

The Effect of Strategic Human Resources Management Practices on Competitive Advantage in case of Dashen Bank S.C

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Declaration

I, Getu Kebede Ayele, here by declares that this thesis is a result of my independence research work on the topic entitled. “The Effect of Strategic Human Resources Management Practices on Competitive Advantage, the case of Dashen Bank S.C” in partial fulfilment of Master’s Degree in Business Administration in management at Addis Ababa University College of Business and Economics. I hereby declared that, this study is original in nature that has been done with my own effort and all the sources of material used for this study have been dully acknowledged.

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Certification

The undersigned certifies that they have read and hereby recommend to Addis Ababa University college of Business and Economics to accept the Thesis submitted by Getu Kebede Ayele entitled ***"The Effect of Strategic Human Resources Management Practices for Competitive Advantage, the case of Dashen Bank S.C"*** in partial fulfilment of the requirements for the award of a Master's Degree in Business Administration.

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Acronyms

HRM	Human Resource Management
HRP	Human Resources Planning
HR	Human Resources
SHRM	Strategic Human Resources Management
Strategic-HRM	Strategic Human Resources Management
VIF	Variance Inflation Factor

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Abstract

This study examines the effect of strategic human resources management practices to achieve a competitive advantage in the case of Dashen Bank S.C. The objective of the study is to examine the practices of Strategic- HRM for achieving competitive advantage in Dashen Bank. A descriptive and explanatory research design were used a quantitative method. The primary data were obtained from questionnaires completed by 198 employees of Dashen Bank S.C. selected using probability sampling techniques through stratified sampling. Descriptive and inferential statistical analyses were conducting using SPSS. The results indicate a positive relationship between the practices of strategic human resource planning, strategic recruitment and selection, performance management system, strategic compensation and reward management system with competitive advantage. However, the study found that no significant positive relationship between strategic training and development program with competitive advantage. The study concluded that ensuring the availability of skilled man power, alignment of HR planning with the strategic objective, using effective recruitment and selection methods, providing trainings based on identified skill gaps, improve the performance management feedback loop and design fair equitable and competitive compensation and reward management help the bank achieve a competitive advantage. The study recommended that Dashen Bank S.C. strengthen succession planning to fill critical positions to ensure leadership continuity and organizational stability. Additionally, the bank is suggested to provide class room and online training programs that are linked with the identified skill gaps of employees based on annual training need assessment. Furthermore, the bank is recommended to revise the existing compensation and reward management practices using bench marking against the industry and adopt fair and equitable compensation and reward management system.

Key Word: Strategic human resource management, Competitive advantage, Dashen Bank S.C

Chapter One

Introduction

1.1. Background of the study

The rapid change of the business environments, regulatory requirement change, technological advancement, diverse customer expectation requirements, growing the number of actors in the business environment and the presence of stiff competition among commercial banks, working in the traditional way of banking service and just by expanding the number of branch networks is difficult to win.Today's banking requires quality service, agility and competent human capital to be competitive in the business environment (Birhanu, Mekonnen and Lake ,2021). In order to gain competitive advantage, the proper applicability of strategic human resources management is also crucial (Boxall and Purcell,2008).

Strategic-HRM is a method of how an organization goals will be achieved using its employees by a means of human resources strategies, policies and practices. Strategic HRM involves exercise of strategic choice and the establishment of strategic priorities. It is essentially about the integration of business and HR strategies (Armstrong, 2008). The fundamental aim of strategic HRM is to generate organizational capability by ensuring that the organization has the skilled, engaged, committed and well-motivated employees needs to achieve sustained competitive advantage (Armstrong, 2008).

Strategic-HRM links corporate strategy and HRM and emphasizes the integration of HRM with the business and its environment. It is believed that integration between HRM and business strategy contributes to effective utilization of human resources, improvement in organizational performance, and finally the success of a business. It can also help organizations to achieve competitive advantage by creating unique HRM systems that cannot be imitated by others (Delery and Doty,1996).

Any organization do not have all resources to hold the potential of sustained competitive advantage but to have this resources must fulfil the characteristics of being value adding, rare and inimitable and not substitutable (Barney, J.1991). The essential components of Strategic SHRM are talent management**,** performance management**,** training and development**,** strategic alignment**,** high-performance work systems, compensation and reward system and workforce planning are used to align people with the organizational business strategy (Desler,2015).

These elements can be a sources competitive advantage in the short period of time and sustained competitive advantage in the long period of time. Strategic Human Resources Management enable organizations to make strategic capabilities by making sure the organization has the skilled,

motivated and engaged employees needs to achieve to sustained competitive advantage (Armstrong, 2008).

1.2. Statement of the problem

Strategic-HRM is critical to gain competitive advantage through the alignment of human resources strategy with the business strategy of an organization. The resources based view explain that an organization competitive advantage is determined by possessing unique, rare, valuable, and inimitable resources than competitors (Sunday and Issac,2016). These resources create value adding product and service and cannot be easily imitate by its competitor.

The resources based view enable organization getting human resources advantage by developing strategic fit between resources and opportunities, obtaining value adding products and service from deployment of resources, developing people who think strategically and understand key strategic issues and ensure the achievements of the business objective. This view advocate that organization putting their investment in their people increase the value of the firm and able to gain competitive advantage through their employees (Armstrong, 2010).

Strategic-HRM practices is demanding to assign the right people, the right skill, in the right place of an organization at the right time. In order to accomplish this, there must be alignment between the overall strategic goal of an organization and the major human resources activities (Mello,2015). In the strategic planning process, the involvement of top human resources incumbent is critical to give their inputs towards the formulation and it enable to became human resources function strategically important (Mello,2015).

Dashen Bank S.C. is one of the private commercial banks since the country is allowed the participation of private sectors in the banking business. Commercial banks in Ethiopian mostly provide similar products and service to the public and they compete mainly by the service they delivered to keep their competitive advantage (Birhanu, Mekonnen and Lake, 2021). In order to gain and keep the competitive advantage they must have skilled, trained and motivated employees.

The practices of strategic-HRM to be effective to achieve competitive advantage of organizations must have a planned human resources planning, transparent recruitment and selection, fair promotion and appointments of employees particularly in leadership positions, appropriate and effective training and development programs, adequate performance evaluation system, fair and competitive reward and compensation management system is very important.

Therefore, the practices of strategic-HRM is a paramount for achieving competitive advantage an organization and which is very helpful for the attainment of the overall strategic objective of a business. Even if, knowing the significance of strategic-HRM in achieving competitive advantage there is limited empirical evidence regarding the practices of strategic-HRM are aligned with the organization business objective.

Dashen Bank S.C conducts limited workforce planning by putting greater emphasis on anticipated future needs than in a present position. There is a perceived image of employee recruitment and selection process is ineffective and misaligned with organizational goal. In order to fill knowledge and skill gaps a planned learning and development programs are not effective and lack of alignment with the organizational goal. Each employee signs a goal setting agreement with their respective supervisors along with key performance indicators (KPIs) and the bank frequently tries to aligns its goals with the goals of employees but unable to track individual performance through a system. There is less competitive reward and compensation management system. Therefore, examining the effect of strategic-HRM practices in Dashen Bank S.C is important to understand their role to the achievement of competitive advantage and to fill the existing research gap.

1.3. Research questions

This research aims to assess the effect of strategic-HRM practice for competitive advantage in the case of Dashen Bank S.C. and will guided by the following research questions.

1. How does strategic human resource planning contribute to the achievement of competitive advantage in Dashen Bank?
2. How do strategic recruitment and selection practices affect the competitive advantage of Dashen Bank?
3. To what extent strategic training and development influence the competitive advantage of Dashen Bank?
4. How does the performance management system contribute to achievement of competitive advantage of the bank?
5. How do strategic reward and compensation management practices affect the competitive advantage of Dashen Bank?

1.4. Objective of the study

1.4.1. General objective

The objective of the study is to examine the practices of strategic- HRM for achieving competitive advantage in Dashen Bank.

1.4.2. Specific objective

- To examine the role of strategic human resources planning in achieving competitive advantage.
- To assess the effect of strategic recruitment and selection practices on competitive advantage.

- To evaluate the contribution of strategic training and development to the achievement of competitive advantage.
- To analyze the role strategic performance management system in achieving competitive advantage.
- To investigate the effect of strategic reward and compensation management on competitive advantage.

1.5. Scope and boundary of the study

The critical factors that influence the effect of strategic-HRM practices on competitive advantage may vary from sector to sector. The scope of this study to assess the effect of strategic–HRM practices for competitive advantage at Dashen Bank S.C. The study emphasis on strategic human resources planning, strategic recruitment and selection, strategic training and development, performance management and strategic reward and compensation management. Even though, there are other private banks rendering commercial banking activity in Ethiopia, the study focus on the effect of strategic-HRM practices for competitive advantage at Dashen Bank S.C. The participant of the study were employees working in Human Resources Department, District Office and Branches located in Addis Ababa City. These employees were selected because they are directly involved in the human resources practices and involved in the bank's daily operation, making them suitable sources of information for the study.

1.6. Significance of the study

The findings of this study will be significant in several ways. First, the results will provide valuable insights for Dashen Bank S.C. in assessing the extent to which the effect of strategic-HRM practice contributes to the achievement of competitive advantage. Second, the findings may assist the bank's management in improving HR strategies, enhancing organizational performance, and aligning human resource practices with the bank's strategic objectives. Third, the study will serve as a useful reference for future researcher by providing empirical evidence and a conceptual basis for further studies in the area of Strategic-HRM and competitive advantage in the banking sector. Finally, the study will serve as in put for policy and decision makers.

1.7. Limitation of the study

Even if large sample size is important for in depth understanding of the effect of strategic-HRM practices contribution to achieve competitive advantage, the study is limited to a sample size of 196 respondents, due to time and financial limitation.

1.8. Organization of the study

The study contains five chapters, the first chapter covers the introduction which is background of the study, statement of the problem, research questions, research methodology, scope and boundary of the study, significance of the study, limitation of the study and organization of the study. The second chapter concerned about literature review and conceptual framework of the study. The third chapter deals with research design and methodology which is research approach, research design, data sources, population and sampling. The fourth chapter contains result and discussion. Finally, the fifth chapter presents summary of findings, conclusion, recommendations, theoretical contribution and policy implication, and limitation and direction for future research.

Chapter Two

Review of Literature

2. Theoretical Literature Review

2.1. The Concept of Strategy

Strategy is a comprehensive, long term objective of an organization that aims to achieve a competitive advantage through the alignment of resources and competencies with aim of fulfilling stakeholder expectation. It is the process of making a deliberate choice about where an organization wants to go, how it will be there and how it will allocate resources to achieve its goals (Johnson.et al, 2008).

David highlights that strategy includes the formulation, implementation and evaluation of cross-functional decisions that enable an organization to accomplish its objectives. Strategy integrates an organization vision, mission, and objectives with internal strength and weakness and external opportunities and threats, and it provides direction that guides an organization towards the success in the dynamic and competitive business environment (David, 2017). According to Armstrong strategy is future oriented, meaning that it decides where we want to go and how to get there. And it emphasis both the ends and means. In this context strategy is a statement of pledge that what an organization went to do and how going to do it (Armstrong ,2011).

Consequently, strategy is a long term plan of an organization to win the competitive business environment and it helps organization to set goals, evaluate internal and external environments and enable to make a deliberate decision where want to go, how will be there and how to use the resources effective that bring the maximum benefit and achieving a competitive advantage of an organization.

2.2. Human Resources Management

Human resources management is the process of effectively managing people in an organization. It includes recruitment and selection, training and development, evaluating, maintaining and retaining in sufficient number and the right skill mix of employees to achieve organizational objectives. The goal of HRM is to maximize employees' contribution in order to attain optimal productivity and effectiveness while simultaneously getting individual objectives (Desler,2015). According to Robbins and Decenzo, human resource management focuses on the people aspect of an organization and can be viewed as a support function that assists employees who are directly involved in organizational activities. In addition, HRM is considered a responsibility of all managers whether or not an individual works as human resources professional, every manager is expected to effectively manage employees under their supervision (Decenzo and Robbins, 2010).

HRM is a strategic approach used by organization to manage their most valued assets who work individually and collectively to contribute the achievement its organizational objectives. In the age of rapid technological advancement, the importance of human resources holds the key position to the development and growth of an organization. Human Resources Management is that the concern of how employees are recruited, selected and hired and managed in an organization. It covers a wide range of activities from long term human resources planning to employee wellbeing (Armstrong, 2006).

Therefore, from the above scholars' definition of HRM, it is an important aspect how effectively employees are contributing to achieve business goal of an organization. It ensures that an organizations having the right people, with the right skill set and to the right place that helps to improve performance and to achieve competitive advantage.

