult, but organizations with a strong ER practice, one that has clearly defined the needs, has relationships with the right candidates, and tools to help support decision making, not only make it easier, but make it better for the candidate, the hiring manager and for the business overall.

## 5.5. Limitations of the Study

The researcher has faced various challenges in the course of this study. Although, these challenges were overcome to the best extent possible, it is worth mentioning some of the major limitations encountered while undertaking this study, listed below:

- There was a bit of bureaucracy to get approval from the bank under study, which took some time before embarking on this study. This was by following up with personal contacts within the organization in order to expedite;
- The study also faced some resistance from the bank related to the questionnaire content. The purpose and essence behind each question was elaborated to the concerned body at the bank and some compromises were made in a way that wouldn't jeopardize the data quality so as to reach to a mutual ground and proceed on schedule;
- Lack of response from respondents. The branch managers selected for this study were usually very busy and therefore took time to complete the questionnaires. The challenge

was overcome by consistently following up with the respondents and in some cases agreeing to their time frame to submit the completed questionnaire;

- All the questionnaires were not completed and returned leading to a response rate of 95%. Although this was considered adequate for the study, 100% response would have been preferable;
- Some respondents were not willing even to participate in the study and complete the questionnaire. Several efforts to explain the purpose and objective of the study, as well as how it might contribute towards improving the bank's current ER practice fell on deaf ears;
- Lack of respondent's interest, bureaucracy and fear of disclosing corporate information might affect the reliability/validity of the data to some extent.
- In some cases, it was very difficult to get the completed questionnaires, although it was completed on time. This was mainly due to lack of communication and unavailability of the branch managers;
- During the interview, the interviewees at times provided quite generic answers that didn't seem specific to their organization. Though the discussion was engaging and informative, it gave me the impression that they were simply referring to current trends rather than providing concrete details about the actual practice at their bank. I thought this might leave me with inadequate material to analyse some of the variable I used in this study, however this was averted by carefully comparing their response with the data gathered through questionnaires;
- This study was based on a sample limited to one private bank, whereas the Ethiopian banking industry is comprised of a central bank, 2 governmental banks, and 16 private banks. Furthermore, the study focused only on Abay bank branches located in Addis Ababa. Hence, generalization of the research findings will be limited to a specific bank only;
- Personally, I struggled to find balance between completing this thesis within the set deadline and managing daily tasks, including a very demanding and massive project at work that was rolled out in the first quarter of 2017, family and various commitments. A lot of time and energy was put into this study as a result to complete it on schedule.

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## APPENDICES

### Appendix I - Questionnaire

**Addis Ababa University**  
**College of Business and Economics - MBA Program**  
**Questionnaire to be filled by Abay Bank Branch Managers**

#### **Dear Respondent:**

This questionnaire is designed to solicit the relevant information for the research carried out on the topic **“Assessment of Employee Resourcing Practices in Ethiopian Financial Sector - The Banking Industry: A case study on Abay Bank”**. The study is conducted for academic purpose for partial fulfillment for a Degree in Masters of Business Administration (MBA) in Management at the Addis Ababa University College of Business and Economics. I confirm that your responses will be kept confidential. The soundness and the validity of the findings highly depends on your kind and genuine response. Therefore, I kindly request you to fill the questionnaire carefully and accurately and revert back with the completed questionnaire as soon as possible, preferably within a week.

Thank you in Advance!

#### **General Directions**

1. There is no need to indicate your name, unless you wish to do so.
2. Please mark your answer with an (X) for each question/ for the number of your choice among the alternatives given.
3. If you require further clarification or details, please contact me either by phone (0911-523292) or through email ([abenet.sahilue@wfp.org](mailto:abenet.sahilue@wfp.org)), whichever is most convenient.

## Part I: Information about Demographic Data

The following questions are concerned with your personal information. I would like to reiterate that confidentiality is assured.

