

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMIC
SCHOOL OF COMMERCE**



**The Effect of Selected Human Resource
Management Practice on Employee Performance:
The Case of Commercial Bank of Ethiopia.**

*A Thesis submitted to the Office of Graduate Studies as Partial
Fulfillment of the Requirement for Masters of Arts Degree in
Human Resource Management*

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June, 2020

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Declaration

I, the undersigned, hereby declare that this thesis entitled “Effect of selected Human Resource Management Practice on employee Performance: In the Case of Commercial Bank of Ethiopia” is my original work and has not been presented for any other program or university. I also assure that all sources of materials used in undertaking this thesis have been duly acknowledged.

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Statement of Certification

I certify that Habtegiyorgs Sahele has carried out his own research work under my guidance on the topic of “Effect of Selected Human Resource Management Practice on Employee Performance: In the Case of Commercial Bank of Ethiopia” This work is done for submission as a partial fulfillment requirement for the award of master’s degree in human resource management.

Advisor: Dr Adane Atara (PHD)

Acknowledgement

Above all I would like to thank the almighty God for his endless mercy and hope he gave for me to stay alive and do this work and help in every aspect of my life. Without his help I would not have been here.

I would like to forward my deepest gratitude to my advisor Dr Adane Atara who has provided me with valuable guidance and direction to do this research.

I would also like to thank the employees' and branch managers and Human Resource managers of those sample branches and district and who forwarded their valuable ideas to make this paper happen.

Lastly, I would like to thank my wife Selamawit Shimeles and all family for being there for me whenever I need them and for their unconditional support and encouragement throughout my education.

Abstract

Human resource management practices are concerning with the management of human resource activities to maximize employees' performance. In present situation, companies can gain strong competitive advantage through applying effective and efficient human resource management practices. If the human resources are managed properly, they can contribute to the success for the company. Human Resource Management Practice in a broader sense, it covers the practices applied by human resource management of any organization that directly influence the effort of everyone in the organization for the success of organization. The main objective of this research was , to study the effect of selected human resource management practice on employee performance. With the main independent variables i.e. Human Resource Planning, Training and Performance appraisal. To collect the necessary data for the study, questionnaires were distributed, collected and analyzed from 152 respondents. The analysis was done using IBM SPSS statistical software 20 and the findings shows that there were a positive relationship between human resource management practice of Commercial Bank of Ethiopia and its employee performance. The study result shows that the study organization currently has a weak human resource management practice that directly affects employee performance. The study finally recommended that the bank should revise its human resource management practice for a quality service and performance and to get competitive advantage.

Key Words: *Human Resource Management (HRM), Human Resource Planning (HRP), Employee Performance, Performance Appraisal, Training, Commercial Bank of Ethiopia(CBE)*

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Acronyms

HRM – Human resource management

HRP - Human Resource Planning

HR-Human Resource

Trai- Training

HRMP- Human Resource Management Practice

EP- Employee Performance

CBE- Commercial Bank of Ethiopia PM-

Performance Management

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Human resource management (HRM) is defined as a planned set of human resource management policies and practices that are designed and implemented to enable an organization to achieve its business objectives.(Armstrong, 2001). Pearson, 2009 also define human resources management as the process of analyzing and managing an organization's human resource needs to ensure satisfaction of its strategic objectives. Which indicate that an organization can achieve its declared objectives and goals if and only if the human resources are analyzed and manage efficiently and effectively. Human resource management (HRM or HR) is the strategic approach to the effective management of people in a company or organization such that they help their business gain a competitive advantage. It is planned to maximize employee performance in service of an employer's strategic objectives Johnason, P. (2009). Effective HRM strategy systematically organizes all individual HRM measures to directly influence employee attitude and behavior in a way that leads an organization to achieve its competitive strategy (Huang, 2001).

In competitive and rapidly varying business world, organizations, especially in the service sector require to ensure maximum utilization of their resources to their own advantage is crucial for organizational survival. Researches have shown that organizations can create and sustain competitive position advantage through management of non-substitutable, rare, valuable, and inimitable internal resources such as human capital (Jing et al. 2012). In addition to the above, present business environment which has a very tight competition, the frustration level of organization has increased day to day due to failure on human resource management practice that directly and indirectly affect their employee performance and many organizations are also trying to implement the best human resource management practice which help them to gain competitive advantage on their market share.

HRM emphasizes the need for the Human resource (HR) plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organization's external environment. It is an approach which requires an interpretation and revision by practitioners to ensure the most appropriate fit between HR business strategies and plans. Thus, the overall themes of

Strategic Human Resource Management (SHRM) are the integration of all HRM functions, adherence to broad organization goals and responsiveness to the external environment (Armstrong, 2009).

Human Resources are the significant asset of any organization to achieve organizational goals and many assets can be copied and maintained by others easily but the skill and competencies level held by employees can bring special advantage to any organization which gives unique competitive advantage. Human resource management is all about policies and practices of any organizations concerned with HR (Dessler, 2007) . He also justified that companies now a day becoming more aware of that employees could be the greatest strength of all and aligning different HR practices with knowledgeable HR specialists could bring competitive advantage. (Dessler, 2007). Therefore, by integrating and association HR practices and policies to the strategy of organization and by maintaining good practice organization can win the market easily.

Employ performance is a process for establishing a shared workforce understanding about what is to be achieved at an organization level (Cook and Crossman, 2004:527). Performance of any organization largely depends on the performance of its employees. Fertile organizations are increasingly realizing that there are a number of factors that contribute to performance, but human resources are clearly the most critical (Mello, 2005). In spite of the size and nature of an organization, the activity it undertakes, and the environment in which it operates, its success depends on its employees' decisions and their behavior. Employee performance has become a common and understandable word as almost everyone talks about it. Yet, the term 'performance' means different things to different persons. As experience, it ranges from efficiency to productivity, employee turnover and absenteeism rates, product return measures, customer or customer satisfaction measurements, intangible assets such as work process disruption and other intangible assets such as morale, loyalty and work satisfaction. Employee performance is a result of the behavior or actions that have been set to achieve goals based on certain criteria's. This usually involves the actions or behavior of all mental processes that are not observable. This includes problem-solving, decision making, program planning, and reasoning (Bailey & Robert, 2003).

Performance of an employee may be evaluated in terms of the output of an employee in a specific period of time. Typically, the performance of a given worker will be assessed relative to an average of employees doing similar work; because the success of any organization relies

on the performance of its workforce. Employee performance is an important concern for businesses.

1.2. Statement of the Study

HRM is extremely important for banks, especially because banking is a service industry (Mathivanan, 2013). Banking research has its own characteristics from the personnel point of view. It is a labor intensive industry and performance of employees has got a bearing on the quality of services offered. In this case, HR specialization was a natural priority, but unfortunately HR management turned out to be the most neglected aspect of bank management (Mathivanan, 2013). However, there are also major risks which should be carefully managed in the human resource area. These risks include the consequences of recruiting the wrong people with wrong position; inadequately training and developing them; losing them prematurely; instilling unwise motivation; and failing to consider future human resource capability needs. Therefore, banks, like most organizations that rely heavily on the skills, experience, and judgment of their employees, must maintain structures and policies to identify and manage these risks (Suárez 2009), as this it can significantly affect the performance of the organization is. The bank has advantages and benefits for many researchers (Arthur: 1994, Muff Cadaffy: 1995, Atithi and Hawk: 1994). Implicated that organizations should be given proper consideration for the relationship between HRM practices they are using and the performance they acquire. Many previous researches on effect of human resource management on organizational performance shows that any organization who fails to perform HR practices by aligning to the organization strategy and to organize well all HR activities, has been suffering major bankruptcy and even they could not survive due to the reluctances to their human resource, therefore, any organization should give detail consideration to its HR.

The great challenge of today's organizations is employing good employees in order to gain a competitive edge over their competitors in the same organization. Most organizations end up employing unskilled, inefficient employees who cannot perform to the required standards this is because organizations themselves give very little time to human resource planning because of lack of skills and resources, the effort and time required and the absence of significant data to do so. And in the worst case of any organization, getting the right person in the right place at the right time (Rothwell, 1995). Without human resource other factors of production are idle and useless. Compared to other factors of production human resource is the only factor of

production which produces more than its input, mobile, can be motivated, gains more knowledge and skilled in the long run, where the other resources goes depleting (Abdurezak M, 2014). Human resource planning is a very vital component in an organization, so in order to have effective human resources; an organization has to carry out human resource planning (Hamel, 2000).

Even though the efforts done by the commercial bank of Ethiopia in carrying out human resource planning, it still faces challenges as reconciling human resource demand and supply, matching individual goals with organization's which affect the employ performance. Not as good as still the human resource planning has not done much to encourage employers to develop clear and explicit links between their businesses and Human Resource Plans and to integrate the two more effectively. Still it HRP hasn't allowed for the better control over staffing costs and numbers employed hence enabling employers to make more informed judgments about the skills and attitude mix in the organization. Therefore, this study aims at examining the effect of selected human resource management practice on employee's performance in Commercial bank of Ethiopia.