2.3. Strategic Human Resources Management

Strategic-HRM is the linking of human resources functions to the growth of organizations as a strategic partner through recruitment, selection, training and development and rewarding of employees (Sunday and Issac, 2026). Decenzo defines that strategic HRM is aligning HR policies and decision with the organization strategy, mission, vision and goal (Decenzo and Robbins, 2010). Similarly, strategic HRM involves integrating human resources with the business strategy and making HRM is a critical part of strategic management of an organization (Malika,2009).

Strategic-HRM highlights that how an organization goal and objective will be achieved through people by integrating HR strategy, policy and procedure with the business strategy and believed that human resource is fundamental for the success of an organization (Armstrong,2008). The foundation of strategic HRM is that, human resources are a sources of competitive advantage, and HR strategies should be integrated with the business strategies (Armstrong,2008). Strategic HRM builds HRM as a strategic, integrated, and coherent process by aligning HR practices to the long term goals and objectives of an organization.

2.4. Components of Strategic Human Resources Management

Strategic-HRM emphasizes the alignment of an organization's human resource practices with its long term business strategy. To achieve this alignment, strategic HRM depends on a set of interconnected components. These components include strategic human resources planning, strategic recruitment and selection, strategic training and development, strategic performance management, strategic compensation and reward management. The following are overview of major components of strategic-HRM.

2.4.1. Strategic Human Resources Planning

Strategic human resources planning is the foundation of developing an HR strategy. It involves converting an organization's overall strategic objectives into a practical plan that identifies the workforce needed to accomplish those objectives. At the same time, it provides a framework for designing specific HR programs and policies (Mello,2015). It is an important function to conducted an organization to ensure the availability of the right workforce, at the right places and at the right time (Cappelletti, Valenti & Saresella ,2023).

Armstrong defined that human resource planning is a core process of human resource management that is shaped by the organizational strategy and ensures the availability of the right number of people with the right skills, in the right place and at the right time to deliver short and long term organizational objectives (Armstrong, 2014). There are many reasons for conducting human resources planning among them are to a have a practical effect in optimizing the uses of resources and minimizing to make poor decision, understand the present so as to address the future need of an organization and communicating the plan so as to obtain support and to integrate HR plan with the busness plan (Armstrong ,2014). Therefore, human resource planning ensures that an organization has the right number of employees with appropriate skills, placed in the right positions at the right time and enabling the organization to operate efficiently and to achieve a competitive advantage.

2.4.2. Strategic Recruitment and Selection

Strategic recruitment and selection is the process of attracting, identifying, selecting and hiring employees whose skills, experience, and values align with an organization's long term goals and objectives (Mello,2015). Recruitment and selection practises enable organization to meet their workforces needs and support the accomplishment of organizational objectives. This process involves assessing labor requirements, preparing job descriptions, advertising job openings, and selecting the most suitable candidates (Oyadiran, Musa & Kola 2023).

Recruitment is the process finding and attracting qualified candidates based on the need of the organization. It involves attracting potential talent through various methods like advertising vacancies on company website, brief recruitment agencies and recruitment consultant and online platforms (Armstrong,2014). Similarly, Decenzo defines that recruitment is finding potential candidates for current and future organizational needs. There are ways like internal sources, employees' referral, college recruitment and recruitment agencies are used to find and attract potential candidates (Decenzo and Robbins, 2010).

Selection is the process of gathering relevant information for the purpose of evaluating and deciding who should be hired in particular jobs. Selection identify individuals who best satisfy the eligibility criteria for the post among pool of candidates based on assessment test and interview (Decenzo and Robbins,2010). More specifically, selection is connecting a candidate with a job to achieve organizational goals (Armstrong, 2014). Thus, recruitment and selection is a process of identifying the best candidates from the pool and connecting them to jobs in an organization and which helps to achieve competitive advantage.

2.4.3. Strategic Training and Development

Strategic training and development is the process of supporting employees to learn and develop how the organization's goals will be achieved through its human resources by a means of integrated training and development strategies, policies and practices. It emphasizes investing in employees, and developing the organization's human capital (Armstrong ,2014).

Training is the process of improving employees' knowledge, skill, attitude and abilities that help to perform their job effectively. Organization invest in training to make their employees to do their assigned job adequately and determines the success of an organization**.** Effective training contributes to an organization success and it helps employees to adapt the workplace through induction, socialization and orientation programs that introduce company policies, culture, and expectations. Training is more of present day oriented; it focuses on individuals' current jobs, enhancing employees' specific skills and abilities needed immediately to perform their jobs (Decenzo and Robbins, 2010).

Similarly, Debra depicted that training may also include on the job and task specific sessions to address key workplace issues and improve skills. Many organizations support new employees by assigning mentors or coaches, while ongoing training assist employees to updating their knowledge of their job, company policies and initiatives. In addition, organizations may use external training programs to provide advanced or specialized skills development (Debra,2023).

Development programs emphasizes that an employees' ability and potential growth through learning experience or self learning activities. It is a process enable employees to improve from the current understanding to the required future state of high level skill, knowledge and competencies. (Armstrong,2016). Developmental programs are future oriented and jobs will need new skills, abilities and competencies (Decenzo and Robbins, 2010). Similarly, Debra highlights that developmental programs are arranged for long term achievements of individual and organizational objectives (Derba,2023). Thus, training and development are key strategic HRM initiatives that build employees capabilities, enhance overall organizational capacity, and contribute to achieving a competitive advantage.

2.4.4. Strategic Performance Management

Strategic performance management system is a process of improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements (Armstrong, 2009). According to Herman 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 an organization. It is a process of building a culture of taking responsibility on individual and group level for the continuous improvement of the business process, the skill they have, the behaviour and their contribution towards the achievement of strategic goals (Herman,2014).

Performance management have two main components that every organization shall consider during the process. The first one is that performance management is continuous activities, it involves goal and objective setting, evaluating performance and giving and receiving continuous feedback and coaching. And it requires that every supervisors of an organization shall ensure employees activity and their result are congruent with the organization goals and objectives and its contribution to the achievement of competitive advantage (Mullins ,2010). It shall be objective and job related and has main components like setting performance standards, communicate the expectation, measure the actual performance, compare the performance with the standards, make a discussion about the result and take appropriate action (Decenzo and Robbins,2010).

Thus, from the specified viewpoints performance management is a method to improve individual and team performance by aligning consistently with strategic objective of a business. It is an iterative process starting from goal setting to corrective action and helps to make timely monitoring, feedback and evaluation. Through which an organization exhibit continuous improvements and it helps to gain a competitive advantage.

2.4.5. Strategic Compensation and Reward Management

Compensation is defined as the combination of all cash incentive and fringe benefit mix that an employee received from a company, which constitute and individual's total compensation (Decenzo and Robbins,2010). Similarly, compensation represents both the intrinsic and extrinsic rewards of employees receive for performing their jobs and being member of an organization (Joseph, 2017).

Intrinsic compensation is a type of compensation that an employee's personal satisfaction result from performing once jobs. These rewards are pride in one's work, enjoying being part of an organization and sense of accomplishment (Decenzo and Robbins,2010). Extrinsic compensation incorporates monetary and nonmonetary rewards (Joseph ,2017).

These includes money, promotion, and benefit which are outside the job and come from mainly management decision (Decenzo and Robbins,2010). Hence, both intrinsic and extrinsic compensation describe a company's total compensation system (Decenzo and Robbins,2010). Reward management is a process that required to ensure the contribution of people to the organization is recognized by both financial and non-financial means. The aim is to meet the need of both organization and its stakeholders. Reward management is not only employee payment and benefit. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility. It linked to other human resources initiatives designed to achieve the motivation, commitment and engagement and development of employees (Armstrong,2007).

Compensation and Reward Management plays a strategic role in building and achieving a competitive advantage by attracting, retaining, motivating, engaging, and developing talented employee of an organization.

2.4.6. Competitive Advantage

Competitive advantage is a position of a firm occupies against its competitors gained by offering consumer greater value either through low price or by providing more benefit that justify high price (Porter, 1985). Every organization possess its own set of a distinct strength and weakness among its own set of value adding activities. Developing a unique competence that build on a firm's strength and minimizing its weakness to enable firms to lay the foundation for competitive advantage (Barney, 1991).

Competitive strategies are designed to help firm deploy their valve chains and other strength to build competitive advantage. Each company formulates its specific competitive strategy according to its own analysis of internal strength and weakened, the valve it can provided, the competitive environment, and the needs of its customer (David, 2011). The fundamental goal of competitive strategy is to tackle the industry competition to maintain the best interest of the firms includes the fives forces of competition (Porter,1985).

2.4.7. The Five Forces of Competition

Competition among firms varies from industry to industry and determined by its own peculiar nature. Industry structure is the interrelationship among five different forces that drive the behavior of firms competing in that industry (Pitt and Lei,2000). The nature of competitiveness in a given industry can be viewed as the interaction of five forces. These five forces are the potential of new entrant, the potential development of substitute product, the bargaining power of consumers, the bargaining power of supplier and rivalry among competing firms (Porter,1985).

2.5. Theories of Strategic-HRM

Theories strategic-HRM explains how the practices of human resources helps to achieve goal and objective of an organization and to gain competitive advantage. Among the theories, some of which are discussed below.

2.5.1. Resources Based View

The resources based view state that there are numerous resources of an organization including its human resources that produces a distinctive character and create competitive advantage. (Armstong,2005). As Barney stated that a firm has a competitive advantage through a value creating strategy, not easily imitated or copied by competitors. The firm competitive advantage requires the analysis of its internal strengths and weaknesses. The creation of competitive advantage depends on the unique resources and capabilities that a firm brings to competitive environment (Barney,1995).

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Organization must look inside of their firm resources and capabilities are valuable, rare and costly to imitate, and then exploit those resources to the maximum benefit of their organization (Barney,1995). Resource based view wants to develop strategic fit between resources and opportunity, obtaining value adding from the effective utilization resources and developing leaders to think strategically to understand key strategic issues and enable to ensure the strategic goal of the business to be achieved. The resources based view considered human resources are the most important assets because the skill, knowledge, experience and capabilities are difficult to imitate by competitors (Armsstrong,2014).

The practices of strategic HRM are recruitment and selection, training and development, performance management, and compensation and reward management and it plays an important role in developing and leveraging a unique characteristics of human resources. By aligning HR strategies with the overall business strategy, organizations build internal capability that enhance their performance and helps to achieve competitive advantage (Wright, Dunford, & Snell, 2001). Therefore, resources based view serves as the core theory supporting this study, as it directly links with the practices of strategic HRM to the achievement of competitive advantage.

2.6.2. Dynamic Capabilities Theory

Dynamic capabilities theory is the firm's ability to build, integrate and rearrange internal and external competencies to address the rapidly changing environment (Bleady, Hafiez and Balal ,2018). It derives from resources based view and improve the limitations by highlighting the continues development and renewal of resources and capabilities.

This helps organization to adapt the changing environment and explain how to achieve competitive advantage and greater performance in a dynamic environment. (Bleady, Hafiez and Balal ,2018). Dynamic capability believes that a firm's competitive advantage is based on the attainment of valuable, rare, inimitable and non-substitutable resources. This theory emphasizes that firm's ability to reconfigure internal and external competencies to address the rapidly changing environment. This is particularly important very in business environments, where firms must remain flexible and responsive to maintain competitiveness (Terence, Pisano, & Shuen, 1997).

Strategic HRM practices helps the development of dynamic capabilities by fostering adaptability, strategic agility, and continuous improvement among employees. Thus, the theory supports the study by explaining how Strategic HRM facilitates both resource development and organizational adaptability.

2.6.3. Contingency Theory

Contingency theory suggests that there are no one size fits all approach to organizational leadership or decision making. The most effective management style or organizational leadership depends on situational factors. The theory emphasizes that organizational effectiveness comes from aligning strategies, structures, and leadership approaches with contextual conditions rather than applying as a universal rule (Kondalkar,2007).

The starting point of contingency theory in HRM is by analysing external and internal fit. External fit is the vertical alignment of HRM practices with the strategy and environmental conditions that an organization working. Internal fit is the horizontal alignment of HRM practices themselves to work together to get the desire outcomes. Contingency theory encourages to focus on fit and adaptability rather than rigidity. It highlights that leadership styles, policies, and organizational

structures are effective only when matched to specific internal and external conditions. Failure to achieve these alignments will experience inefficiency and low productivity (Harney, 2023). Consequently, contingency theory emphasizes that the alignment of HRM practices with the overall business strategy and internal and external condition of an organization. This helps to utilize human resources more efficiently and maintain high productivity this enable an organization to gain competitive advantage.