### 1. Gender

1. Male                                       2. Female

### 2. Age

1. Under 25 years old                       3. 36-45 years old  
 2. 25-35 years old                          4. 46-above years old

### 3. Education Qualification

1. Diploma  
 2. Bachelor Degree (BA, BSc)  
 3. Master's Degree

Other, please specify \_\_\_\_\_

### 4. Length of service in the organization (Tenure)

1. Less than a year                       3. 3 to 4 years  
 2. 1 to 2 years                               4. > 4 years

## Part II: Attributes of Employee Resourcing (ER) Practices

Please answer all questions/ items in this section. If you feel that an item is irrelevant, if you are not sure, or do not know the answer, please leave the answer blank. Please indicate your response for the statements listed below by using the following rating scale:

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	2	3	4	5

<b><i>The Bank's Business Strategy</i></b>		1	2	3	4	5
6	Your company views human capital as a main source of competitive advantage in the banking industry.					
7	HR is involved in the strategic business planning process.					
8	The bank's business strategy and top level management support the Employee Resourcing strategy/ practice.					
9	The organizational strategic plan is used to identify the talents and competencies required.					
<b><i>Employee Resourcing (ER) Practice</i></b>						
<b><i>Indicator - Employee Resourcing Strategy</i></b>		1	2	3	4	5
10	There is a clearly defined ER strategy put in place.					
11	ER strategies/ practices are strategically integrated with the business strategy.					
12	The bank takes measures to attract good quality employees.					
13	The bank deploys the right people in the right jobs at the right time, ensuring the right environment for individuals to deliver their best and remain committed to the bank.					
14	The bank's ER strategy ensures that very qualified candidates are attracted by focusing on talents and competencies rather than certificates of qualification and experience.					
15	The bank selects those having the desired knowledge, skills and attitudes.					
16	The effectiveness of the ER strategy is measured based on consistent and acceptable measurement.					
17	Cost and time per hire, employee turnover rate and cost, and preventable employee turnover are measured consistently.					
<b><i>Indicator - Human Resource Planning (HRP)</i></b>		1	2	3	4	5
18	There is an effective HRP that links strategic business planning and strategic Human Resource Management (HRM).					
19	Employee resourcing policies, procedures and management are integrated with HRP and derive from the HRM strategy and objectives.					
20	The bank's HRP creates interactive links between business objectives and workforce planning activities.					

21	Through its HRP, the bank identifies the kind of people and capability that will create value and enhance performance of the bank now and in the future					
<b>Indicator - Recruitment &amp; Selection</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
22	The recruitment process is fair and transparent.					
23	The recruitment process is centralized.					
24	Hiring managers are involved in the recruitment process by guiding and managing the recruitment process (i.e. drafting job descriptions, setting selection criteria and being part of the recruitment panel) as opposed to requesting and allowing only HR to conduct the recruitment of employees.					
25	Emphasis is given to competitive recruitment processes.					
26	A mix of sourcing channels are used to recruit staff depending on their effectiveness and cost-efficiency.					
27	Referrals and recommendations are utilized to source employees.					
28	Job vacancies are often advertised.					
29	Online recruitment/ web-based recruitment is used to recruit employees.					
30	Assessment centers are used to resource qualified candidates.					
31	Background checks are conducted for new recruits.					
32	Selection is a strict process consisting of a number of stages and assessment tools to ensure validity and reliability.					
33	Job applicants are subjected to valid and standardized written tests before selection is made.					
34	Interview is a regular feature in the selection process.					
35	There are redundancies and steps in the recruitment and selection process that could be eliminated to reduce the length of recruitment and on-boarding of employees.					
<b>Indicator - Talent Management</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
36	Talent management is considered as a key HR function in order to attract, develop and retain engaged people with the right aptitude and abilities.					
37	Talent management is considered as a key HR function that helps the bank to meet current and future organizational needs					
38	The bank has taken steps to manage its talent and to ensure it has the talented people it requires to provide for leadership/management succession.					
39	Talent management is deemed as a key contributor to long-term competitive advantage at the bank.					
40	Attention for talent is embedded in all main HR-processes (Employee Resourcing, Learning & Development, Reward, Retention, etc.)					
41	Managers are accountable for strengthening their respective talent pool.					