According to Daud(2006), "the importance of having a competitive human resource is the same with the success of today's organizations. CBE is one of the largest bank in Ethiopia with more than 38,000 employees. This large number of employee contributes significantly to the performance of employee and also organization.

The Commercial Bank of Ethiopia has the system in place to integrate HRM practices to the performance of employees and also organization according to the HR policy of the organization. However, there are many complaints of employee about the applicability of HRM practices. This is because most of the time the company did not show care about employees, and even there is an observation that middle level managers interpret the HRM practice as they wish. Due to dissatisfaction by HRM practices many employee leave the company every year. According to annual report of Commercial Bank of Ethiopia,2015/2016,2016/2017,2017/2018 shows that in 2008E.C the turnover rate of CBE was only around 4.04% which 88% of this employees leave due to dissatisfaction of HRM practices and salary. According to Kimberlee Leonard(2019), the average turnover rate should not be greater than 3.5% but others agree up to 5% as a normal turnover rate but in CBE In 2009E.C the turnover rate increased to 6.36% and in 2010E.C the turnover rate was stabled at 6.21%. Turnover is a normal process for organizations but what makes here

different is many employees leave because of their dissatisfaction. This level of dissatisfaction presents to the higher managers of the bank through employees satisfaction survey shows 56% of employees dissatisfaction level.(source: banks portal address). However, the management replied again and again for this mess by traditional saying” if one leaves, others comes, the market has bulk of unemployed labor force”. This violates the HRM policies and practice of the organization.

In the case of commercial bank of Ethiopia the current Human Resource planning team seems not working according to the plan of the bank which intended to meet being world class bank by 2025. There are many complaints from branch managers and assistant managers due to lack of human resources in branches. For instant branches like Gofa Camp has a total 14 windows which are prepared to serve customer. However, only 8 are in function and even most of the time this windows also are not in function because of lack of human capital. Last two years the request made by a branch has been found and reviewed, the request shows the branch needs 14 additional employees are requested, but they assign only two new employees. Employees are forced to work extra time and burden which get them frustrated and being sick due to high job burden. Again the secondary data of three branches has been reviewed and it explains that at least 2 employees are sick within a week and take a sick leave. Due to this they cannot satisfy customer needs and also many burdens has been transferred to single employee due to there is no other person to share their burden. It seems that the problem arises from the planning department which should fill the gap of human capital when they needed and forecast the need for future jobs.

The other problem which the bank suffering now is that most employees are not receiving enough training directly related to their work. CBE has training center which just give trainings for the sake of meeting it’s training plan and due to employees are not taking trainings when in need, the knowledge gap leads to customer dissatisfaction and lose both employees and organization performance. Many trainings are given after employees thought him/herself on the job and it does not present timely. Senior staffs are taking an elementary trainings which has to be given for juniors. This comes from reluctantness of the HR in providing and coordinating the training(approved by result of this study) .

The other problem which is revealed in CBE is that the performance appraisal system of the bank dissatisfy employees. The bank uses for performance evaluation the system known as Oracle. This system needs continuous update of employees job description but now when the

line manager gives quarterly target of the employee, the employee evaluate only by this target even if the employee changes the position.

Such problems with the alignment of HRM practice with the strategic goal of the organization in the long run may affect meeting the core value of the organization. In addition, the competitive position of the Bank may be taken by competitors due to reluctantness to their human capital which is a source of competitive advantage.

1.3 Objective of the study

1.3.1 General objective

The purpose of this study is to determine the effect of selected human resource management practice on employ performance in commercial bank of Ethiopia. In addition to the above general objectives, the study has the following specific objectives:

1.3.2 Specific objectives of the study

The specific objectives of this study are the following:

1. To determine the effect of human resource planning practice on employees' performance.
2. To find out the extent to which performance appraisal system affects employees' performance.
3. To examine whether training programs affect employ performance.

1.4. Research questions

On the basis of the problem statement stated above, the research revolves around the following basic questions

1. Does human resource planning practice affect employees' performance in CBE?
2. To what extent does performance appraisal practice affect employees' performance in CBE?
3. Does training practice affect employees' performance?

1.5. Significance of the Study

This study examines the effect of selected human resource management practice on employees' performance in CBE. On the basis of the findings of the study, this research draws some conclusions and identifies associated problems with HRP, training and appraisal

for the bank to take corrective action. The study explains effect on the management of CBE and also show relevance of human resource management practice on the performance of employees. Thus, it will enable their areas of strength and weakness, to serve as guide to corporate individual, organization and student alike in furtherance to their research on the subject matter, to serve as a reference material for students who will wish to conduct similar studies on this topic.

1.6. Scope of the study

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

Conceptually, the study cover the benefit of human resource management Namely, HRP, performance appraisal and Training. Even if various conceptual theories available in the literature regarding human resource management and Employ performance.

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

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

1.7. Limitations of the Study

This study has several limitations. There might be limitation on financial constraint. The researcher has not a sponsor to pay for the study so, I used my own resources to meet the research expenses. The second limitation is there were many requirements in offices in order to exercise the whole research. The third limitation is that the research is limited only the selected grades which are 2, 3 and 4 on branches of south Addis Ababa district office as the result, it may affect generalization of the findings to all CBE branches across the country. The fourth limitation the presence situation COVID 19 very challenge to distribute and collected the questioner.

1.8. Definition of Terms

Human Resources Management - Human resource management (HRM) deals with all aspects of employing and managing employees in organizations. It covers the activities of strategic HRM, human capital management, knowledge management, corporate social responsibility, organization development, resourcing (workforce planning, recruitment and selection and talent management), learning and development, performance and reward management, employee relations, employee well-being and the provision of employee services. (Armstrong,2014).

Human resource planning Mullins (2003) defines human resource planning as the process of planning for the work force needs of an organization to ensure that the personnel needs are constantly met and this is achieved through demand and supply analysis.

Training- is a process of learning a sequence of programmed behavior or give people an awareness of rules and procedure to guide their behavior and help them how to apply their knowledge on the job. It tires to improve the existing level of skills, knowledge and attitudes of employee(Becker, B E and Huselid, M A,2006).

Employee performance is the extent to which an organizational member contributes to achieving the goals of the organization (Zhang 2012).

Bank is Commercial Bank of Ethiopia.

Commercial bank is a financial institution that is authorized by law to receive money from businesses and individuals and lend money to them.

1.9. Organization of the Study

This study is organized into five chapters. The first chapter briefly discusses background of the study, statement of the problem, objectives, significance, scope and limitations of the study also definition of key terms and organization of the study that helps to meet the research objective.

The second chapter deals with the review of related literature and conceptual framework. The research design and methodology is stated and described in chapter three. Chapter four states that the references of the research. The fifth chapter deals with time schedule.

CHAPTER TWO

LITERATURE REVIEW

This chapter presents the theoretical and empirical literature review from reputable sources and also presents the hypotheses and the conceptual framework of the study.

2.1 Theoretical Literature review

2.1.1 The Concept of Human Resource Management

Human Resource Management (HRM) is a process of uniting individuals and organization with the goal that the objectives of each are met. It is a piece of the administration procedure which is worried about the administration of HR in an association. It attempts to make sure about the best from individuals by winning their wholehearted participation. In general, it can be defined as the art of buying, developing, and maintaining employees who are capable of achieving the goals of the organization in a dynamic and effective manner (Mahapatras, 2010). Armstrong (2002) defines human resource management as the strategic and coherent approach to the management of an organization's most valued assets; the individuals working there who independently and by and large add to the accomplishment of the targets of the organization According to Thompson, (2002). Human resource management is that part of management which is concerned with people at work and with their relationship within an enterprises and it seeks to achieve both efficiency and justice. Obikoya (2002) opined that human resource management is that part of management process that specializes in the management of people in the work organization.

Human resource management (HRM) is a comprehensive and logical approach to the employment and development of people. HRM can be regarded as a philosophy about how people should be managed, which is underpinned by a number of theories linking to the behavior of people and organizations. It is related to their contribution to improve organizational effectiveness through people, but it is equally important for the moral dimension, or how people should be treated according to the set of moral values. HRM involves the application of policies and practices in the fields of organization drawing and development, employee resourcing, learning and development, performance and reward and the provision of services that enhance the well-being of employees. These are based on human resource (HR) strategies that are integrated with one another and aligned to the business strategy (M. Armstrong, 2014).

2.1.2 Concept of Human Resource Management Practice

(Chew and Chan, 2008). Human Resource Management Practice is a modern way of improve organizations on core matters such as staff commitment, competency and flexibility, which in turn leads to improved performance.

Human resource management practices on business performance such as training and development, teamwork, compensation, HR planning, performance appraisal, and employee security help improve firms' business performance including employee's productivity, product quality and firm's flexibility. Chao and Lee (2007)

Therefore, this study would like to see the relationship between selected HRM practices namely human resource planning, training and performance appraisal practices on employee performance.