2.7. Empirical Literature Review

The practices of strategic-HRM is highly contribute to the achievement competitive advantage. Halbast and Tarik, (2019) found that strategic-HRM focus on the alignment of human resources practices with the strategic objective of an organization so as to improve effectiveness and create a value through human resources to achieve a competitive advantage. These resources are critical assets of an organization and not easily substitute or imitate. Similarly, Becker described that strategic-HRM emphasises integrate HRM practices with the overall business strategies to build capability that competitors cannot easily imitate (Becker, 2006).

Nancy (2024) conducted a study to assess strategic HRM practices and employee performance in Kenya. The study uses secondary data collection methods. The research objectives were analysing the effect of Strategic HRM practices on employee performance, evaluate key performance indicators and assess the role of Strategic HRM in improving organizational performance in a resources constraint environment. The study found that there is a positive relationship between Strategic HRM practices on organizational performance and competitiveness. Various HRM practices including performance appraisal systems, training and development programs, compensation and reward system, employee engagement initiatives, flexible work arrangements, talent management practices, and organizational culture, play a significant role in influencing on employee performance.

The study is limited on secondary data, and this can affect the accuracy and relevance of the findings, as the data may have been collected for diverse purposes and may not fully align with the specific objectives of the study. Based on the findings, the researcher recommends further study shall be conducted to integrate HRM practise to better understand on employee performance and employee wellbeing.

Tafese et.al (2025) conducted a study to assess the effect of strategic alignment and strategic foresight on competitive advantage medium and large firms in Ethiopia. The study used a combined descriptive and explanatory research design with a quantitative research approach. The data collection methods were used in the study were structured questionnaires to ensure consistency.

The research objectives were to assess the effect strategic alignment on competitive advantage, the role human capital in enhancing competitive advantage and to provide insights to improve organizational capability.

The study found that the importance of aligning organizational strategies with human resource practices to enhancing workforce capability, organizational performance and competitive advantage of medium and large firms.

The result showed that the alignment of Strategic HRM and organizational strategy has a significant effect on competitive advantage. By investing in human capital development and aligning strategic objectives with operational activities, organizations can improve their adaptability, innovation capacity, and long term competitiveness in rapidly changing business environment. The study is limited in a quantitative approaches and unable to collect the viewpoints of managers and people who are working the company.

Based on the findings the researchers recommend that industrial firms in Ethiopia can gain competitive advantage by aligning HR practices with the business objectives strategy and investing in human capital development. This includes training and development, continuous learning, periodic performance evaluation to address the skill gaps (Tafese, Brehanu and Shashi ,2025).

Rafiq et.al (2024) assessed a study on HRM Strategies and Sustainable Competitive Advantage: Assessing Strategic Agility and Mediating Impact. The study used quantitative research approach to examine and explain the relationships among different variables. The data collection methods were used in the study were structured questionnaires to minimize a research bias. The research objectives were analysing the effect of HRM practices on sustainable competitive advantage, examine how strategic agility influence organizational competitiveness and to apply the resources based view in explaining how to use internal resources to create competitive advantage.

Rafiq et.al (2024) in empirical evidence suggests that strategic agility can improve the relationship between HR strategies and competitive advantage. The effective implementation of HRM practices, combined with organizational agility, enables firms to adapt quickly to dynamic market conditions. Strategically managed human resources create unique capabilities that competitors cannot easily replicate. Strategic agility partially mediates the relationship between HRM strategies and competitive advantage, demonstrating that while HRM practices directly enhance performance, their impact is strengthened when organizations are agile and responsive.

Rafiq et.al (2024) found that the research findings align with the resource-based view, emphasizing that human resources are a critical source of competitive advantage when strategically managed. The limitation of the study is that its cross-sectional design, which captures data at a single point in time and hence restricts to establish causal relationships to look changes in strategic and sustainable HRM practices over time.

Zehir et.al (2019) conduct a study on the role of Strategic–HRM practices on business performance. The study used a quantitative research approach and structured questionnaires for data collection method across different respondents. The research objectives were analysing the role of strategic-HRM practise in improving business performance, examine how HRM is integrate with the strategic objectives and how Strategic HRM supports for organization competiveness and success.

The study examined that strategic HRM practices includes recruitment and selection, training, compensation and performance appraisal has its own impact on organizational performance. Among strategic HRM practices training is the most important one because it affects positively the organization's commitment to creating, acquiring, sharing, and using knowledge to improve performance and to adapt changes which in turn improves organizational performance and competitiveness.

The limitation of the study was it focuses exclusively on mangers and excluding none managerial employee, which limits a comprehensive understanding of strategic-HRM practices in organizational levels. Based on the findings of the study they recommend training and learning practices in an ongoing manner and HR professional focus to learn new skills and knowledge.

William and Lukas (2025) conduct a study on strategic and sustainable HRM for achieving competitive advantage in an organization. The study used secondary data for the research and a biometric research method. The research objectives were to analyze the role of strategic HRM in improving organizational performance and competitive advantage, examine the contribution of sustainable HRM in promoting sustainability, employee wellbeing and stakeholders value.

The study finding of the study is strategic HRM promotes an informed decision making in HR practices and this begin by making alignment of HR strategy with the overall business strategy. And decentralizing HR practise from HR expert to line mangers helps to integrate HR practices in the day to day activity of the operations. The study is limited on secondary data and this may affect the accuracy, and largely follows a generalized approach may not have supported by empirical evidence and this affect the validity of the conclusion. The research findings conclude that investing in training and development helps to improve the knowledge and the skill of employees and ensuring the alignment of HR strategy with the business strategy.

Previous literature reveals that there is a strong harmony that Strategic HRM significantly contribute to the achievement of organizational performance and competitive advantage through the alignment of Strategic HRM practices with the business strategy. Studies like Halbast and Tarik, (2019), Nancy (2024), Tafese et al. (2025), Zehir et al. (2019), Rafiq et al. (2024), and William and Lukas (2025) consistently showed that the integration of HRM functions with strategic objective of the business enhance organizational capabilities.

The major point of the studies is that human resources is the most critical strategic resources and these resources are valuable, rare, inimitable and non-substitutable and a sources of competitive advantage. Rafiq et al. (2024) and William and Lukas (2025) highlights strategically managed human resources can generate a unique capability that cannot easily imitate by competitors and employees are key strategical asset to gain and maintain a competitive advantage. Likewise, Tafese et al. (2025) emphasize that investment in training and development, continuous learning and skill enhancement, strengthen organizational capability and long term competitiveness. This common understanding stressed that the importance of employees as a strategic contributor to organizational success.

Despite there are areas of agreement in the study, some variations exist in the relative importance of the practices of Strategic HRM and the methods through which it influences performance. Zehir et al. (2019) identify that among the practices of strategic HRM, training and development is the most influential because it affects positively an organization commitment to creating, acquiring, sharing, and using knowledge to improve performance and to adapt changes, which in turn improves organizational competitiveness.

In contrast, other studies adopt a more holistic approach, treating HRM practices as a bundle rather than isolating individual components. Additionally, Rafiq et.al (2024) suggests that strategic agility can enhance the relationship between HR strategies and competitive advantage and dynamic capability, allowing firms to leverage human capital more effectively and respond proactively to environmental changes.

Considering the research methodology, the studies depends on a quantitative research approach using a structured questionnaire to collect data from respondents. Studies such as Tafese et al. (2025), Zehir et al. (2019), and Rafiq et al. (2024) utilize descriptive and explanatory research designs to examine relationships among variables using statistical techniques. Nancy (2024) and William and Lukas (2025) on the other hand, relies on secondary data analysis, while most other studies depend on primary data collection.

However, there are limitations across the studies are the cross-sectional nature which restricts the ability to establish causal relationships over time. Furthermore, there is a clear lack of qualitative and mixed-method studies that could provide deeper insights into the contextual and behavioral aspects of strategic HRM implementation, as well as the experiences of employees and managers in real organizational settings.

2.8. Research Gap Analysis

In the empirical literature review there are few studies investigated that the relationship of strategic HRM practices in a comprehensive framework to examine their effect on competitive advantage and organizational performance. However, there are studies mainly focus on Strategic HRM from employee performance, business performance, strategic agility and mediating impact and financial performance perspective. Though, these studies have shown the relationship of strategic HRM with different variables, there is a lack of comprehensive research on the effect of strategic HRM practices on competitive advantage.

The empirical literature review showed that there is a limited number of studies conducted in under develop economies, particularly in Ethiopia. Though Tafese et.al (2025) provide valuable insight about firms in Ethiopia. The overall empirical evidence on strategic HRM remains limited in the Ethiopia context. To be specific the banking industry is far beyond to be examined the effect of Strategic HRM practices on competitive advantage and Dashen Bank S.C is among the one. Therefore, there is a research gap in examining the effect of strategic HRM practices on competitive advantage in Dashen Bank S.C and the researcher aims to addressing five fundamental components of strategic HRM.

2.9. The Research hypotheses

The research hypothesis is a reasonable assumption, an educated guess and its purpose is to provide a temporarily objective, a logical framework that guides researcher to collect and analysed data (Leedy and Ormrod, 2015). Therefore, based on the literature to achieve the stated objective, the study has developed and tested the following hypotheses.

H1: Strategic human resource planning has a positive effect on competitive advantage of the bank.

H2: Strategic recruitment and selection practices has a positive effect on competitive advantage of the bank.

H3: Strategic training and development program has a positive effect on competitive advantage of the bank.

H4: Strategic performance management system has a positive effect on competitive advantage of the bank.

H5: Strategic compensation and reward management system has a positive effect on competitive advantage of the bank.

2.10. Conceptual Framework

A conceptual framework is an organization of concepts, assumptions, expectations, beliefs, and theories that supports and guides research. It serves as a blueprint for understanding how variables in a study are related, assisting a researcher to explain, predict, or interpret phenomena (Miles and Huberman, 1994).

In this study human resources planning, recruitment, selection, learning and development, performance management and compensation and reward management will be used as independent variables whereas, competitive advantage will be as dependent variable. Therefore, the study's conceptual frame work depicted as follows:

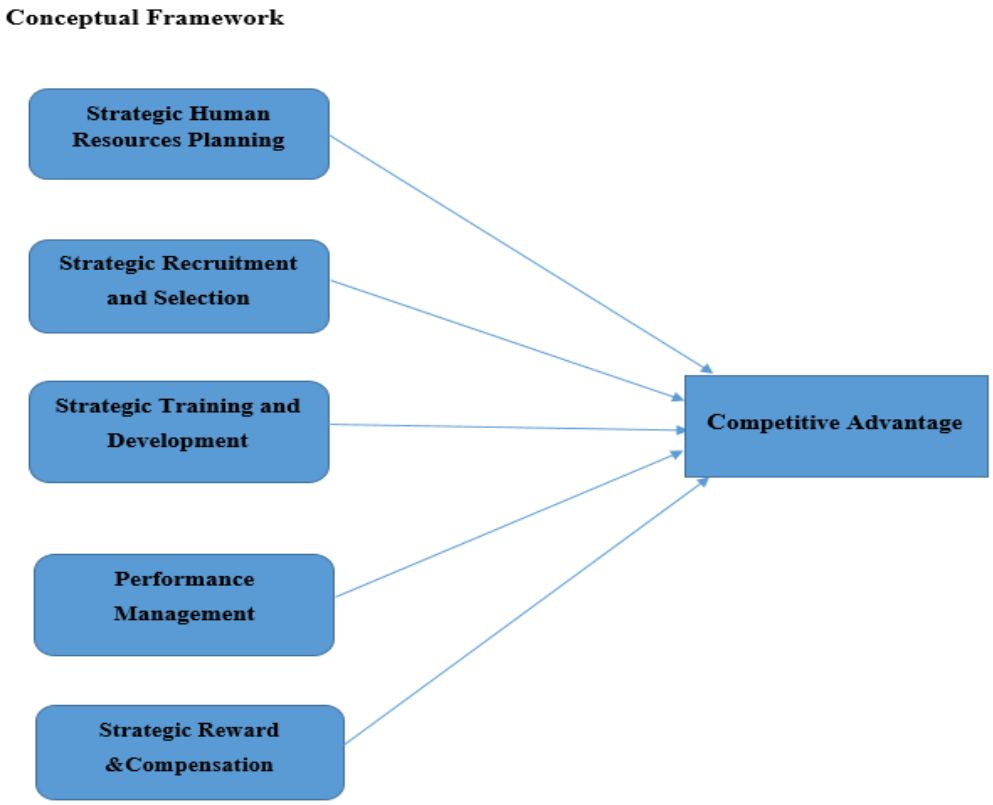


Figure 2.1 Conceptual Frameworks (Own model)

Chapter Three

Research Methodology

3.1. Description of the Study Area

Dashen Bank S.C was established on January 01,1996 in accordance with the commercial code of Ethiopia under licensing and supervision of banking business proclamation No.84/1994. The Bank primarily engaged in the provision of commercial banking service to the general public. Dashen Bank S.C currently has 14 District Office and 904 branches as at May 31,2026. The bank's headquarters is located at Lideta Sub City, Sudan street, Woreda 09. The bank has a Board of Directors consisting of one Chairman, and eight Directors. In addition, a Shari'ah Advisory Committee composed of a Chairman, a Vice Chairman and three members has been established. Both bodies are accountable to the General Meeting of Shareholders. The Board appoints the CEO of the bank, who controls and manages the day to day bank wide activity with a wide range of responsibility. The bank has a 11,164 permanent staff with the following classification (17 Executive Management, 67 Senior Management, 1,276 Middle Management, 1,395 Line Management, 7,507 Professional, 438 Clerical and 464 Non-Clerical) as at May 31, 2026.