<b>Indicator - Employee Engagement</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
42	The bank has put in place strategies to increase employee engagement.					
43	Employee engagement is considered as a central part of every HR program to facilitate how the bank hires, manages and works.					
44	Abay Bank has an engaged workforce.					
45	If the above statement is true, the bank can attract and hire easily, deliver strong customer service and has low voluntary turnover because of its high employee engagement.					
46	My job inspires and motivates me and I am enthusiastic about my job.					
47	I find the work that I do full of meaning and purpose.					
<b>Indicator – Retention</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
48	The bank has a strategy to retain its talented employees to ensure continuous organizational performance.					
49	The bank’s retention strategy aims to ensure that key people stay with the organization and that wasteful and expensive levels of employee turnover are reduced.					
50	The bank recognizes that effectiveness of employee resourcing, recruitment, selection and deployment (fitting people into jobs that suit them) can affect retention.					
51	There are programs geared towards the identification of individuals with leadership potential.					
52	If the above statement is true, the main reasons for staff voluntarily leaving the organization are identified.					
<b>Indicator - Competency Framework - Competencies required for different jobs (Job Descriptions)</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
53	A company-wide competency framework is defined and linked to all HR-processes (Employee Resourcing, Performance Management, Learning & Development, etc.)					
54	Vacancies are advertised based on job profiles and clearly defined competency frameworks.					
55	Competency frameworks are used to help the organization discover the talent available to be cultivated.					
56	Competency frameworks are used to plan for the future development of talents and competencies.					
57	Competency frameworks are used to define performance criteria for each level and is directly linked to promotion and reward.					
58	Jobs are fully explained to prospective employees during employee selection based on the set competencies/ requirements.					
59	Line managers know how to use competency framework in their department and understand how to make the link with Employee Resourcing, Performance Management, Learning & Development, etc.					

60	Staff are able to outline, explain and demonstrate their qualifications and experiences in terms of competencies.					
<b>Factors Influencing ER Practices</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
61	Proper Human Resource Planning					
62	A clearly defined Employee Resourcing strategy					
63	Competency level of HR managers and HR staff					
64	Line manager's involvement in the recruitment and selection process					
65	Availability of adequately qualified workforce					
66	Effective job analysis					
67	Effective selection					
68	Targeting the right potential candidates					
69	Defining competencies and using this as a basis for person specifications set out under competency frameworks					
70	Globalization and the impact of information and communication technologies					
71	Cultural differences and diversity					
72	Growth and expansion					
73	Poaching (stealing) or buying talent/ employees by competitors					
<b>Other HR Areas/functions</b>						
<b>Indicator - Integration of ER with Learning &amp; Development (L&amp;D)</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
74	The bank believes that L&D ensures the organization has the knowledgeable, skilled and engaged workforce it needs.					
75	L&D is used for attracting and retaining talent, assessing and addressing skill deficiencies, increasing skills, improving the leadership pipeline, enhancing employee engagement, and to give the bank a competitive edge.					
76	L&D needs are identified in terms of talents and competencies and alternative courses of action are developed and implemented.					
77	There are formal training/ L&D programs to teach new employees the skills they need to perform their jobs.					
<b>Indicator - Integration of ER with Performance Management</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
78	A Performance Management strategy is developed yearly, and it is fully integrated with all HR Programs including ER and tied to individual and corporate performance.					
79	Performance management is used as a tool to evaluate hiring process, judge effectiveness of orientation process, identify L&D needs, recognize employee's achievements, and increase employee engagement.					
80	Performance management is conducted based on a competency model, within an agreed framework of planned goals, standards and competency requirements.					