2.1.2.1 Human Resource Planning

Human resource planning defined as a strategy for the acquisition, utilization, improvement and retention of an enterprise's human resources (Department of employment, 1970). This definition, as stated by Idris and Eldridge (1998), was criticized by Steiner (1971) as being too far from the purpose of the whole organization. He created the HR Plan, which aims to maintain and improve the ability to achieve organizational goals by developing strategies to consistently increase the contribution of its staff in the future. .. Lynch (1982) has two objectives in corporate HR planning: ensuring the best use of currently hired personnel and the future staffing of an organization based on skills, number and age. He focuses and explains on the development of personnel strategies to get the right number of employees, with the right level of talent and skills, to achieve the right objectives, to fulfill the corporate purpose. Scott and others (2012) combines strategic planning and human resource planning, it can be thought of as the pattern of human resources deployments and activities that enable an organization to achieve its strategic goals.

The process-oriented definitions view HRP as a continuous process. Emmerichs et al. (2003, p23) define it as a systematic process for identifying the human capital needed to achieve organizational goals and develop strategies to meet these needs. Similarly, Ripley (2000, p1) as Emmericks et al. (2003), a workforce plan is a systematic assessment of material and structural issues of the workforce, and [decision] actions to address future needs. Scott and others (2012) defines that HRP as is the process of anticipating and providing for the

movement of people into, within, and out of an organization. Overall, its purpose is to help managers deploy their human resources as effectively as possible, where and when they are needed, to accomplish the organization 's goals.

De Cenzo and Robbins (2009) show that talent planning is one of the characteristics that allows organizations to ensure the number and type of people in the right place at the right time, effectively and efficiently. It is defined as Complete tasks that help an organization achieve its general strategic objectives. Thus, the process of human resource planning supports to identify human resource needs and it is a key function for success of human resource management program. Thomas (2008, p. 41) also defines that human resource planning is a process: It is a process that organizations use to help them identify and address the staffing implications of business plans and strategies. By implementing this process, organizations can make sure that they will have the right number of people, with the right capabilities, in place at the right time.

2.1.2.1.1 Objective of human resource planning

Butler et al. (1980) claim that human resource management plays an important role in creating a competitive advantage for the company over competitors in the industry. Manzini (1980) describes that all organizational initiatives require integration in human resource practices to successfully integrate corporate strategies. It implies that all industry activities like development, better client assistance, imaginative creation techniques, upgrades in after deal administrations and others make an arrangement with HR practices and approaches of the business. Generally, the HR practices need to aligned with objectives of the organization. Waker (1990) found that the effectiveness of personnel planning depends on the perspective from which it is used. Personnel planners must have clear and specific goals in order to perform the personnel planning process better. Ulrich (1987) also pointed out that personnel planning is recognized as a source for the development of organizational functions in accordance with the tasks and goals of the company. "Many personnel planning methods have been developed and organizations have been developed, and organizations have also developed their own methods. Most of these methods are similar to those described in the literature, e.g. B. Defining the identification of formal goals, suitable organizational strategies and the search for innovative HR applications".

2.1.2.1.2 The significance of Human Resource Planning

Gopikrishna (2011) highlighted the significance of human resource planning process by mentioning that objectives of the organization are achieved when planning is done properly. Therefore, an organization first collects goals and data about the goals, then organizes the people, resources and other capabilities needed to achieve the goals. SpammerFam (2011) also states that it is the job of the HR department to hire the best people for an organization. It takes a lot of planning for all of them to get attractive ads and attract promising candidates. This will be followed by a job description and job description, which will provide job details, responsibilities for dealing with a particular job, required qualifications, technical and other necessary skills. The general plan also predicts the business of the employees. Finally, an interview is conducted and candidates are selected for the training. This ensures that all work activities are carried out properly. This efficient work motivates employees and reduces turnover in the job. In addition, departmental management activities such as performance appraisal and employee compensation management require proper planning and management of all functions.

2.1.2.2 Employ performance

Employees are vital assets to organizations and it is important for employers to understand the work-life balance of employees, as research shows a lack of balance can impact performance, satisfaction, employee turnover. personal, health, organizational loyalty and career longevity (Hobson, Delunas & Kesic, 2001). Employees are increasingly important for organizations success and competitiveness (Saari & Judge, 2004). Employees are real assets of organizations as they are vital to the functioning and success of the business (Mohsan, Nawaz, Khan, Shaukat & Aslam, 2011).

In an organizational context, employee performance is the extent to which an organizational member contributes to achieving the goals of the organization(Zhang 2012). Hiltrop and Despres (1994) define employee performance as an added value to the activity or task at work. Johnson (1999) defines employee performance as the degree to which members of the organization contribute to reaching organizational objectives According to Darden and Babin (2006), employee performance is a rating system that many companies use to determine employee competence and outcomes. Employee performance may include quantity of production, quality of production, speed of production, presence at work, cooperation (Gungor, 2011). Macky and Johnson (2000) point that improved individual employee

performance could improve organizational performance as well. Employee performance is the performance of work that corresponds to the qualities and skills defined within the acceptable limits for the employee (Liao and Chuang, 2008).

2.1.2.3 Performance Appraisal

Performance evaluation is a systematic evaluation of an employee's performance in their current job and also in relation to future jobs they may need to do (Hartzell, 2006). It measures and evaluates the performance of workers, pointing out their potential and deficiencies so that they can improve over time. A good evaluation system is so fundamental for the management of people in any organization. The success of the organization depends largely on a good evaluation system. With a good evaluation system, those who contribute the most will be adequately rewarded and the right types of people are likely to be promoted to positions of greater responsibility (Stoner, Freeman, & Gilbert, 2005). Therefore, for any evaluation system to work well, employees must understand it, consider it appropriate, and be sufficiently oriented to care about the results (Habibu, 1992).

2.1.2.4 Training and Development

Le Tran, (2002) cited on his journal that the developing process of employees' skill in order to improve the performance is called training. Training is a type of activity that is planned, organized, and results in an increase in the level of skills, knowledge, and aptitude required to perform a task effectively. Employee training and development initiatives can transform organizations with providing extra skills to your employees to not only increase safety and productivity but training leads to higher job satisfaction, which shows up in better corporate performance. The existing literature provides evidence of the existence of clear training and development effects on employee performance. (Swanson, 19) According to Wright and Geroy (2001), the skills of employees change through effective training programs. Training has been shown to generate training for the organization as well as performance improvement benefits for the employee by positively influencing employee performance through the development of employee knowledge, skills, competence, competence, and behavior (Appiah 2010; Harrison 2000). Most managers train their employees for three main objectives (Belcourt, Wright & Saxe, 2000), which are:

- employee performance to increase productivity;
- to achieve organizational goals; and

- to invest in employees to succeed in the unpredictable and turbulent business environment.

The 3 most important types of training are: training (TNA), training materials and delivery approaches, on the job training (OJT). Effective training and development programs aimed at improving employee performance. Training refers to bridging the gap between current performance and standard desired performance. Training can be imparted through various methods such as coaching and mentoring, peer collaboration and participation by subordinates.

Training programs not only develop employees, but also help an organization make the best use of its human resources to achieve a competitive advantage. Therefore, it is imperative for the company to plan training programs that are necessary in the workplace to improve their skills and competencies for their employees (G & Roger, 2005).

2.1.2.4.1 Types of Training

Training is classified according to different types based on different criteria. According to (Mathis et al, 2008), training is categorized based on training content or program orientation. For example, PC, team building, sexual harassment, recruitment and selection, operation of new equipment, instructor training, leadership, performance evaluation, orientation new employee, etc.

2.1.2.4.2 Methods of training

According to (Olaniyan and Lucas, 2008), the training method can be classified as follows: • On-the-job training / coaching - It concerns formal on-the-job training. A worker gains work experience over time due to changes in professional behavior or acquisition of skills during training. • Introduction / Orientation - This is done for new entrants in the field to introduce them to the overall requirements of the business such as standards, ethics, values, rules and regulations. • Learning - A training method where an unqualified person includes a qualified person. • Performance-learning example, whereby skilled worker works and looks closely to understand unskilled work. • Hallway - This is done through an industrial attachment for the purpose of transfer of skills and technologies. It is therefore achieved by placing a person in another relevant area of work or organization. Influence is the acquisition of practical and specific skills or is a type of training that occurs in specialized establishments that reproduce jobs equipment and work requirements (Mathis, et al, 2008). • Formal training - a practical

and theoretical learning process that can be done inside or outside an organization. When training is imparted within an organization, it is called home training. External training is provided in areas of professional training such as: universities, polytechnics and professional institutes.

2.2 Empirical Review

Deferent scholars and researchers conducted study to assess the effect of human resource planning on employ performance in order to discharge their responsibilities in the case of different nations and sectors of industries.

2.2.1 Human resource planning on employee performance

According to Terry and Michael (2010), "HR planning involves estimating how many qualified people are needed to complete the assigned activities and to ensure that the workforce needs personnel fulfills the future. Staff planning is a company's human resource acquisition, utilization, improvement and maintenance strategy. It relates to establishing job specifications or the quantitative requirement of jobs determining the number of personnel required and developing source of manpower (Stainer, 2012).