3.2. Research Design

Research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analysing the needed information. Similarly, it provides the basic direction for carrying out a project and helps to get relevant information for research questions and enable to complete the task in efficient manner (Joe et.al.,2016). In this study which has been employed descriptive and explanatory research design approach. The descriptive research design has been used to describe the existing strategic HRM practices within the bank such as recruitment and selection, training and development, performance management and reward and compensation management. Explanatory research design has been applied to examine the relationship between strategic -HRM practices (independent variable) and competitive advantage (dependent variable).

3.3. Research Approach

The objective of this study is to examine the effect of strategic-HRM practices on competitive advantage. According to Creswell, there are three research approaches available these are quantitative, qualitative and mixed methods (Creswell,2003). Using a quantitative approach was employed by distributing structured questionnaires and it allows to collect numerical data and using statistical techniques to examine the relationship between strategic-HRM practices and competitive advantage.

3.4. Population and Sampling Techniques

Dashen Bank S.C. has 11,164 permanent employees working throughout the country. The Bank organized in to Head Office, City District Office and Up-Country District Office for smooth running of the day to day activities. The target population of this study was a permanent employees of the bank and the sampling frame were the list of 383 (Three hundred eight three**)** employees from which the required number of sample size is drawn because it is difficult to consider the total population as respondent on the survey due to time and cost constrains.

The sampling units for this study focused on, Area Business Managers, Senior Managers, Human Resources Business Partners, Head Human Resources Operations, Senior Officers HR Operations, Junior Officer HR Operations, Recruit Professionals, and Branch Business Managers. The study employed probability sampling to be specific stratified sampling technique was used to get the information because it is used to assist in minimizing partiality when dealing with population. With this sampling techniques the sampling frame was relatively homogenous subgroup and non-overlapping, called strata (Joe.et.al.,2016).

The total population of the study was 383 (Three hundred eight three) from Head Office, District Offices and Branches. In order to ensure the strength of the finding, the study used sufficient sample size as per Taro Yamane, a statistician, developed Yamane methods for calculating sample size and determine the minimum required sample size at 95% confidence level and 5% sampling error.

$$n = \frac{N}{1 + N(e^2)}$$

Where: N=Number of population

n =Sample Size

e = Sampling error which is 0.05

$$n = \frac{N}{1 + N(e^2)}$$

$$n = \frac{387}{1+387\,(0.05^2)}$$

$$=196$$

3.5. Source of Data and Data Collection Methods

The main sources of the study were both primary and secondary sources of data. The primary data which was collected through survey in order to get information on the issue of strategic- HRM for competitive advantage. With the purpose to collect data from respondent a structured questionnaire along with a covering letter which was explained the purpose of the study were distributed to the concerned employees of Dashen Bank. The structure questionnaires consist of multiple choices along with Likert scale. The secondary sources of data were collected from books, published journals, research papers and unpublished materials.

3.6. Methods of Data Analysis and Interpretation

In the process of data analysis, examining, categorizing, tabulating and rearranging the collected data so as to address the initial research questions. In this study the researcher used the two sets statistics (descriptive and inferential) to analyse the data. Descriptive statistics is used to summarizes and describe quantitative information in the form of frequency distribution and measures of central tendency (mean and standard deviation).

Inferential statistics (correlation and regression) is used to analyze multiple regression test is used to test the significance between observed and expected distribution of data, while Pearson's coefficient of correlation is used to measure the direction and strength of the relationship between research variables and determine whether independent variables have an effect or impact on dependent variables. All the collected data were analyzed with the help of Statistical Package for Social Science (SPSS) version 25.

3.7. Multiple Linear Regression Model Specification

This multiple regression model constructed in two sets of variables precisely independent variables like strategic human resources planning, strategic recruitment and selection, strategic training and development, performance management and strategic compensation and reward management. The dependent variable is competitive advantage. The objective of using regression model in this study was to make the study more effective at describing, understanding, predicating and quantifying the relationship between the dependent variable and independent variables.

$$Yi = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + e$$

Where: Y = Dependent variable – Competitive Advantage

β0=Constant term

X1=Strategic Human Resources Planning

X2= Strategic Recruitment and Selection

X3 = Strategic Training and Development

X4 = Strategic Performance Management

X5= Strategic Reward and Compensation Management

e=Error Term

β1, β2, β3, β4, and β5, = Coefficient of independent variables

Consequently, the statistical technique was used to explain the relationship of dependent variable and independent variables.

3.8. Validity and Reliability

According to Joe.et.al (2016), validity is the degree to which the instrument measures what it determines to measure. Similarly, validity is a tool to measure the behaviour or quality it is intended to measure and a measure of how well the measuring the instrument to make its purpose. (Lütfi & Ahmet, 2020). Reliability is the stability of the measuring instrument used and it is consistent over time. And it is essential for the outcome of the study to be healthy (Lütfi & Ahmet,2020). Therefore, the reliability of the scale was measured using Cronbach's alpha.

3.9. Ethical Consideration

All participants included in this study were appropriately informed about the purpose of the research (the partial fulfilment of Master's Degree) and their willingness and consent were secured before the start of distributing questionnaire. Regarding the right to privacy of the respondent, the study maintained confidentiality of the identity of each participant. In all case, names are kept confidentially thus collective names like respondents or employees were used.

Chapter Four

Results and Discussion

4.1. Introduction

This chapter consists of results obtained from questionnaires and detail presentation of the data. The collected data were organized, summarized and interpreted by using SPSS version 25 software program. Descriptive statistics such as, frequency, tables, percentage, mean, standard deviation, skewness and kurtosis were employed to present the status of demographic characteristics of the respondents, as well as their responses to various survey questions. Inferential statistics (correlation and regression) were also applied for the purpose of showing regression analysis were explained in chapter three model specification. The reasons of using this statistic is to differentiate statistically significance and insignificance of variables by using regression, and to know the value of R2 (R-squared).

4.2. Descriptive statistics

Descriptive statistics was used to examine, mean, standard deviation, skewness and kurtosis. It was used to determine the employee's insight about the effect of strategic human resources management practices in Dashen Bank. Data were collected from respondents through questionnaires analyzed and interpreted. Mean and standard deviations were used to interpret the result for the clear understanding of five point Likert scale. According to Akmaliah, mean score measurements can be used to the interpretation data and if a mean score greater than 3.80, it is considered as high, a mean score between 3.40 up to 3.79 considered as moderate and its below 3.40 it is considered as a low (Akmaliah ,2009). The skewness and kurtosis were used to show the distribution of data in the study.

Table 4.1.1 Demographic characteristics of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	137	69.2	69.2	69.2
	Female	61	30.8	30.8	100.0
Age group	18-25	6	3.0	3.0	3.0
	26-35	67	33.8	33.8	36.9
	36-45	97	49.0	49.0	85.9
	46-55	27	13.6	13.6	99.5
	above 55	1	0.5	0.5	100.0
Education	B.A Degree	89	44.9	44.9	44.9
	Masters Degree	109	55.1	55.1	100.0

Position classification in the bank	Entry level	4	2.0	2.0	2.0
	Professional level	40	20.2	20.2	22.2
	Line Management	46	23.2	23.2	45.5
	Middle Management	104	52.5	52.5	98.0
	Senior Management	4	2.0	2.0	100.0
Tenure in the Dashen Bank	Less than a year	3	1.5	1.5	1.5
	1-4 years	37	18.7	18.7	20.2
	4-7 years	13	6.6	6.6	26.8
	7-10 years	29	14.6	14.6	41.4
	10 -15 years	67	33.8	33.8	75.3
	Above 16 years	49	24.7	24.7	100.0

Sources: Own survey, 2026

The results indicated in Table 4.1.1 among the total respondents 69.2% were male and 30.8% were female respondents. To be specific 137 and 61 were male and female respectively, it implies that a number of male respondents are higher than female. In terms of age group, the researcher divided the respondents' age in to five categories. Accordingly, 3% of the respondents fall within the 18-25 age category, while the 26-35 group represents 33.8% of respondents. The age group, 36-45 represents the largest proportion of respondents it constitutes 49%. The age categories of 46-55 and above 55 comprises 13.6% and 0.5 % respondents respectively. This suggest that the sum of two age categories of 26-35 and 36-45 took the majority of the respondents which accounts 82.8%.

Education is one of the key item of this study, the finding indicates that 44.9 % and 55.1% of the respondents hold a Bachelor's degree and Master's degree respectively. This suggests that post graduate respondents slightly higher than undergraduate degree holders. The positional classification of the study indicates that the respondents' job positions were classified to five categories. Accordingly, 2% of the respondents were at entry level, while 20.2% were at professional level.

23.2% the respondents were line management, 52.5% were middle management and 2% were senior management. This suggest that the study mainly concentrated on managerial positions particularly line and middle management accounted for 75.7% of the total respondents. Tenure of the respondents were categorized in to six groups. Thus, 1.5% of respondents have worked less than a year in the bank, while 18.7% have worked between 1 and 4 years, 6.6% and 14.6% of respondents fall within the 4–7 years and 7–10 years of experience categories, respectively. Those within 10–15 years of experience accounted for the largest share of 33.8%, while 24.7% of respondents had more than 15 years of experience.

Table 4.1.2 Strategic Human Resources Planning

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic human resources planning contribute to improve the bank's performance.	198	4.16	0.869	-1.679	0.173	3.936	0.344
The bank ensures the availability of skilled employees when needed.	198	3.97	0.723	-0.859	0.173	1.333	0.344
The bank's HR planning is aligned with strategic objectives	198	3.94	0.862	-1.141	0.173	1.660	0.344
The bank effectively forecast its human resource needs.	198	3.75	0.790	-0.653	0.173	0.222	0.344
The bank has a clear succession plan for critical roles.	198	3.63	0.930	-0.680	0.173	0.145	0.344
Aggregate Strategic Human Resource Planning	198	3.89	0.58321	-0.637	0.173	0.727	0.344

Sources: Own survey, 2026

As indicated below in Table 4.1.2, the aggregate high mean score of strategic human resource planning of 3.89, it indicates that respondents agree with the statement and the standard deviation result is 0.58, it implies that a high level of consistency in response. Among the item, strategic human resources planning contribute to improve the bank's performance score a highest mean value of 4.16, it suggests agreement with the statement. The corresponding standard deviation result is 0.87, it indicates that a relatively consistent pattern of responses. Similarly, the bank's HR planning is aligned with the strategic objectives score a high mean value of 3.94, it implies that agreement with the item and the its standard deviation 0.723 its indicates a consistent level of response.

In contrast the items the bank effectively forecast its human resource need and has a clear succession plan for critical roles have mean value of 3.75 and 3.63 respectively. It suggests that there is a moderate level of agreement. However, the corresponding standard deviation result are 0.790 and 0.93, it implies that responses were fairly consistent with respondents and share a relatively similar views. Regarding the distribution of the data, the skewness value (-0.637) indicates that responses are moderately concentrated toward higher agreement levels. And the kurtosis value (0.727) shows a slightly peaked distribution. Both values fall within acceptable limits, indicating that the aggregate data is approximately normally distributed.

The result reflects that employees have a favourable view that the bank's strategic human resources planning contribute to improve the bank's performance and its alignment with the bank's overall strategic objective. According to Williams and Lukas (2025) study, they identified that the alignment of HR strategy with overall organizational strategy helps to promote informed decision making.

In this regard employees' views are comparable with findings from empirical researches. Employees have a concern particularly, effective forecast of human resources need and the applicability of a clear succession plan could potentially lead to leadership gap, operational inefficiency, reduce the banks performance and shortage of human resources. As per the findings, Dashen Bank may highlight and improve its human resources forecast capability and instinct a clear succession plan for critical posts which enables to contribute the achievement of competitive advantage.