81	Performance reviews conducted based on competencies are used to inform personal improvement and development plans and L&D programs.					
82	Performance management is used to clarify how staff are expected to contribute to the achievement of organization goals by aligning individual objectives with the strategic objectives of the organization.					
83	Performance management is used to reward employees by providing them with positive feedback and the recognition of their accomplishments, leading to better retention.					
<b>Indicator - Integration of ER with Reward Management</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
84	The bank offers competitive salaries and benefits.					
85	The company is able to attract and retain high quality employees because of its reward system.					
86	Performance and ability to demonstrate specific competencies are the basis for rewarding employees.					

87. What would you recommend to improve the current Employee Resourcing practices in your organization?

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## Appendix II - Interview Questions

Addis Ababa University

College of Business and Economics - MBA Program

Interview Questions for Abay Bank HR Director and Senior HR Manager

Gender \_\_\_\_\_

Age \_\_\_\_\_

Education Qualification \_\_\_\_\_

Length of Service in the Organization \_\_\_\_\_

### **The Bank's Strategy**

1. What do you consider as the main source of your competitive advantage in the banking industry?
2. In your opinion, what is the role of people in your organization?
3. Is HR involved in the strategic business planning process?
4. How is the bank's business strategy and top level management view towards Employee Resourcing strategy/practice?

### **Employee Resourcing (ER) Practice**

- **Employee Resourcing Strategy**

5. Do you have a clearly defined ER strategy? If so, is it integrated with the bank's strategy?
6. What are the main objectives of the bank's ER strategy?
7. What measures does the bank take to attract the right people in the right jobs at the right time?
8. How do you measure the effectiveness of your ER strategy?

- **Human Resource Planning (HRP)**

9. Do you have an effective HRP that links strategic business planning and strategic HRM?
10. Are your Employee Resourcing policies and procedures integrated with your HRP?
11. What does your workforce planning look like? How do you identify the kind of people and capability that will create value and enhance the bank's performance now and in the future?

- **Recruitment & Selection**

12. Would you consider your recruitment process to be fair and transparent?
13. How centralized or dispersed is the recruitment process? How are hiring managers involved in the process?
14. Is emphasis given to competitive recruitment processes? How common are non-competitive hiring and recruitment processes outside the competitive channels?
15. What are your sourcing channels to recruit staff? Which strategy has your company found to be most effective?
16. How will you describe your bank's recruitment needs? How often do you advertise vacancies? How many recruitments do you handle in a year?
17. What is your selection process? What are the stages and assessment tools used to ensure validity and reliability?
18. In your opinion, what can be done to alleviate and shorten the length of time it takes to recruit and on-board employees? Are there redundancies and steps in the recruitment and selection process that could be eliminated to reduce the recruitment timeframe?

- **Talent Management**

19. What is your bank's view towards talent management as a key HR function in order to attract, develop and retain engaged people with the right competencies?
20. Have you taken steps to manage your talent and ensure you have the talented people you require to provide for leadership/ management succession?

- **Employee Engagement**

21. What steps do you take as an organization to focus on driving employee engagement in order to resource the best talent and improve retention?
22. What is the engagement level of Abay's workforce? Do you think you can attract and hire easily, deliver strong customer service and have high retention rate and low voluntary turnover because of your engagement level?

- **Retention**

23. What strategy has the bank put in place to retain its talented employees?
24. What are the main reasons for staff voluntarily leaving the organization (resignation)?

- **Competency Framework**

25. What is your view towards having a defined a company-wide competency framework that is linked to all HR-processes (i.e. Employee Resourcing, Performance Management, Learning & Development, etc.)? Do you have one?

26. How do you advertise vacancies? What is your basis to prepare the vacancies?

### **Factors Influencing ER Practices**

27. What are the major internal and external factors influencing ER practices in your organization and in the banking industry? What are the biggest challenges in attracting employees?

### **Integration of ER with other HR areas/functions**

- **Learning & Development (L&D)**

28. How do you integrate your L&D and ER strategies in order to attract and retain talent, assess and address skill deficiencies, enhance employee engagement, retain staff, and give the bank a competitive edge?