But like human resource management it has attracted criticisms from some quarters. The first criticism was on its interpretation, and Henson and Brooks (2004) argued that interpretations and roles differed by country, which could lead to problems in human resource planning from an international perspective. Did. Another more accepted criticism is that of Jones and Mann (2002), who commented that there was a strong assertion that talent planning was not the same as training. Other discussions include performance promotion and its role in learning. This discussion continued because it was difficult to articulate what to include in the HR plan.

Despite these criticisms, the professionals still went ahead to give human resource planning a place in human resource management. Wilson (2000) stated that Human Resource is diverse in its activities of which Human Resource Planning is one of such parts that ensures the adequate development of employees within an organization. In defining HR planning, Armstrong (2009) defined HR as part of HR management, providing learning, development, and training opportunities to improve the performance of individuals, teams and organizations. Armstrong said the overall goal of the HR project is to make sure the organization has the quality of people it needs to achieve good performance and good

growth goals. Chalofsky (2002) defines staff planning as the study and practice of enhancing the learning potential of individuals, groups, collectives and organizations by planning and applying learning-based interventions to optimize human and organizational growth and effectiveness. Gomez et al (2005) defines it as essentially a strategic process which is concerned with meeting both business and individual needs. In your opinion, this is an area related to organizational activities to improve the efficiency of individuals and groups in an organizational environment. Weber (2008) not only views the organization in terms of the quality of its employees, but also sees personnel planning as an attempt to offer employees the opportunities that the organization will need in the future. He differentiated training from planning and defined training as the process of imparting specific skills to employees or helping them to remedy deficiencies in their work.

Business human resource planning is not entirely focused on human growth and development. "Planning is done to increase the value of the organization and not just for individual improvement. Individual education and development is a tool and a means to an end, not the end goal itself" (Elwood & James, 2006).

According to Bashiru Akande Bello and Halimat Damilola(2017) carried out a research on effective human resource planning and employees performance Recruitment of candidates is the function preceding the selection, Which helps in creating a pool of potential employees for the organization so that management can select the right candidate for the right job. The main objective of the recruitment process is to speed up the selection process. Therefore, organizations use these practices to increase the likelihood of hiring individuals who have the right skills and abilities to be successful in the performance of their job which will enhance the development and growth of an organization. Also, better recruitment and selection strategies result in improved organizational outcomes. . The benchmark techniques help to meet the overall objective of human resource plan. However, this research doesn't cover the challenge and nature of all human resource planning, so further study should be needed on its human resource planning to help the organization to achieve its objective.

Another study Bello, Bashiru Akande (2017) on Human Resource Planning on Employees performance in Zenith Bank Plc in Lagos state the researchers revealed that there is a relationship between recruitment. Employee performance, and between incentives and employee performance. However, the study recommends that HR develop and implement a

comprehensive career development training program for staff. This would make them proactive and resilient, and effectively propagate to organization policies.

H.01 : Human resource planning policy has a positive effect on employ performance.

2.2.2 Performance appraisal on employee performance

Boswell and Benson (2000); Claim that human nature requires constant recognition and, if recognized, positive or negative; This motivates them to do more. It is contended that one of the instruments through which managers motivate their employees is the use of an effective PAP (Performance Appraisal Policy). People need to know how well they are doing in their jobs and where they can improve. It is important to note that evaluations do not equal review. It may be necessary to explain the importance of completing tasks within the deadline or changing the strategy of performing the task. Unfortunately, many performance appraisals can frustrate an employee by adding more functions that are already seen as an overload program (Armstrong, 1999).

Dr. Geoffrey Kimutai (2015) on the Influence of Performance Appraisal on Employee Performance in Commercial Banks. The study found that a performance appraisal policy can be an effective tool in an employee's performance if it is perceived as objective and appropriate to facilitate their uplift dynamics. He also revealed that most banks involve their employees in the performance evaluation process, which has led to an improvement in employee performance. Therefore there is a significant relationship between performance appraisal and employees' performance. This implies that one of the major factors that affect the worker's performance in banks is the performance appraisal conducted over time.

H.02 : Performance Appraisal has a positive effect on employ performance.

2.2.3 Trainings and Employee performance

There are many empirical studies investigating the relationship between training and employee performance in many developed and developing countries around the world. For example, Kiwa and Asimwe (2014) investigated the effect of training on employee performance at the Uganda Communication Commission (UCC). The results showed that training improves the performance of UCC employees, especially when the UCC carefully manages the problems associated with the evaluation, training methods and evaluation. Therefore, in the study, the UCC and other sister organizations in Uganda always use competent staff or external consultants to develop strategic plans, guide the implementation

and evaluation of the organization's objectives, and always achieve its mission. Concluded that it needed to be increased. Another pilot study conducted in Karachi, Hafeez and Akbar (2015) in Pakistan investigated the impact of training on employees' performance in four companies. And they revealed a statistically significant and positive relationship between training and employees' performance at these four companies. It was therefore concluded that training employees not only increases the efficiency and effectiveness of employees in performing their tasks, but also the efficiency of the companies in which they work.

Mamofokeng Eliza Motlokoa (2018) on the impact of training on employee performance: an example of the banking sector in Lesotho. This paper examined the impact of training on employees' performance, employees' motivation and job satisfaction in the context of the banking sector in Lesotho not only with a view to fill existing research gap in this area in Lesotho but also to convince policymakers and managers in various organizations (including commercial banks) about the value of training on employee's performance (productivity), employees' motivation and job-satisfaction.

H.03 Training has a positive effect on employ performance.

2.3 Conceptual framework

The conceptual framework represents a diagram that shows the relationship between a dependent variable and an independent variable (Young, 2009). In this theoretical framework employee performance is the dependent variable while Human resource planning, performance appraisal and training are independent variables on Figure 2.3.

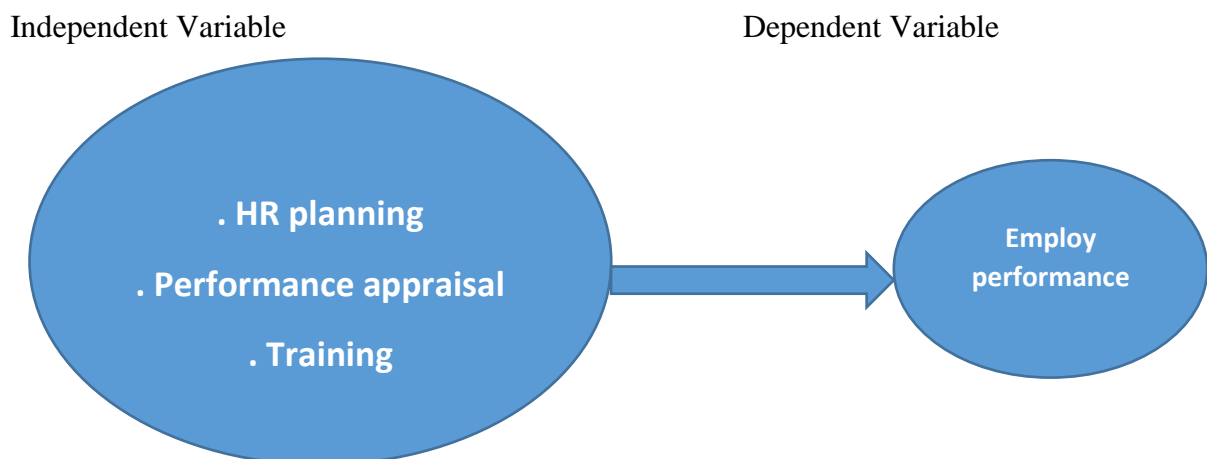


Figure 2.1 Conceptual Framework

Source: - Developed by the Researcher

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

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

3.1 Research design

Cooper and Schindler (2003) summarize the basics of research design as an activity and time-based project; always based on the research question; guides the selection of sources and types of information; the study describes the framework for explaining the relationship between variables and the methodology of the research. Therefore, research design is a map that enables the researcher to find problems and guidelines at different stages of research. This study is aimed to the effect of human resource management practices on the employee's performance of CBE Head office and specifically South Addis Ababa district and selected branches of South Addis Ababa district offices. This research followed the explanatory research style because it adds knowledge on the topics and explanatory research design identified the cause and effect of data collected from employees in the form of questionnaire and simply help to present those data and clarify the situation on the ground. C.r. kotari (2004). The analysis were done with the use of regression and correlation analysis in Statistical Package for Social Sciences (SPSS) to test the impact of the predictor variables on the dependent variables as well as relationships where applicable.

3.2. Research Approach

Research approach selected based on the research purpose, the nature of the research, the problem area, and research questions and there are three basic types of research approaches including quantitative, qualitative, and mixed approach (Creswell, 2003).