Table 4.1.3 Strategic Recruitment and Selection

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
The bank's strategic recruitment focuses on hiring employees with valuable skills.	198	3.95	0.829	-1.092	0.173	1.881	0.344
The selection process is fair, transparent and based on merit.	198	3.81	1.004	-1.034	0.173	0.992	0.344
The bank attracts highly qualified candidates.	198	3.80	0.950	-0.983	0.173	0.785	0.344
The bank uses effective and modern recruitment methods.	198	3.80	0.861	-0.852	0.173	1.154	0.344
The bank's recruitment and selection practices are timely.	198	3.66	0.844	-0.622	0.173	0.309	0.344
Aggregate Recruitment and Selection	198	3.8030	0.67304	-0.582	0.173	0.538	0.344

Sources: Own survey, 2026

As depicted in Table 4.1.3 the aggregate strategic recruitment and selection score a high mean value of 3.80, it indicates that agreement among the respondents with the statement and its standard deviation result is 0.67, which is low and it implies that a high level of consistency in the response. The bank's strategic recruitment focuses on hiring of employees with valuable skills record a high mean value of 3.95, it suggests that agreement among respondents with the statement. The corresponding standard deviation result is 0.83, it implies that a consistent pattern of response among respondents. The bank's selection process is fair, transparent and based on merit score a high mean value of 3.81, it indicates the agreement among respondent's with the statement and its standard deviations result is 1.004, it suggest that there is a variation in response among the respondents.

The item indicates that the bank attracts highly qualified candidates scored a high mean value of 3.80, it implies that there is agreement among the respondents and the corresponding standard deviations result is 0.950, it indicates that moderately a consistent pattern of response among the respondents. Similarly, the bank uses effective and modern recruitment methods score a high mean value of 3.8, it suggests that agreement among of the respondents and its corresponding standard deviation result is 0.861, it implies that a consistent pattern of response by respondents.

Conversely, the bank's strategic recruitment and selection practices are timely score a moderate mean value of 3.66, it indicates moderate agreement from respondents. It's corresponding standard deviation value is 0.84, indicates that a consistent pattern of response and showing the respondents are comparable view of regarding the issue. Concerning the distribution of data, the skewness values (-0.582) indicates that responses are moderately concentrated toward higher agreement levels. The kurtosis value 0.538, suggests that slightly peaked distribution and the aggregate data is approximately normally distributed.

The finding results suggest that respondents may feel that the bank's recruitment and selection is in a good position and hire employees with a valuable skill, which may bring coachable, adaptive and value adding employees that help the bank beyond the day to day activity of the business and enable to achieve competitive advantage. Similarly, the Resource-Based View (RBV) proposed by Jay Barney (1995), explained that organizations that possess valuable resources can achieve competitive advantage.

Employees have a concern about the bank's recruitment and selection processes**.** The bank may not adequately provide sufficient information about fairness, transparent and merit based recruitment and selection processes and this may reduce employees job satisfaction and motivation. Based on the finding, there is a high turnaround time to fill the vacant post and to satisfy the manpower need up on demand, this may lead to loss of market shares and poor customers experience. Dashen Bank may improve the transparency and fairness of the recruitment and selection processes enable to enhance employee job satisfaction and motivation which may contribute the achievement competitive advantage.

Table 4.1.4 Strategic Training and Development

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic training and development programs improve employee performance and productivity.	198	4.16	0.869	-1.210	0.173	1.820	0.344
The bank promote continuous learning and development program.	198	3.98	0.878	-1.006	0.173	1.256	0.344
Strategic training and development programs are aligned with the bank's goals and objectives.	198	3.97	0.842	-0.920	0.173	0.883	0.344
Employees receive a regular training and development to improve their skills.	198	3.89	0.939	-1.041	0.173	0.787	0.344
Strategic training and development program are based on skill gaps.	198	3.61	0.995	-0.592	0.173	-0.172	0.344
Aggregate Strategic Training and Development	198	3.9222	0.73313	-0.854	0.173	0.791	0.344

Sources: Own survey, 2026

As indicated in Table 4.1.4 the aggregate strategic training and development score a high mean value of 3.92, it indicates that respondents agree with the items and its standard deviation value is 0.73, it implies that a consistency of response from respondents. The statement strategic training and development programs improve employee performance and productivity score a high mean value of 4.16, it indicates that there is an agreement among the respondents with the statement and its standard deviation value is 0.87, it shows a consistent pattern of response.

The bank promotes continuous learning and development program score a high mean value of 3.98, it implies that agreement on the response among the respondents and its corresponding standard deviation result is 0.878, it suggests that a consistent pattern of response. The item on strategic training and development programs are aligned with the bank's goals and objectives, score a high mean value of 3.97, it indicates agreement in the response and its standard deviation result is 0.842, it suggest that a consistent pattern of response among the respondents. In addition to this, the items employees receive a regular training and development to improve their skills score a high mean value of 3.89, it indicates that agreement in response and its standard deviation result is 0.939, indicates a moderate level agreement in response among the respondents.

However, the item strategic training and development program are based on skill gaps score moderate mean value of 3.61, indicates a moderate level agreement among respondents and the corresponding standard deviation is 0.99, it shows a moderate level of agreement in response among respondents. The skewness (-0.854) indicates the agreement in response among the respondents and the kurtosis value of 0.791, it indicates a slightly peaked distribution and the aggregate data are approximately normally distributed.

These results suggest that respondents may feel that the bank's training and development programs are effectively delivered through various method enable them to enhance their performance and productivity. The bank inculcates a continues learning and development programs are useful for employees to know new concepts and methods to improve their skills and performance. It is important that respondents are provided a regular training and development that help to improve their skill, this shows the banks determination to equipped employees with the necessary skill to get a competitive advantage. This result in line with the findings of Zehir et al. (2019), training is one of the most influential strategic-HRM practices, because positively affect organizational performance and competitiveness, which are critical for achieving competitive advantage. Based on the findings, it may be useful the bank to revise the training and development programs according to the skill gap of employees and conduct in depth training need assessment and accordingly delivering the training programs that align with employee's career aspiration, succession plan and leadership developments.

Table 4.1.5 Performance Management

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employees performance is regularly monitored and evaluated.	198	3.77	0.999	-1.102	0.173	1.037	0.344
Strategic performance management system are linked with compensation, reward and benefit packages.	198	3.63	0.987	-0.834	0.173	0.431	0.344
Strategic performance management system supports the achievement of the bank's goal and objective.	198	3.60	1.065	-0.878	0.173	0.249	0.344
The bank has a clear performance management system.	198	3.44	1.164	-0.545	0.173	-0.561	0.344
Employees receive constructive feedback to improve their performance.	198	3.26	1.080	-0.480	0.173	-0.524	0.344
Aggregate Performance Management	198	3.5404	0.81526	-0.761	0.173	0.909	0.344

Sources: Own survey, 2026

As depicted in Table 4.1.5 the aggregate performance management score a mean value of 3.54, it suggests that respondents moderately agree with the statement and its standard deviation value is 0.82, indicates moderate agreement in response. The item employees' performance is regularly monitored and evaluated a mean score of 3.77, this shows a moderate agreement with the statement and the corresponding standard deviation value is 0.99, indicates that a moderate agreement in response from respondents.

The statement strategic performance management system is linked with compensation, reward and benefit packages score a mean value of 3.63, suggests that a moderate agreement among respondents and its standard deviation result is 0.987, implies that relatively a moderate agreement. The item on strategic performance management system support the achievement of the bank's goal and objective a mean value of 3.60. it indicates a moderate agreement among respondents and the corresponding standard deviation value is 1.065, it suggests that there is a high variability in response among respondents and similarly, the bank has a clear performance management system score mean value of 3.44. it indicates that a moderate level agreement among respondents and its standard deviation result is 1.164, it indicates that there is a high variability among the response of the respondents. However, the item employees receive constructive feedback to improve their performance score a low mean value of 3.26, it indicates that a disagreement among respondents and the corresponding standard deviation value is 1.080, indicates a high level of variation in in response. The skewness (-0.761) indicates that the responses are moderately agree with the statement and the kurtosis values 0.909 suggests that a slightly peaked distribution the aggregate data can be considered approximately normally distributed.

These results suggest that employees generally have a good perception on performance management practices in Dashen Bank, although there are some concerns. Employees may feel that a feedback process does not effectively improve performance, which could contribute to lower job satisfaction, reduced motivation, and higher turnover. They may also doubt the effectiveness of the current performance management system in supporting the bank's strategic objectives. Therefore, Dashen Bank is suggested to review its performance management system, identify areas for improvement, and ensure that the process is fair, transparent, and objective to enhance employee engagement and motivation.

Table 4.1.6 Strategic Compensation and Reward

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic Compensation and rewards helps to retain skilled employees.	198	3.99	0.956	-1.072	0.173	0.970	0.344
The Bank provides both financial and non-financial rewards	198	3.64	0.917	-1.024	0.173	1.189	0.344
Rewards are linked to employees performance.	198	3.47	0.975	-0.874	0.173	0.313	0.344
The bank's compensation and reward system are competitive.	198	3.15	1.049	-0.270	0.173	-0.553	0.344
Employees are fairly compensated for their work	198	3.1010	1.06628	-0.381	0.173	-0.728	0.344
Aggregate Strategic Compensation and Reward	198	3.47	0.741	-0.376	0.173	0.296	0.344

Sources: Own survey, 2026

As indicated in Table 4.1.6 the aggregate strategic compensation and rewards score a mean value of 3.47, suggests that respondents moderately agree with the item and the standard deviation of 0.74, indicates a consistency in response among respondents. The item strategic compensation and rewards helps to retain skilled employees score a high mean value of 3.99, implies agreement with the statement. The corresponding standard deviation is 0.96, indicates that a moderate level of agreements in response.

The statement about the bank provides both financial and non-financial rewards score a mean value of 3.64, indicates that moderate agreement among respondents and its standard deviation is 0.917 suggests modest agreement and similarly the bank's reward are linked with employees' performance score a mean value of 3.47, implies a moderate agreement among respondents and the corresponding standard deviation is 0.975 indicates similar agreement with that of the mean value.

However, the statement indicated that the bank's compensation and reward system are competitive score a low mean value of 3.15 indicates disagreement in response and the corresponding standard deviation result is 1.049 indicates a high level of variability and response. Similarly, the item employees are fairly compensated for their work score a low mean value of 3.10, suggests that disagreement in response. The standard deviation value is 1.066, indicates a high variability of response among respondents. The skewness (-0.376) indicates that there is a lower agreement on responses and the kurtosis value is 0.296 suggests that responses are slightly peaked distribution and the aggregate data is approximately normally distributed.

These results suggest that employees have a positive perception of reward and compensation management of the bank and feel that the compensation and reward helps to retain and motivate skilled employees and yet there are some areas of concern. Specifically, employees may feel that the bank's compensation and reward system are not competitive and not adequately compensated for their work. This could potentially lead to low job satisfaction, low employee motivation, high turnover and lower productivity among employees.

Based on the findings, it is important insight for Dashen Bank to highlights the need to improve its compensation and reward management practices to ensure employees are motivated, productive and engaged in their work. By addressing the concern of employees' job satisfaction can improve, increase employee motivation and reduce turnover and it enables to achieve a competitive advantage.

Table 4.1.7 Competitive Advantage

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employees are the sources of competitive advantage of the bank.	198	4.12	0.868	-1.264	0.173	2.029	0.344
Employees skills and knowledge of the bank provides a unique advantage over competitors.	198	3.77	0.927	-0.911	0.173	0.815	0.344
The bank retains talented and skilled employees	198	3.34	0.968	-0.533	0.173	-0.115	0.344
The bank respond quickly to the change in the business environment.	198	3.18	1.055	-0.423	0.173	-0.564	0.344
The bank's human resources are difficult to imitate for competitors.	198	3.1162	0.87934	-0.229	0.173	0.006	0.344
Aggregate Competitive Advantage	198	3.51	0.677	-0.645	0.173	0.925	0.344

Sources: Own survey, 2026

As depicted in Table 4.1.7 the aggregate competitive advantage score a mean value of 3.51, indicates that respondents moderately agree with the statements and the standard deviation value is 0.68 it implies that a high level of consistency among respondents' response. The item employees are the sources of competitive advantage of the bank score a high mean value of 4.12, it suggests that agreement with the statement and the corresponding standard deviation result is 0.87, it shows a consistent pattern of response among the respondents. The statement employees' skills and knowledge of the bank provides a unique advantage over competitors score a mean value of 3.77, it indicates a moderate level agreement among respondents and the corresponding standard deviation result is 0.972, implies a moderate agreement among respondents'. Similarly, the item a bank retains talented and skilled employees score a mean value of 3.34, it suggests that there is a moderate agreement among respondents and its standard deviations result is 0.968 implies that a moderate level agreement among respondents.