- **Performance Management**

29. How do you integrate your performance management system with your ER strategy to evaluate hiring process, identify L&D needs, recognize employee's achievements, and increase employee engagement?

- **Reward Management**

30. How does the bank create the right incentives for its employees and offer competitive salaries and benefits in order to attract and retain high quality employees?

### Appendix III - List of Abay Bank Branches in Addis Ababa

<b>List of Abay Bank Branches in Addis Ababa - Physical Geographical Location and Address</b>			
<b>No</b>	<b>Name of the Branch</b>	<b>Region</b>	<b>Special Name of the Place</b>
*	HEAD OFFICE	Addis Ababa	Jomo Kenyatta Avenue, Zequala Complex
1	ADDISU GEBEYA BRANCH	Addis Ababa	Addisu Gebeya
2	AFRICA AVENUE BRANCH	Addis Ababa	Africa Avenue, near Dembel
3	AIRPORT BRANCH	Addis Ababa	Bole, around Brass Hospital
4	ATLAS BRANCH	Addis Ababa	Atlas
5	BEKLOBET BRANCH	Addis Ababa	Beklobet
6	BETHEL BRANCH	Addis Ababa	Bethel
7	BOLE - 24 BRANCH	Addis Ababa	Megenagna - 24, around Kokeb Building
8	BOLE MEDHANEALEM BRANCH	Addis Ababa	Bole (Tele) Medhanealem
9	BOLE MICHAEL BRANCH	Addis Ababa	Bole Michael
10	BOLE MILLENNIUM BRANCH	Addis Ababa	Bole, around Millennium Hall
11	BOMB TERA BRANCH	Addis Ababa	Merkato, Bomb Tera
12	CMC BRANCH	Addis Ababa	CMC
13	ENKULAL FABRICA BRANCH	Addis Ababa	Enkulal Fabrika
14	GERJI BRANCH	Addis Ababa	Gerji
15	GOFA BRANCH	Addis Ababa	Gofa, around Mebrat Hail
16	GOJJAM BERENDA BRANCH	Addis Ababa	Gojjam Berenda
17	GOTERA BRANCH	Addis Ababa	Gotera, in front of Wengelawit Bldg
18	HABTE GIORGIS BRANCH	Addis Ababa	Habte Giorgis Dildiy
19	HAYA HULET BRANCH	Addis Ababa	Haya Hulet Mazoria
20	HAYAHULET ADEBABAY BRANCH	Addis Ababa	22 Mazoria
21	JEMO BRANCH	Addis Ababa	Jemo
22	KALITY BRANCH	Addis Ababa	Kality
23	KERA BRANCH	Addis Ababa	Kera, around Bulgaria
24	KOLFE BRANCH	Addis Ababa	Kolfe
25	KOTEBE BRANCH	Addis Ababa	Around Kotebe - Bireta Biret
26	LEBU BRANCH	Addis Ababa	Lebu

27	LIDETA BRANCH	Addis Ababa	Lideta
28	MAIN BRANCH	Addis Ababa	Jomo Kenyatta Avenue, Zequala Complex
29	MEGENAGNA BRANCH	Addis Ababa	Megenagna
30	MEHAL SUMMIT BRANCH	Addis Ababa	Summit
31	MERKATO BRANCH	Addis Ababa	Merkato
32	MESKEL FLOWER BRANCH	Addis Ababa	Meskel Flower, around Nazra Hotel
33	MESSALEMIA BRANCH	Addis Ababa	Messalemia, Ehil Berenda
34	MILITARY TERA BRANCH	Addis Ababa	Merkato
35	SARIS BRANCH	Addis Ababa	Saris
36	SATIN TERA BRANCH	Addis Ababa	Merkato - Satin Tera
37	SUMMIT GORO BRANCH	Addis Ababa	on the way to Goro
38	TEWODROS BRANCH	Addis Ababa	Tewodros Adebabay
39	URAEI BRANCH	Addis Ababa	Around St. Urael Church