Qualitative research is an approach for understanding and exploring the meaning of individuals or groups assign to a social or human problem. The research process involves emerging questions and processes, usually data collected in a participant's setting, data analysis combined with general topics, and finally the researcher understands the meaning of the data. The final written report has a flexible structure (Criswell, 2003). The quantitative

research method is a method of testing objective hypotheses by examining the relationship between variables. These variables can usually be measured on instruments so that numerical data can be analyzed using statistical data (Criswell, 2003). Mixed-methods research is a method of collecting qualitative and quantitative data and combining two types of data and interrogating them using separate designs that include theoretical ump heights and theoretical frameworks. In his 2003 study, Creswell argues that the nature of the question is important because the mix of qualitative and quantitative approaches provides a more complete understanding of the research problem than the whole (Creswell, 2003). A mixed approach is valuable to arrest the best of both quantitative and qualitative approaches. Thus, in order to achieve the purpose of this study and answer the research questions, mixed research approach were used. The concept of mixing as different qualitative and quantitative methods was probably born in 1959, while Campbell and Fisk used several methods to study the recognition of psychological traits. They encouraged other researchers to use their "multi-method" to explore many approaches to data collection in studies. These prompted others to use mixed method recognizing that all methods have limitations; researchers felt that biases inherent in any single method could neutralize or cancel the biases of other methods. The other reason for using mixed approach types of data is the methods can serve a larger, transformative purpose to change and advocate for marginalized groups, such as women, ethnic or racial minorities, members of gay and lesbian communities, people with disabilities (Creswell, 2003).

3.3 Population and sample size determination

Sampling is the process of selecting units or individuals from a population which can be included in the study, for instance, to answer interview questions or respond to survey questionnaires Dawson, (2002). There two main types of sampling procedures are probability sampling and non-probability sampling. Probability sampling consists of selecting elements at random in the sense that the selection of one element is independent of the selection of the other elements. Unlike the case of probability sampling, in non-probability sampling, the probability of an elementary unit in the population included in the sample is unknown. The choice of the type of sampling technique depends on the research area, the research methodology and the researcher's preferences (Dawson, 2002). The study used the probabilistic and non-probabilistic sampling types. The probability type of sampling used in this study is stratified sampling whereas the non-probability type of sampling is convenience sampling technique. Stratified sampling technique means selecting the sample

based on the homogeneity of the sample from the population and heterogeneity of the element in the sample size. The Commercial Bank of Ethiopia has various offices and branches across the country. The head office and four districts are located in Addis Ababa. Of all the study samples, it were taken only at the headquarters, district and branches located in Addis Ababa. This is mainly due to three factors first, the nature of the study which required more data from head office and district offices second, their geographical location are more convenient to the study and finally the homogeneity of all districts and branches throughout the country regarding HR strategy.

Commercial Bank of Ethiopia has more than 1,456 branches and 37,754 employees across the country under 15 district offices, due to various constraints the study were only focused on CBE employees at Head office, South Addis Ababa district office and selected grade 2, 3 and 4 branches under South Addis Ababa district. In Addis Ababa there are 4 district offices, these are North, South, East and West district offices. Among these district offices the South Addis Ababa district office is selected through simple random sampling technique, particularly through lottery method with the assumption that all the district offices have equal chance of being obtain and to selected representative sample. Under South Addis Ababa district there are 101 branches of grade 1, 2, 3 and 4. Among 101 branches, the researcher was selected 73 branches. The other 41 branches are deliberately excluded from the research study with the reason that they are newly established and started operation since 2017 and grade one branches because of lack of experience compared to others. Out of 63 branches only 15 branches are randomly selected because the ideal sample size of 5%-20% of a population is considered acceptable for most research purposes as it offers the ability to generalize for a population (Creswell, 2003; Sekaran, 2003) and used as data sources. Those branches selected in South Addis Ababa district are Gofa camp, Saris, Nifas silk, Mekanisa, Mekanis condimnium, Gofa mebrat, Lafto, Lafto view, Lideta, Gofa sefer, Nifas silk, Lebu, Eretu lebu, Gofa gebriel, and Mexico branches.

Table 3.1: The Total Population and Sample of the Study

Location	Line Manager		HR Manager	
	Population	Sample	Population	Sample
Head Office	35	22	3	3
South Addis District	15	11	1	1
Branches under South Addis	228	128		
Total	278	161	4	4

Source: CBE Human Resource Record as of December 31, 2019

The sample size of this study were determined by the following formula (Yamane, 1967, cited by Bersisa (2015)).

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

$$\frac{282}{1 + 282(0.05)^2} = 165$$

Based on the above formula, the sample size calculated for this study were 165. Where; n=Sample size, N=Total population, e= Sampling error 5% or 0.05 at 95% confidence level. According to the above formula the determined sample size is 165.

The researcher used random sampling techniques to distribute questionnaires for different kinds of managers from branches and south districts

3.4. Instruments of Data Collection

Primary and secondary data gathering techniques were used to collect data from the study area. Thus, Questionnaires and document analysis were implemented to gather data. The study uses both primary and secondary data in order to get a view on the effect of HRM practices on employee performance in the selected offices and branches of CBE.

3.4.1. Questionnaires

For the purpose of finding the effect of human resource management practice on CBE's employee performance, gathering of quality primary data is mandatory. Therefore, the primary data were collected through well-structured questionnaires'. Questionnaires were taken as a preferable data-gathering tool for this research because of two reasons. It allows

the researcher to collect information on facts and attitudes from a wide range of sources. Moreover, it is one of the most important tools to guide the respondent since it gives clear choices to check. Questionnaires were designed in English language and distributed to 165 samples of systematic sampling techniques were drawn from line managers and HR managers.

3.4.2. Document Analysis

The researcher was reviewed human resource management directory, annual reports of the bank, self- evaluation document and other essential documents. And also CBE portal which simply provides internal information about the organization and recent researches of the bank in different topics. This review is believed to substantiate the data collected through questionnaire.

3.5 Validity and Reliability test

Kotari (2004) the questionnaire’s internal validity refers to its ability to measure what we intend it to measure. In other words what we find with our questionnaire actually represents the reality of what we are measuring. As stated the previously the study instrument was per-tested before one week of actual distribution to ascertain that the questions made sense to respondents and to identify the problem with the questionnaire that could lead to biased responses. The reliability has been checked for the actual questionnaire and the Cronbach’s Alpha was assured the material is reliable for internal consistency.

Table 3.2 Reliability Statistics

Number	Study Variables	No. of items	Chronbach’s Alpha Results
1	Human Resource Planning	7	0.729
2	Training	5	0.751
3	Performance Appraisal	6	0.801
4	Employee Performance	5	0.718

3.6. Data Analysis Methods

Data analysis refers to the calculation of certain key figures along with the search pattern of the relationship between the data sets. In data processing, questionnaires were processed after data collection to determine the degree of response and the number of questionnaires that could be used. The data were code and then enter into a computer data sheet for analysis. The

data analysis was done in the computer application known as, the Statistical Package for Social Sciences (SPSS) whereby the results were presented in the form of tables and pictures.

3.7. Ethical Consideration

The study were conducted by considering ethical responsibility. The researcher provide information to the respondents about the purpose of the study and the use of the information as well. Information gathering held in strict confidentiality by the research Respondents' and anonymity kept so that participants felt free and safe to express their ideas.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter deals with the analysis and presentation of the quantitative data gathered from Commercial Bank of Ethiopia. Fifteen branches were selected for the purpose of this study. The questionnaires composed close ended questions which are summarized and presented quantitatively in tables using SPSS software (IBM SPSS statistics 20 Version). The study used some secondary data from published and unpublished documents of the bank. Questionnaires were distributed for 165 respondents more of email and hard copy, 12 of the questionnaires were not returned and 1 were invalid due to incompleteness of the questionnaires. The response rate was 92.12% or 152 in number.

4.1 Demographics Characteristics of the Respondent

Table 4.1 Demographical Respondents Variable

Variable	Description	Frequency	Percent %
Sex	Male	81	53.3
	Female	71	46.7
	Total	152	100
Age	Age 25-30	37	24.3
	Age31-35	78	51.3
	Age36-40	36	23.7
	Age41 and above	1	0.7
	Total	152	100
Educational Attainment	Diploma	0	0
	Degree	85	55.9
	Masters	67	44.1
	Others	0	0
	Total	152	100
Tenure(experience)	1-4 years	42	27.6
	5-9 years	44	28.9
	10-20 years	66	43.4
	Total	152	100
Position	RM	73	48
	Line managers	77	50.7
	HR managers	2	1.3
	Total	152	100

Source: Study Demographic Result, 2020

As we can see from the above table 4.1, the first demographical part of the study was sex. There were 81 male respondent which represent 53.3% of the respondents and 71 female which cover 46.7% of the respondent. The majority of these study respondents were represented by male and the composition was relatively balanced .

The second demographical part of the study was age and there were four groups of age. The first group of age was classified on age 25-30 parts and it covered 37 person and 24.3% of the total sample. The second age classification covers age between 31-35, represents by 78(51.3%) of the respondents and the third age classification covers from 36-40 and there were 36 respondents on this age level which means 23.7% of the respondents. The last age classification was age above 41 and there were 1 person (0.7%). The majority of the respondents falls under age classification between 31-35 and it shows that the majority are young working force which seeks a better working human resource management practice.