However, the statements about the bank respond quickly to the change in the business environment and its human resources are difficult to imitate by competitors score a low mean value of 3.18 and 3.12, and 1.055 and 0.88 the correspond standard deviation results respectively. The mean value for both indicates that disagreement among respondents and the standard deviation result indicates a higher level of dispersion in response for quick response to environmental changes and where as a consistent pattern of response for the item imitation of human resources by competitors. The skewness (-0.6645) indicates that the responses are moderately agree with the statement and the kurtosis values 0.925 suggests that a slightly peaked distribution of the aggregate data and it can be considered approximately normally distributed.

These outcomes suggest that employees have a positive perception being a sources of competitive advantage and the skills and knowledge they possess a unique advantage of the bank than its competitors, there are areas of concern. Specifically, the bank is unable to quickly respond to the change in the business environment and considered that the human resources of the bank are easily imitated by competitors. Dashen Bank may assess the environment proactively and act accordingly is very important to cope with the changing business landscape and failure to do so may be lead to loss of competitiveness, decrease profitability, and customer dissatisfaction. And the Bank plan to develop a continuous training and development program until employees' skill and knowledge being inimitable this may enable the bank to achieve a competitive advantage.

4.3. Reliability Statistics

The reliability of the instruments refers to the consistency of data collected in the survey. In this study each question was rated on five point Likert scale which included strongly disagree, disagree, neutral, agree and strongly agree. The reliability of data was measured using Cronbach's Alpha coefficient. The overall measurement (30 items) was found to be 0.942, and the reliability of each question was categorized in its respective category, with the corresponding Cronbach's Alpha result depicted in Table 4.1.8.

Table 4.1.8 Cronbach's Alpha result

No	Scale	Cronbach's Alpha Coefficient	Number of Items
1	Strategic Human Resources Planning	0.734	5
5	Strategic Recruitment and Selection	0.803	5
3	Strategic Training and Development	0.868	5
4	Performance Management	0.827	5
5	Strategic Compensation and Reward	0.770	5
6	Competitive Advantage	0.766	5
7	Overall Cronbach's Alpha	0.942	30

Sources: Own survey, 2026

4.4. Inferential Statistics

Inferential statistical analysis refers to a set of statistical techniques used to draw conclusions, make predictions, and test hypotheses about a population based on sample data. Inferential statistics employ statistical techniques such as regression analysis, correlation analysis, analysis of variance(ANOVA) to analyse and interpret data and draw a conclusion about the population (Bhandari, 2023).

4.5. Regression Assumption Test

A regression assumption test is crucial step in regression analysis to ensure the validity and reliability of results. The assumption includes linearity, normality of the error term, multicollinearity and autocorrelation. Checking these conditions helps to confirm that the regression model is appropriate for the data and estimated relationship between variables are not biased or misleading. The assumptions satisfied the result of the regression analysis can be considered significant and appropriate for interpretation.

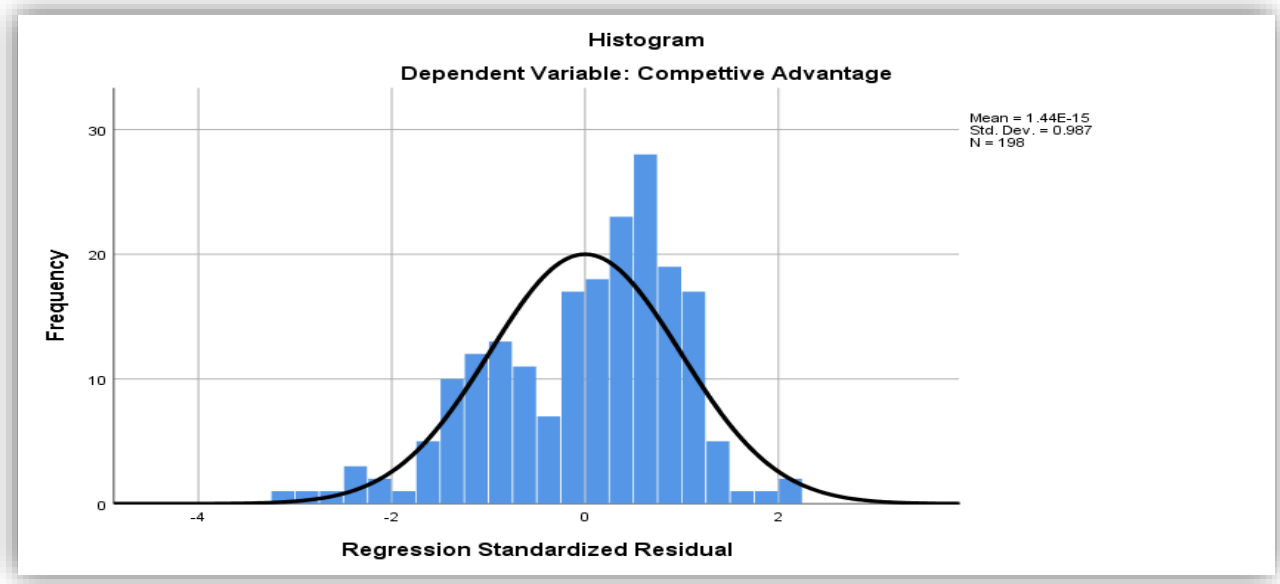
4.4.1 Normality Test

The data were examined to ensure that the assumption of multivariate normality was satisfied. In testing the normality assumption, several methods can be applied, including: (1) the histogram of residuals; (2) the normal probability plot (P–P plot), which is a graphical technique; and (3) the Jarque–Bera test, an asymptotic statistical test commonly used for large samples. Due to their simplicity, the histogram of residuals and the normal probability plot were employed in this study as indicated below.

4.1.1.1. Histogram of residual

The normality assumption was further assessed using a histogram of residuals, which is a simple graphical tool used to examine the distribution of data and illustrate how values are distributed. As shown in Figure 4.1, the histogram displays a bell-shaped curve, indicating that the data are approximately normally distributed.

Figure 4.1 Normal Distribution of data



Sources: Own survey, 2026

Most of the values are concentrated around the centre of the distribution, while the frequency of observations gradually decreases as the values move away from the centre. The peak of the distribution appears slightly to the right of zero, suggesting a slightly positive mean. Although the distribution is generally symmetric, there is a slight indication of negative skewness. The data are reasonably concentrated, with a few extreme values observed; however, no significant outliers are evident.

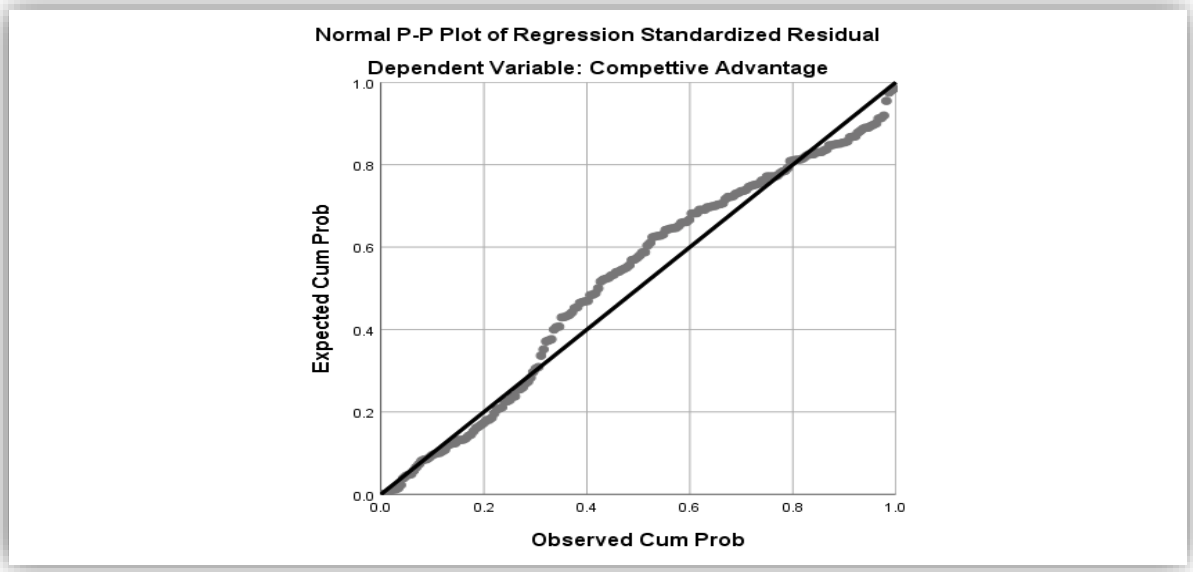
4.1.1.2. Normal Probability Plot

As shown in Figure 4.2 the Normal P–P plot of regression standardized residuals indicates the observed values of the variables on the horizontal axis and the expected values on the vertical axis and they are aligned with the diagonal line suggesting that the residuals are approximately normally distributed. Although there are slight deviations at the middle and upper ranges of the plot, these departures are not substantial enough to indicate a serious violation of normality.

4.4.2 Linearity

As illustrated in Figure 4.2, the Normal P–P plot of regression standardized residuals indicates the observed probabilities on the horizontal axis and the expected normal probabilities on the vertical axis. The points are closely distributed along the diagonal line, indicating that the residuals are approximately linearly distributed. Even if, minor deviations are observed in the middle and upper part of the plot, these variations are not sufficient enough to suggest a significant departure from linearity. The overall pattern confirms that the assumption of linearity is reasonably satisfied.

Figure 4.2 Normal P-P plot of regression standardized residuals



Sources: Own survey, 2026

4.4.3 Autocorrelation

Table 4.1.9 Durbin-Watson

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.762[a]	0.581	0.570	0.44391	0.581	53.324	5	192	0.000	2.050

Sources: Own survey, 2026

a. Predictors: (Constant), Training and Development, Compensation and Reward, Recruitment and Selection, Human Resource Planning, Performance Management.

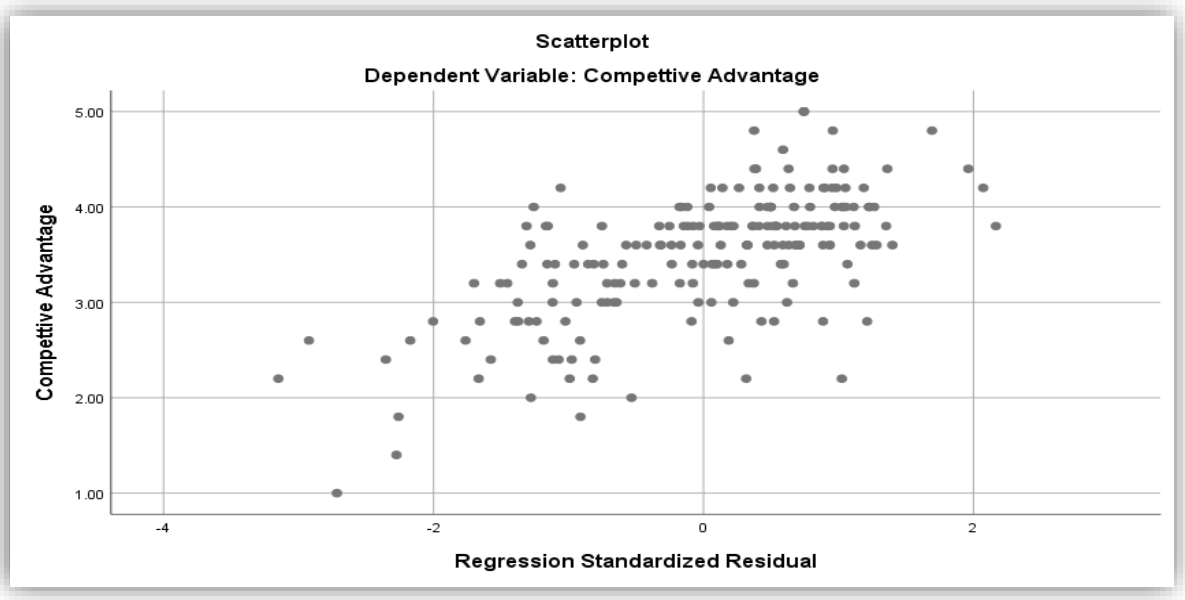
b. Dependent Variable: Competitive Advantage

Autocorrelation occurs when the residuals of one observations are correlated with each other rather than being independent. In regression analysis, the residuals are expected to be uncorrelated (independent). This is commonly referred as lack of autocorrelation. This assumption is usually tested using the Durbin–Watson test, which measures the correlation among error terms. The Durbin–Watson statistic ranges from 0 to 4, with a value close to 2 indicating no autocorrelation (Field, 2009). As presented in Table 4.1.9, the Durbin–Watson value for this study is 2.050, which falls within the acceptable range. This result shows that there is no significant autocorrelation among the residuals, implying that the error terms are independent of one another.