Thirdly, the study had covered the educational attainment of the respondent and the respondents were a Bachelor Degree holder in number there were 85 (55.9%). There weren't Diploma holders and the remaining 67(44.1%) were MA holder. 100% respondent holds BA and masters the composition of the respondent shows that all respondents are educated.

The fourth part of the demographical variables was tenure or the experience held by employees. There were 42(27.6%) employees who had experience of 1-4 year. Also, 44 (28.9%) respondents had an experience of 5-9 years. There were 66(43.4%) respondents had an experience between 10-20 years. The majority has 10-20 years' experience. Therefore, we can conclude that they are fairly understood their current human resource management practice and responded from past to present accumulated experience.

The last part of the demographical variables was a position which only expressed in three parts. Members of Resource mobilization it includes SBBO, SBBO, and selected senior staffs which are maintaining and doing the routine work of the bank represented with 73(48%) of the respondents, 77(50.7%) line managers and 2(1.3%) of HR managers. Since the majority of the respondents were line managers, we can conclude that they imply can understand the daily human resource management practice that have been employed.

4.2 Descriptive Analysis of Variables of the Study

This study was made to see the effect of selected human resource management practice on employees performance of Commercial Bank of Ethiopia and there were 152 participants responded using five point likert scale from the lowest strongly disagree to the highest strongly agree.

Note: 1, Strongly Disagree(SD), 2 Disagree(D), Neither Agree or Disagree(N), Agree(A), Strongly Agree(SA).

4.2.1 Human Resource Planning

This section represents the respondent's perception on the independent and dependent variables. Research participants were asked to indicate the extent to which they agreed and disagree to statements relating to the variables under the study of five-point Likert scale(5= strongly agree to 1= strongly disagree).

Table4.2. Percentage, Mean and Standard Deviation of HRP

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
1	We participate in CBE HRP practices	9 (5.9%)	7 (4.6%)	67 (44.0%)	55 (36.9%)	14 (9.2%)	3.58	.546
2	Our HRP system is able to provide manpower as per business needs	8 (5.3%)	13 (8.5%)	64 (42.1%)	58 (38.1%)	9 (5.9%)	3.62	.539
3	HRP is considered as an important system in CBE	3 (2.0%)	19 (12.5%)	33 (21.7%)	59 (39%)	38 (25%)	3.72	.504
4	CBE actual HRP practice aligned with the strategic business plan	22 (14.5%)	27 (17.7%)	40 (26.3%)	49 (32.2%)	14 (9.2%)	3.61	.542
5	CBE uses HR demand analysis for HRP purpose	11 (7.2%)	19 (12.5%)	52 (34.2%)	61 (40.1%)	9 (5.9%)	3.62	.538
6	CBE lacks coordination between HRP section, internal placement division and other departments	30 (19.7%)	23 (15.1%)	34 (22.4%)	52 (34.2%)	13 (8.3%)	3.55	.552
7	Our HRP policy is able to provide manpower as per business needs	6 (3.9%)	12 (7.9%)	60 (39.5%)	30 (19.7%)	44 (28.9%)	3.55	.550
Overall Mean and SD of Promotion							3.60	0.539

Source: Own Study,2020

The above table shows that, 67(44.0%) of respondents neutral in the participation of CBE HRP practices this is also explained by a mean and standard deviation of (3.58and.546), HRP system is able to provide manpower as per business needs 64(42.1%) responds neutral or a mean and standard deviation of (3.62and0.539), HRP is considered as an important system in CBE 59(39%) respondents agree this is also explained by a mean and standard deviation of (3.72and 0.504),CBE actual HRP practices aligned with the strategic business plan 49(32.2%) agree or a mean and standard deviation of (3.61and0.542),CBE uses HR demand analysis for HRP purpose 61(40.1%) respondents agree or a mean and standard

deviation of (3.62 and 0.538), CBE lacks coordination between HRP section, internal placement division and other departments 52(34.2%) the same as a mean and standard deviation of (3.51 and 0.552) and our HRP policy is able to provide manpower as per business needs 60(39.5%) of respondents neutral this is also explained a mean and standard deviation of (3.55 and 0.550) The cumulative mean and standard deviation (3.60 and 0.539) of HRP indicates that the HRP towards its line managers and HR managers is moderately to agreed and the bank has to work with the HRP system.

4.2.2 Performance Appraisal

Table 4.3 Percentage, Mean and Standard Deviation of performance appraisal

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
1	Appraisal system has a strong impact on individual and team performance	10 (6.6%)	21 (13.8%)	19 (12.5%)	59 (38.8%)	43 (28.3%)	4.40	.878
2	In CBE performance appraisal evaluate employee properly	9 (5.9%)	11 (7.2%)	16 (10.5%)	45 (29.6%)	71 (46.8%)	4.62	.744
3	In CBE performance appraisal is used as a decision making tool for increasing the performance and set promotion standards	5 (3.3%)	3 (2%)	21 (13.8%)	44 (28.9%)	79 (52%)	4.70	.699
4	In CBE employees should be involved with the design of the performance appraisal policy	11 (7.2%)	8 (5.3%)	23 (15.1%)	61 (40.2%)	49 (32.2%)	4.45	.744
5	Employees discuss their problems during performance appraisal	13 (8.6%)	16 (10.6%)	22 (14.4%)	62 (40.8%)	39 (25.6%)	4.36	.858
Overall Mean and SD of Promotion							4.50	0.78

Source: Own Study,2020

Appraisal system has a strong impact on individual and team performance 59(38.8%) respondents agree this is also explained by a mean and standard deviation of (4.40 and 0.878), In CBE performance appraisal evaluate employee properly 71(46.8%) of respondents are strongly agree or a mean and standard deviation (4.62 and 0.744), In CBE performance

appraisal is used as a decision making tool for increasing the performance and set promotion standards 79(52%) of respondents strongly agree or a mean and standard deviation of (4.70 and 0.699), In CBE employees should be involved with the design of the performance appraisal policy 61(40.2%) of respondents agree or a mean and standard deviation of (4.45 and 0.744). Employees discuss their problems during performance appraisal 62(40.8%) of respondents agree this is also explained by a mean and standard deviation of (4.36 and 0.858). The above cumulative result shows that, line managers and HR managers of the CBE are agreed with respect to the performance appraisal of the bank.

4.2.3 Training Variable

Table 4.4 Percentage, mean and standard deviation of training

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
1	The training leads to improve my performance	6 (3.9%)	7 (4.6%)	15 (9.9%)	51 (33.5%)	73 (48%)	4.60	.567
2	Employees feel a strong desire to apply what they have learned during the training	14 (9.2%)	17 (11.2%)	26 (17.1%)	62 (40.7%)	33 (21.7%)	4.62	.563
3	In service/on the job training adequately addresses the skill gaps	13 (8.5%)	5 (3.3%)	21 (13.8%)	40 (26.3%)	73 (48%)	4.76	.511
4	Professional employees participate in identifying their training needs	21 (13.8%)	16 (10.5%)	28 (18.4%)	51 (33.6%)	36 (23.7%)	4.61	.663
5	The bank follows employees performance after training	15 (9.9%)	13 (8.5%)	44 (28.9%)	48 (31.6%)	32 (21.1%)	4.24	1.254
6	CBE Trainings that provide are enables to boost and affect positively to the employees performance	3 (2.0%)	19 (12.5%)	32 (21%)	35 (23%)	63 (41.4%)	4.11	.842
Overall Mean and SD of Promotion							4.49	0.73

Source: Own Study,2020

The training leads to improve my performance 73(48%) of respondents strongly agree this is also explained a mean and standard deviation of(4.60 and 0.567), Employees feel a strong desire to apply what they have learned during the training 62(40.7%) of respondents agree or

a mean and standard deviation of (4.62 and 0.563), In service/on the job training adequately addresses the skill gaps 73(48%) of respondents strongly agree or a mean and standard deviation of (4.76 and 0.511), Professional employees participate in identifying their training needs 51(33.6%) of respondents agree or a mean and standard deviation of (4.61 and 0.663), The bank follows employees performance after training 48(31.6%) respondents agree has scored a mean and standard deviation of(4.24 and 1.254), CBE Trainings that provide are enables to boost and affect positively to the employees performance 63(41.4%) of respondents strongly agree or has scored a mean and standard deviation of (4.11 and 0.842). The cumulative mean shows that, the CBE bank line managers and managers are near to the agreement level and this infers that training of the CBE is working with regard to the training. Therefore, this shows that employees in CBE have to work with training for better level of promotion.

4.2.4 Employee Performance

The table below depicted statistics of employ performance practices carried out by the bank and the perceived outcome of these practices from the viewpoint of employees. I strictly follow the policies and procedures of the bank 53(34.8%) of respondents neutral or has scored a mean and standard deviation of (3.00 and 0.230), I receive regular job performance feedback 63(41.5%) of respondents neutral or has scored a mean and standard deviation of (3.07 and 0.347) and Employees job performance is affected by the current motivational practices 59(38.85%) of respondents neutral or has scored a mean and standard deviation of (3.00 and 0.2.30), The existing benefit packages like medical cost coverage, fuel (transport) Allowance, endowment insurance cost and house allowance are helping to motivate employees for higher level of performance 64(42.1%) neutral response or has scored a mean and standard deviation of (3.00 and 0.2.30), The banking work environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability 59(38.8%) of respondents agree this is also explained a mean and standard deviation of (3.05 and 0.321). The above cumulative result conceptualize that, the employee performance of CBE HR managers and line managers are in the position of somehow moderately agreed and this indicates that, CBE is to some extent works with regard to the employee performance. Therefore CBE has to work to have better employee performance among its employees.

Table 4.5 Percentage, Mean and Standard Deviation of Employ Performance

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
1	I strictly follow the policies and procedures of the bank	15 (9.8%)	34 (22.4%)	53 (34.8%)	33 (21.8%)	17 (11.2%)	3.00	.230
2	I receive regular job performance feedback	17 (11.1%)	25 (16.4%)	63 (41.5%)	26 (17.1%)	21 (13.9%)	3.07	.347
3	Employees job performance is affected by the current motivational practices	26 (17.1%)	22 (14.5%)	59 (38.8%)	20 (13.2%)	25 (16.4%)	3.00	.230
4	The existing benefit packages like medical cost coverage, fuel (transport) Allowance, endowment insurance cost and house allowance are helping to motivate employees for higher level of performance	23 (15.1%)	21 (13.8%)	64 (42.1%)	13 (8.6%)	31 (20.4%)	3.00	.230
5	The banking work environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability	21 (13.8%)	24 (15.8%)	31 (20.4%)	59 (38.8%)	17 (11.2%)	3.05	.321
Overall Mean and SD of Promotion							3.024	0.272

Source: Own Study,2020

4.3 Correlation Analysis

Correlation analysis was used to examine the extent the independent variables associates with the dependent variable. A correlation refers to a quantifiable relationship between two variables, and the statistic that provides an index of that relationship is a correlation coefficient r , which is a measure of relationship between two interval or ratio variables. The correlation coefficient is scaled so, it is always between -1 and +1. When r is close to 0 has a meaning of little relationship between the variables and the further away from 0 r is, in either the positive or negative direction, there will be greater the relationship

between the two variables. When we say positive correlation there is a perfect linear relationship with positive slope between the two variables, and we have a correlation coefficient of 1; if there is positive correlation, whenever one variable has a high (low) value, so does the other. If there is a perfect linear relationship, with negative slope between the two variables, and we have a correlation coefficient of -1; if there is negative correlation, whenever one variable value has a high (low); the other has a low (high) value. A correlation coefficient of 0 means that there is no linear relationship between the variables (Valerie and McColl,

Table 4.6 Correlation Analysis

		Performance Appraisal	Training	HRP	Employee performance
Performance Appraisal	Pearson Correlation	1	.444**	.534**	.640**
	Sig. (2-tailed)		.000	.000	.000
	N	152	152	152	152
Training	Pearson Correlation	.444**	1	.566**	.560**
	Sig. (2-tailed)	.000		.000	.000
	N	152	152	152	152
HRP	Pearson Correlation	.534**	.566**	1	.539**
	Sig. (2-tailed)	.000	.000		.000
	N	152	152	152	152
Employee Performance	Pearson Correlation	.640**	.560**	.539**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	152	152	152	152

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

Source: Own Study,2020

The above correlation matrix shows that all of the independent variables a positive and significant correlation (sig. value of 0.000) with the dependent variable: employ performance. Like the regression result, the correlation result shows that performance Appraisal has a strong and positive association with employ performance with a Pearson correlation of 0.640 at 1% level of significance of performance appraisal. The second and third highly correlated variables with employ performance are training (with 0.560 at 1%

level of significance) and human resource planning (with 0.539 at 1% level of significance).

In general, the above correlation result reveals that there is high degree of association among the indicators of human resource management practice variables and overall employ performance.

4.4 Multiple Regression Analysis

Multiple regression analysis is used to predict the value of a variable based on the value of two or more other variables. The objective of this research is the effect of HRM practice on employee performance at commercial bank of Ethiopia. In this research, multiple regressions had three selected variables. These three variables were defined as independent variables (Human resource planning, performance appraisal and Training) which were the cause of the behavior of dependent variable employees' performance. According to (Kerlinger & Lee, 2000), it relates one dependent variable to a linear combination of one or more independent variable. It tells that how much each independent variable has an impact or relationship with the dependent variable. The next common assumptions are taken in to account.

4.4.1 Multi-Collinearity Test

The assumption prove that independent variables are not highly correlated with each other. The assumption is checked by Variance Inflation Factor (VIF) statics as follows:

Table 4.7 Multi-Collinearity Diagnosis

Model	Collinearity Statistics	
	Tolerance	VIF
Performance Appraisal	.685	1.459
Training	.652	1.534
Human Resource Planning	.580	1.723

The above table shows that all the tolerance level is more than 0.2 (Menard, 1995), and VIF is less than 10 (Myers , 1990) proving that there is no multi collinearity problem.

4.4.2 Linearity Test

Linearity test refers to the degree to which the change in the dependent variable is related to change in the independent variables or the predictor variables in the regression have a straight

line relationship with the outcome variable. They have linear relationship between dependent variable (employee performance) and the independent variables (HRP, Performance Appraisal and Training).

4.4.3 Normality Test

The following figure shows the frequency distribution of the standardized residual compared to normal distribution. As can be seen from the figure, the data points are close to the diagonal line confirming that there is normality.

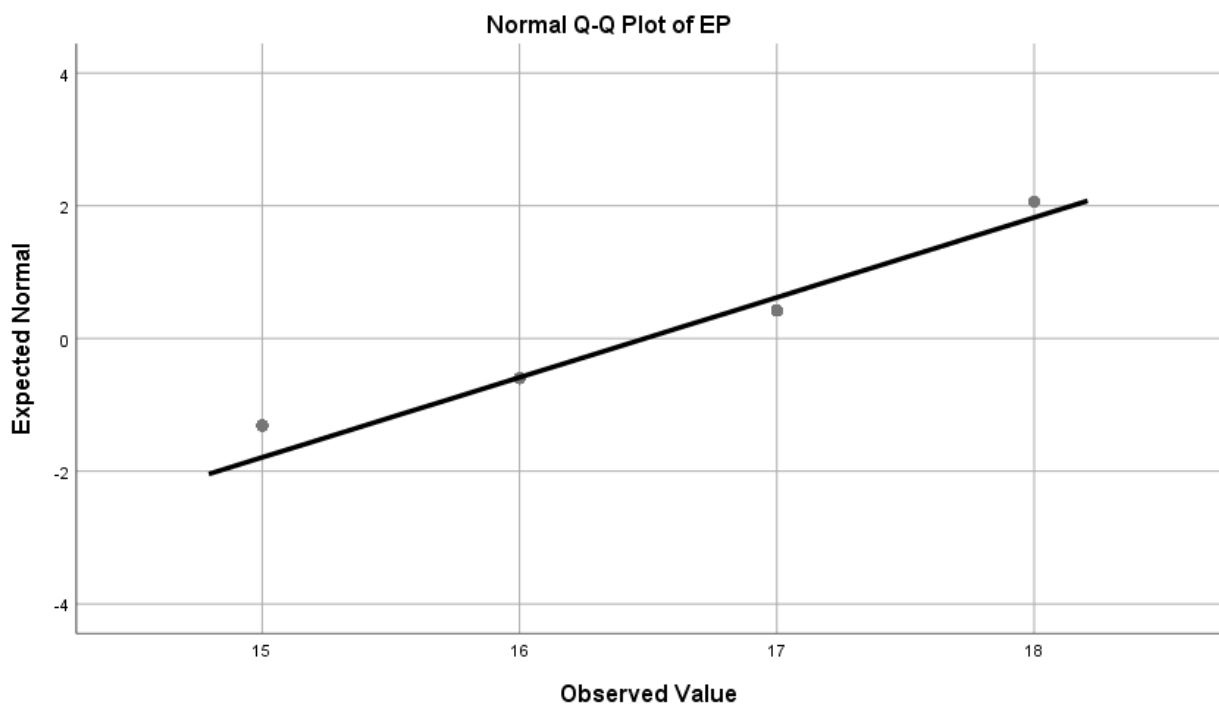


Figure 4.1. Normal Q-Q Plot of Employee Performance (ORP)

Source: Researchers Survey (2020)

4.4.4 Homoscedasticity

According to authors such as (Tabachnick & Fidell, 2012), this assumption requires that the variance error terms are similar across the independent variables. This assumption can be tested by visual examination of a plot of standardized residual (the errors) by the regression standardized predicted value. The figure below shows that the amount of error or the distance from the line to the dot constantly similar and confirms that we have homoscedasticity.