4.4.4 Homoscedasticity

As shown in Figure 4.5 the scatterplot of standardized residuals against observed values indicates that points are evenly dispersed across the range of data. Although some minor variations in the spread of residuals are observed, there is no clear pattern of increasing or decreasing dispersion. While the presence of slight fluctuations in dispersion exist, they are not substantially enough to indicate a serious homoscedasticity. Therefore, based on the scatterplot analysis, it can be concluded that the assumption of homoscedasticity is not violated.

Figure 4.8 Scatterplot of dependent variable: Competitive Advantage



Sources: Own survey, 2026

4.4.5 Multicollinearity test

Table 4.1.10 Variance Inflation Factor

Coefficients											
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error				Zero-order	Partial	Part	Tolerance	VIF
	(Constant)	0.216	0.227		0.953	0.342					
	Strategic Human Resource Planning	0.184	0.081	0.158	2.259	0.025	0.612	0.161	0.105	0.443	2.256
	Strategic Recruitment and Selection	0.180	0.068	0.179	2.632	0.009	0.620	0.187	0.123	0.471	2.122
	Strategic Training and Development	0.112	0.060	0.121	1.865	0.064	0.568	0.133	0.087	0.516	1.936
	Strategic Performance Management	0.136	0.060	0.164	2.262	0.025	0.640	0.161	0.106	0.416	2.402
	Strategic Compensation and Reward	0.279	0.059	0.305	4.747	0.000	0.655	0.324	0.222	0.528	1.893

Sources: Own survey, 2026

Multicollinearity exists when two or more independent variables in a regression model are highly correlated with each other. This indicates that the independent variables are not entirely independent and may contain overlapping information.

Multicollinearity can create problems in multiple regression analysis because it becomes difficult to distinguish the individual effect of each independent variable on the dependent variable. The Variance Inflation Factor (VIF) is commonly used to assess the presence of multicollinearity. It measures how much the variance (standard error) of a regression coefficient is inflated due to correlations among the independent variables. A VIF value below 10 is generally considered acceptable, while values closer to 1 indicate the absence of multicollinearity (Field, 2009).

As shown in Table 4.1.10, the maximum VIF value for the independent variables in this study is 2.40, which is well below the acceptable threshold. In addition, the tolerance values range from 0.416 to 0.528, all of which are above the minimum acceptable level. Therefore, the results indicate that there is no significant multicollinearity among the independent variables in the regression model.

The Pearson's correlations coefficient matrix presented in Table 4.1.11 shows the relationship between the components of strategic HRM practices and competitive advantage. Pearson correlation analysis was employed to examine the strength and direction of the relationships among the variables The results indicate in the below Table 4.1.11, all independent variables have a positive and statistically significant relationship with competitive advantage at the 0.01 significance level.

As indicated in Table 4.1.11, strategic human resource planning has a strong positive correlation with competitive advantage ($r = 0.612$, $p < 0.01$), which is statistically significant at the 99% confidence level. This implies that strategic human resource planning plays a significant role in determining competitive advantage at a 1% level of significance. Similarly, a strong positive relationship found between strategic recruitment and selection and competitive advantage ($r = 0.620$, $p < 0.01$), which is statistically significant at 99% confidence level. This implies that recruitment and selection plays a significant role determining competitive advantage at a 1% level of significance.

Moreover, the Table indicates that training and development has a positive and significant correlation with competitive advantage ($r = 0.568$, $p < 0.01$), which is statistically significant at the 99% confidence level. This implies that training and development plays a significant role in determining competitive advantage at a 1% level of significance. But, as compared to other variables in the Pearson coefficient of correlation the relationship is relatively weaker.

The performance management has a strong positive correlation with competitive advantage ($r = 0.640$, $p < 0.01$), which is statistically significant at the 99% confidence level. This implies that performance management plays a significant role in determining competitive advantage at a 1% level of significance.

Table 4.1.11. The Pearson's Correlations Coefficient Matrix

Correlations							
		Strategic Human Resource Planning	Strategic Recruitment and Selection	Strategic Training and Development	Strategic Performance Management	Strategic Compensation and Reward	Competitive Advantage
Strategic Human Resource Planning	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	198					
Strategic Recruitment and Selection	Pearson Correlation	**.666****	1				
	Sig. (2-tailed)	0.000					
	N	198	198				
Strategic Training and Development	Pearson Correlation	**.605****	**.536****	1			
	Sig. (2-tailed)	0.000	0.000				
	N	198	198	198			
Strategic Performance Management	Pearson Correlation	**.618****	**.592****	**.634****	1		
	Sig. (2-tailed)	0.000	0.000	0.000			
	N	198	198	198	198		
Strategic Compensation and Reward	Pearson Correlation	**.525****	**.568****	**.497****	**.641****		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		
	N	198	198	198	198	198	
Competitive Advantage	Pearson Correlation	**.612****	**.620****	**.568****	**.640****	**.655****	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	198	198	198	198	198	198

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

Sources: Own survey, 2026

Finally, compensation and reward exhibit the strongest positive correlation with competitive advantage ($r = 0.655$, $p < 0.01$), which is statistically significant at the 99% confidence level. This implies that compensation and reward plays a significant role in determining competitive advantage at a 1% level of significance.

As indicated in Table 4.1.11 Pearson's correlations coefficient matrix some independent variables are strongly correlated with each other than the dependent variables. This suggests that the variables may share related characteristics or overlapping information. However, the correlation coefficients are below the critical threshold of 0.80, the relationship do not indicate serious multicollinearity. This was further confirmed through Variance Inflation Factor (VIF).

4.2. Multiple Regression Analysis

In this study, the assumptions of regression were tested, including normality, linearity, multicollinearity, and autocorrelation. Multiple regression analysis was carried out to determine the predictive power of the selected constructs. The regression analysis is conducted to examine the effect of independent variables on the dependent variable. In this section, the researcher attempts to address questions related to the relationship between dependent and independent variables, as well as to identify the significant factors affecting the practices strategic-HRM for competitive advantage in the case of Dashen Bank S.C.

Table 4.1.12 Model Summary

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.762[a]	0.581	0.570	0.44391	0.581	53.324	5	192	0.000	2.050

Sources: Own survey, 2026

a. Predictors: (Constant), strategic compensation and reward, strategic training and development, strategic recruitment and selection, strategic human resource planning, strategic performance management.

b. Dependent Variable: Competitive Advantage

The result of the regression model summary shows in Table 4.1.12 the value of R square value of 0.581 indicates that 58.1% of the variation in dependent variable included in the model, while the remaining 41.9% of the dependent variables is explained by other factors which is not included in the model.

The Adjusted R square value of the model shows in Table 4.1.12 that 57% the model is good and in acceptable range. The result is very close to R-square this shows that there is no unnecessary variable in the model.

Table 4.1.13 ANOVA (Analysis of Variance)

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	52.540	5	10.508	53.324	.000[b]
	Residual	37.835	192	0.197		
	Total	90.375	197			

Sources: Own survey, 2026

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Compensation and Reward, Training and Development, Recruitment and Selection, Human Resource Planning, Performance Management

The ANOVA test results presented in Table 4.1.13 show that the regression sum of squares is 52.54%, indicates that independent variables explain a substantial proportion of the dependent variable. The residual sum of squares, 37.83%, represents the unexplained variation due to other factors not included in the model. The F-statistic value of 53.32, together with a significance value of 0.000, shows the overall regression model is statistically significant. Therefore, based on the ANOVA results, the researcher concludes that the model is significant and the independent variables jointly have a significant effect on the dependent variable.

Table 4.1.14 Coefficients

Coefficients											
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error				Zero-order	Partial	Part	Tolerance	VIF
	(Constant)	0.216	0.227		0.953	0.342					
	Strategic Human Resource Planning	0.184	0.081	0.158	2.259	0.025	0.612	0.161	0.105	0.443	2.256
	Strategic Recruitment and Selection	0.180	0.068	0.179	2.632	0.009	0.620	0.187	0.123	0.471	2.122
	Strategic Training and Development	0.112	0.060	0.121	1.865	0.064	0.568	0.133	0.087	0.516	1.936
	Strategic Performance Management	0.136	0.060	0.164	2.262	0.025	0.640	0.161	0.106	0.416	2.402
	Strategic Compensation and Reward	0.279	0.059	0.305	4.747	0.000	0.655	0.324	0.222	0.528	1.893

Sources: Own survey, 2026

a. Dependent Variable: Competitive Advantage.

The Unstandardized Coefficient B gives us the coefficient of independent variables in the regression equation including all the predictor variables indicated below.

COM.ADV = 0.216 + 0.184SHRP + 0.180SRS + 0.136SPM + 0.279 SCOMRE

Where: COM.ADV=Competitive Advantage, SHRP=Strategic Human Resources Planning, SRS=Strategic Recruitment and Selection, SPM=Strategic Performance Management, SCOMRE =Strategic Compensation and Rewards. Generally, the b-value (beta coefficient).

The coefficients presented in Table 4.1.14, indicate that the B value shows a positive relationship between strategic human resource planning and competitive advantage. When human resource planning increases by one unit, the bank's competitive advantage is also expected to increase, by 0.184. The results indicate that, on average, competitive advantage increases by 0.180 when recruitment and selection increases by one unit. Similarly, a unit increase in training and development leads to a 0.112 increase in competitive advantage. Performance management also shows a positive outcome; a unit increase leads to 0.136 increase in competitive advantage. Furthermore, an increase in compensation and reward by one unit leads to the highest increase in competitive advantage by, 0.279. The overall, B values indicate that all predictor variables have a positive relationship with competitive advantage, there is improvements in each independent variable are associated with an increase in the dependent variable.

The standardized coefficients (Beta values) indicate the relative contribution of each independent variable in explaining the dependent variable. As shown in Table 4.1.14, compensation and reward management has the highest standardized coefficient ($\beta = 0.305$), indicating that it exerts the strongest positive influence on competitive advantage compared to the other variables. This suggests that improvements in compensation and reward practices contribute more substantially to enhancing competitive advantage than other strategic human resource management practices.

Similarly, strategic recruitment and selection ($\beta = 0.179$) and performance management ($\beta = 0.164$) have positive effects on competitive advantage, indicating that improvements in these practices are associated with increased competitive advantage. Strategic human resource planning ($\beta = 0.158$) also demonstrates a positive, although comparatively weaker, influence on competitive advantage. Overall, the findings suggest that compensation and reward management is the most influential predictor of competitive advantage among the strategic human resource management practices examined in this study.

The human resource planning has a beta value of ($\beta=0.158$) shows slightly lower but still positive influence in contribute to the competitive advantage.

4.3. Hypothesis testing and discussion

The regression results indicate that strategic human resource planning has a positive effect and statistically significant effect on competitive advantage ($\beta = 0.184$, $p < 0.05$). This suggests that improvements in strategic human resource planning contribute to enhancing competitive advantage. Therefore, H1 was accepted.

The findings reveal that strategic recruitment and selection have a positive effect and statistically significant influence on competitive advantage ($\beta = 0.180$, $p < 0.05$). This implies that effective recruitment and selection practices contribute to enhancing competitive advantage. Therefore, H2 was supported.

The regression results indicate that strategic training and development have a positive effect but statistically insignificant effect on competitive advantage ($\beta = 0.112$, $p > 0.05$). Accordingly, the H3 was rejected.

The regression result indicates that strategic performance management has a positive effect and statistically significant influence on competitive advantage ($\beta = 0.279$, $p < 0.05$). This suggests that the practices of performance management contribute to enhancing competitive advantage. Therefore, H4 was supported.

The finding reveals that strategic compensation and reward management have a positive effect and statistically significant on competitive advantage ($\beta = 0.136$, $p < 0.05$). This indicate that strategic compensation and reward management contribute competitive advantage. Therefore, H5 was supported.

Chapter Five

Summary of Major Findings, Conclusion and Recommendations

5.1. Summary of Major Findings

The study was guided by the general objective to examine the effect of strategic-HRM practices in achieving competitive advantage and to present appropriate recommendation and implications for future studies and it may help Dashen Bank S.C to improve its practices. The researcher reviewed five independent variables and specific objectives with the research questions. The summary of major findings from the data analyses presented as follows:

The study showed that strategic human resource planning in Dashen Bank S.C a high aggregate mean value of 3.89 based on the data obtained from the respondent. The result pointed out that HRP contribution to improve of the bank's performance. The bank ensures the availability of skilled employees and the alignment of HR planning with the overall strategic objective helps the bank to make informed decision. The banks effective forecasting of its man power need and the presence of a clear succession plan for critical roles had moderate mean value.

The findings revealed that the aggregate strategic recruitment and selection score a high mean value of 3.80. The bank's recruitment focuses on hiring employees with valuable skills and the selection process is fair, transparent and based on merit, even if there were divers view among the respondents. The study also indicates, the bank attracts highly qualified candidates and used effective and modern recruitment methods. The timeliness of the practices of recruitment and selection had moderate mean value.

The result of the study showed that strategic training and development program of Dashen Bank S.C a high an overall average of 3.92. Training and development programs improve employees' performance and productivity. The study also indicated the bank promotes continuous learning and development programs to improve the skills and knowledge of its employees. The alignment of training and development program with the overall strategic objective are identified in the study and the bank's strategic training and development programme are based on skill gaps had moderate mean value.

The study showed that aggregate mean value of performance management practices at Dashen Bank is 3.54. The result indicated that the banks has periodic performance monitoring and evaluation of employees. The performance management system is linked with the compensation, reward and benefit packages of the bank. The performance management system of the bank supports the achievement of goals and objectives. However, the presence of a clear performance management system and giving constrictive feedback to employees to improve their performance had moderate and low mean values (3.6 and 3.26) respectively.

The finding of this study revealed that aggregate strategic compensation and rewards had moderate mean value of 3.47. The study indicated that compensation and reward helps to retain skilled employees and the bank provides financial and non-financial rewards to employees and it is linked with employee's performance management system. The competitiveness of reward and compensation system of bank and employees are fairly compensation of for their work had a low mean value (3.15 and 3.10) respectively.

The result of the study showed that the aggregate competitive advantage had a mean value of 3.51. The study showed that employees are the sources of competitive advantage of the bank had a high mean value and employees' skill and knowledge provide a unique advantage over competitors recorded moderate mean value. The bank respond quickly to the change in the business environment and its human resources are difficult to imitate by competitors with a low mean value (3.18 and 3.12) correspondingly.

The findings of the study showed that all the components of strategic HRM were a positive correlation with the dependent variables. The R square value of 58.1% indicated that independent variable included in the model, while the remaining of the dependent variables are explained by other factors. The standardized coefficients (Beta values) indicate the relative contribution of each independent variable in explaining the dependent variable has strong positive contribution and statically significant but training and development program had the beta value ($\beta = 0.121$) which is a lower among the independent variables and insignificant t-value.

In general, the results of the study are summarized as follows:

- Strategic human resource planning has a positive and statistically significant effect on competitive advantage ($\beta = 0.184$, $p < 0.05$).
- Strategic recruitment and selection have a positive and statistically significant influence on competitive advantage ($\beta = 0.180$, $p < 0.05$).
- Strategic training and development have a positive but statistically insignificant effect on competitive advantage ($\beta = 0.112$, $p > 0.05$).
- Strategic performance management has a positive and statistically significant influence on competitive advantage ($\beta = 0.279$, $p < 0.05$).
- Strategic compensation and reward management have a positive and statistically significant on competitive advantage ($\beta = 0.136$, $p < 0.05$).

5.2. Conclusion

This study aimed to assess the effect of strategic-HRM practices for competitive advantage in the case of Dashen Bank S.C. Based on the quantitative data analysis, the findings showed that strategic human resource planning practices positively contribute to improve the bank's performance and the enhance the achievement competitive advantage. Also, ensure the availability of skilled man power and the alignment of HR planning with strategic objective. According to Williams and Lukas (2025) the alignment of HR strategy with overall organizational strategy helps to promote informed decision making. Therefore, effective human resources planning can contribute to achieve competitive advantage.

The bank's strategic recruitment and selection practices play a significant role in hiring employees who possess valuable skills and competencies. The findings revealed that the overall strategic recruitment and selection practices of the bank attract qualified candidates. Similarly, the Resource-Based View (RBV) proposed by Jay Barney (1995), explained that organizations that possess valuable resources can achieve competitive advantage. The process to fill critical positions takes extended period and the post remains vacant for longer time. Therefore, adding effective recruitment method to reduce turnaround time of the process contribute to achieve competitive advantage.

Strategic training and development program enable to enhance employees' effectiveness and efficiency and its alignment with the overall goal and objective of the bank has contribute to the achievement of competitive advantage. According to Zehir et al. (2019), training is one of the most influential strategic-HRM practices, because positively affect organizational performance and competitiveness, which are critical for achieving competitive advantage. The study revealed that the bank encourages a continuous learning and development programs however, there is a mismatch of training provided and the actual skill gaps. Hence, keeping the strongest part and conducting appropriate training need assessment that support employees to equip with the necessary skill and knowledge enable to achieve competitive advantage.

The performance management system of the bank plays an important role in informing employees to understand the performance expectations and its periodic evaluation. The study also revealed that performance management system assists to achieve goals and objective of the bank. Even if, there is poor feedback giving mechanism to improve the performance of the employees. Performance management system are directly linked with the compensation and reward practices of the bank. Compensation and reward plays an important role to retain competent employees but still require to ensure the equitability and competiveness.

Therefore, Dashen Bank improves the performance management feedback loop and introduces a fair, equitable and competitive compensation and reward management helps to achieve competitive advantage. In conclusion, the study reveals that employees are recognized as a key source of competitive advantage due to their skills and knowledge. However, the bank faces challenges in adapting quickly to changes in the business environment, and its human resources are perceived as easily imitable by competitors. Therefore, it is essential for the bank to strengthen its environmental responsiveness and implement continuous training and development programs to enhance employee capabilities and ensure that its human capital becomes more unique and difficult to imitate, thereby sustaining competitive advantage.

5.3. Recommendations

Based on the major findings of the study and the conclusion, the following recommendations are forwarded.

- Dashen Bank is suggested to strengthen strategic human resources planning by conducting periodic workforce assessment and forecasting future manpower needs.
- The Bank is advised to strengthen succession planning to fill critical positions to ensure leadership continuity and organizational stability.
- Dashen Bank is suggested to provide class room and online training programs that are aligned with employees identified skill gaps, based on annual training need assessment.
- The bank is recommended to strengthen the performance management feedback loop by conducting quarterly reviews to ensure consistent monitoring and evaluation practices. In addition, organize workshops for line managers and middle management to address and minimize alignment gaps.
- Dashen Bank is advised to deploy performance tracking system, that integrate with the daily operation of employees and track real time individual employee's contribution.
- The bank is suggested to revise the existing compensation and reward management practices using bench marking against the industry and adopt fair and equitable compensation and reward management system.

5.4. Theoretical Contribution and Policy Implication

There were a limited number of studies have examined the relationship between strategic-HRM practices and competitive advantage within a comprehensive framework. Most of the existing studies have focused on a narrow range of variables and have not adequately addressed the major components of strategic-HRM in an integrated manner. Furthermore, empirical studies examine in this topic in the Ethiopia banking sector remain limited.

Therefore, this study addresses the research gap by examining the effect of strategic-HRM practices in achieving competitive advantage in the banking sector with a particular emphasis on Dashen Bank S.C. And finally, the study will contribute to policy development by identifying effective HR practices that enhance organizational performance.

5.5. Limitations and Direction for Future Research

This study was conducted within the context of Dashen Bank S.C and examined a limited number of variables. Consequently, the findings may not fully represent the practices and experiences of other commercial banks operating in similar business environment. Therefore, future researchers are encouraged to conduct a comparative study with other banks to gain a broader insight of the industry practices. Besides, this study primarily used a quantitative research approach and future researcher should consider a mixed approach that combine quantitative and qualitative approach. The future researcher also encouraged to incorporate other variables which is not included in this study and conduct in depth interview with selected respondents to get a deeper understanding and to provide better insights.

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Annex

ADDIS ABEBA UNIVERSITY

SCHOOL OF GRADUTE STUDIES

Dear respondent,

I am graduating student at Addis Ababa University, conducting this survey in partial fulfilment of the requirements for a Master of Business Administration (MBA). The purpose of this study is to examine the practice of Strategic Human Resource Management for competitive advantage. I kindly request you to answer all the questions included in this questionnaire.

Please be assured that all information provided will be kept strictly confidential and will be used solely for academic purposes. Your responses will remain completely anonymous; Your participation is highly valuable, and your responses will play a crucial role in the successful completion of this research. I really appreciate you in advance for taking your time to complete this questionnaire.

For any questions or concerns regarding this survey, please feel free to contact me at any time using the information provided below.

Getu Kebede Ayele Tel:+251913159109 Email : miklolkonjo@gmail.com

PART :1 Personal and Demographic

Please read each question carefully and circle the corresponding response that represents yours most accurately

1. Gender

   A) Male
   B) Female

2. Age group

   A) 18-25
   B) 26-35
   C) 36-45
   D) 46-55
   E) Above 55

3. Educational Qualification

   A) B.A Degree
   B) Master's Degree
   C) Doctoral Degree

4. Position classification in the bank
   A) Entry level
   B) Professional level
   C) Line Management
   D) Middle Management
   E) Senior Management

5. Tenure in the Dashen Bank
   A) Less than a year
   B) 1-4 years
   C) 4-7 years
   D) 7-10 years
   E) 10 -15 years
   F) Above 16 years

PART 2: Strategic Human Resources Planning

Please read each questions carefully and circle the box corresponding to the response that best represent your view.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

No	Questions	Please Circle Your Answer				
1	The bank effective forecast its human resource needs.	1	2	3	4	5
2	The bank's HR planning is aligned with strategic objectives	1	2	3	4	5
3	The bank ensures the availability of skilled employees when needed	1	2	3	4	5
4	Human Resources planning contribute to improve the bank's performance	1	2	3	4	5
5	The bank's ensures the availability of skilled employees when needed.	1	2	3	4	5

Part 3: Strategic Recruitment and Selection

Please read each questions carefully and circle the box corresponding to the response that best represent your view.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

No	Questions	Please Circle Your Answer				
3.1	The bank attracts highly qualified candidates.	1	2	3	4	5
3.2	The selection process is fair, transparent and based on merit.	1	2	3	4	5
3.3	The bank's recruitment focuses on hiring employees with valuable skills.	1	2	3	4	5
3.4	The bank uses effective and modern recruitment methods.	1	2	3	4	5
3.5	The bank's recruitment and selection practices are timely.	1	2	3	4	5

PART 4: Strategic Training and Development

Please read each questions carefully and circle the box corresponding to the response that best represent your view.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

No	Questions	Please Circle Your Answer				
4.1	Employees receive a regular training and development to improve their skills.	1	2	3	4	5
4.2	Training and development programs are aligned with the bank's goals and objectives.	1	2	3	4	5
4.3	The bank prompt continuous learning and development programmes.	1	2	3	4	5
4.4	Training and development programs improve employee performance and productivity.	1	2	3	4	5
4.5	Training and development programmes are based on skill gaps.	1	2	3	4	5

PART 5: Performance Management

Please read each questions carefully and circle the box corresponding to the response that best represent your view.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

No	Questions	Please Circle Your Answer				
5.1	The bank has a clear performance management system.	1	2	3	4	5
5.2	Performance management system supports the achievement of the bank's goal and objective.	1	2	3	4	5
5.3	Employees performance is regularly monitored and evaluated.	1	2	3	4	5
5.4	Employees receive constrictive feedback to improve their performance.	1	2	3	4	5
5.5	Performance management system are linked with compensation, reward and benefit packages.	1	2	3	4	5

PART 6: Strategic Compensation and Reward

Please read each questions carefully and circle the box corresponding to the response that best represent your view.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

No	Questions	Please Circle Your Answer				
6.1	Employees are fairly compensated for their work	1	2	3	4	5
6.2	Rewards are linked to employee performance.	1	2	3	4	5
6.3	The Bank provides both financial and non-financial rewards	1	2	3	4	5
6.4	Compensation and rewards helps to retain skilled employees.	1	2	3	4	5
6.5	The bank's compensation and reward system are competitive.	1	2	3	4	5

PART 7: Competitive Advantage

Please read each questions carefully and circle the box corresponding to the response that best represent your view.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

No	Questions	Please Circle Your Answer				
7.1	The bank retains talented and skilled employees	1	2	3	4	5
7.2	The bank's human resources are difficult to imitate for competitors.	1	2	3	4	5
7.3	Employees skills and knowledge of the bank provides a unique advantage over competitors.	1	2	3	4	5
7.4	The bank respond quickly to the change in the business environment.	1	2	3	4	5
7.5	Employees are the sources of competitive advantage of the bank.	1	2	3	4	5

PART 8: Additional Information

If you have any additional information regarding Strategic Human Resource Management for competitive advantage, please provide it in the space below.

_____

_____

_____

Thank you for your time