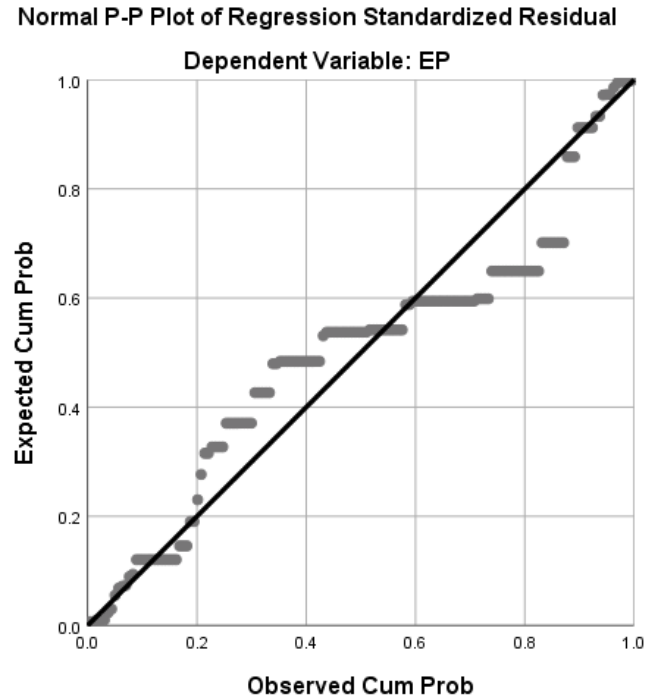


Figure 4.2 Scatterplot for Testing Homoscedasticity

Source: Researchers Survey (2020)

4.4.5 Model Specification

In this multiple regression analysis; decisions have to be made whether which independent variables should be included in or excluded from the regression equation. The following models are developed to find out the statistical significant factor affecting Employee performance.

$$EP = \beta_0 + \beta_1 (HRP) + \beta_2(TG) + \beta_3(PA) + \epsilon_i$$

Where: - EP represent Employee performance, TG represent Training, and PA represent performance appraisal. β_0 represent regression co- efficient and error term is represented by ϵ_i .

In the above model specification multiple regressions calculates multiple correlation coefficient, R^2 (the proportion of variance in dependent variable explained by independent variable), P or t values (the contribution of independent variable towards dependent variable).

4.4.6 Regression Model Summary of Employee Performance

Table: 4.8 Regression model summery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719 ^a	.517	.507	.58270

a. Predictors: (Constant), Human resource planning, Employ performance, Training

Source: Own Study, 2020.

As we can see from the above data table 4.7 the R value represents the simple correlation and it is .719, which indicates a high degree of correlation. The R Square value indicate how much of the total variation in the dependent variables, in this case employee performance, can be explained by the independent variables (HRP, Training, and employee performance). Therefore, employee performance is explained by the independent variables at .517 or 51.7% in which it was the measuring of the success of the model which was called good fit model for collected data and it mean employee performance is explained 51.7% by those selected human resource management practices and the remaining explained by other factors out of those independents.

4.4.7 ANOVA Table for Employee Performance

ANOVA table reports how well the regression equation fits the data or predict the dependent variable.

The below Anova table indicate that the regression model predicts the dependent variable significantly. Here, $P < 0.0005$, which is less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variables and it is a good fit for the data.

Table 4.9 ANOVA of Selected HRM Practices Effect on Employees' Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	53.722	3	17.907	52.741	.000 ^b
	Residual	50.251	148	.340		
	Total	103.974	151			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), HRP, Performance Appraisal , Training

Table 4.10 Coefficients Table for Employee Performance

Coefficient table of Employee Performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	9.812	.610		16.081	.000
	1	.147	.023	.437	6.327	.000
	TRAI	.070	.018	.284	4.007	.000
	HRP	.059	.030	.145	1.936	.055

a. Dependent Variable: EP

The above table shows the extent to which each independent variables influence the other called dependent variable. The relative importance of independent variables in contributing to the dependent variable is explained by the standardized beta coefficient. The beta value is positive and it explains that a higher positive effect of selected human resource management practices with higher employee performance. From the independent variables, Performance appraisal is more significant and statistically meaningful. This can be interpreted as a certain improvement performance appraisal employee performance will increase by 14.7%. Result from the above table shows that the value for Human Resource Planning is .059. This implies that a 1% increase in human resource planning will affect employee performance by 5.9%. Training has a value of .070 which implies that a 1% increase in

employee performance there will be 7% increase in quality service.

4.5 Hypothesis Testing

Hypothesis testing is based on standardized coefficients beta and P-value to test whether the hypothesis is rejected or accepted.

H1: There is significant and positive relationship between human Resource planning and employee performance. To test this hypothesis regression was conducted and statistically significant positive relationship was found between HRP and employee performance ($\beta=.059$, $p < 0.1$). Thus, Hypothesis 1 is accepted .

H2: There is significant and positive relationship between training and employee performance. To test this hypothesis regression was conducted and statistically significant positive relationship was found between training and employee performance ($\beta= .070$, $p < 0.1$). Thus, Hypothesis 2 is accepted.

H3: There is significant and positive relationship between performance Appraisal and employee performance. To test this hypothesis regression was conducted and statistically significant positive relationship was found between performance appraisal and employee performance ($\beta=.147$, $p < 0.1$). Thus, Hypothesis 3 is accepted.

Table 4.11 Hypothesis Summarization

Hypothesis	Human Resource Managem	Coefficient ion Result	Result
H1	HRP	$\beta=.059$ $t= 1.936$ $p < .1$	Accepted
H2	Training	$\beta=.070$ $t=4.007$ $p < .1$	Accepted
H3	Performance Appraisal	$\beta=.147$ $t=.6.327$ $p < .1$	Accepted

Source: Researcher Survey

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. Summary of Findings

The researcher has come up based on the analysis with the following findings. The largest proportion of the employees was composed of males with an age group that belongs to a matured age group who are considered to be responsible and committed for the task they are assigned to work in. All respondents are Degree holders and above this also indicates that the academic and professional background of the respondents minimize the possibility of higher degree of misunderstanding of the questions asked and also that is at least able to understand and explain clearly the association between human resource management and employee performance. The years of experience on the job is also found important in unveiling employees' exposure. The job status of the study showed that line-managerial position holds the lion's share of the CBE bank.

Human Resource planning practice

The findings of the research indicate that in Commercial Bank Of Ethiopia HRP moderately agreed towards its line and HR managers. In this research HRP practice of the bank have a positive effect on employee performance. Yet, the practices are highly on the top management of the Bank. This hinders the participation of line mangers at head office to participate in the HRP practice. The Bank considers HRP as an important system for employee performance.

Training Practice

In order to fill the necessary gap with the Bank, training and development practices are important. In this research, training practice of the bank have a positive effect on the performance of the employee. The findings shows that the bank needs professional employees for identifying training need for the training programs and should follows employee performance after training. In service/on the job training adequately addresses the skill gaps. It is also managed throughout the year for each employee of the bank in terms of employee performance.

Performance Appraisal Practices

The research finding indicate that in CBE performance appraisal is used as a decision making tool for increasing the performance and set promotion standards and CBE performance appraisal evaluation system name oracle evaluate employee properly but the system need to manage properly In this research performance appraisal have a positive effect on employee performance in commercial bank of Ethiopia.

In the regression and correlation results it is also found that performance appraisals seen as the major determinant of employee performance in CBE followed by training. However, the result of the study indicated that HRP of HRM practice have got a less impact on the overall of the employee's performance.

5.2. Conclusion

At the beginning, the study was made to see the effect of selected human resource management practice on employee's performance, in the case of Commercial Bank of Ethiopia. The research was supported with previous evidences shows that there is a positive relationship between two of them. Knowing the result and which independent variable has strong significant effect on employee's performance was intended.

To identify the effect of selected human resource management on employee performance, the researcher used three factors namely, human resource planning, training and development, and performance appraisal which shows expected to have positive effete on our case.

5.2.1 Conclusion on Human Resource Planning

Human Resource Planning plays a great role for the success of any organization by providing forecasts for human needs in advance and fill the vacant places with right number of employee with the right qualification. Based on the responded data we can conclude that CBE has a bad human resource planning practice which positively affect employee performance. In CBE we can conclude that the need for human capital is not fill at the right time, there is no good forecasting experience before human shortage is become concern, employees does not participate in CBE HRP practices, CBE HR planning system is not able to provide manpower as per business needs and generally we conclude that human resource planning department plays no good role. Employees work burden are not shared because of lack of human resource. One employee

required to do a bulky job by itself and it affects quality service and also affect employee satisfaction.

5.2.2 Conclusion on Performance Appraisal

Based on the data collected from employee and hypothesis test, we can conclude that Appraisal system has a strong impact on individual and team performance. In CBE performance appraisal evaluate employee properly but there is a system problem the name of the system CBE uses for performance appraisal is know as oracle. In CBE performance appraisal is used as a decision making tool for increasing the performance and set promotion standards. In CBE employees should be involved with the design of the performance appraisal policy more of in the district and head office HR. Employees discuss their problems with line mangers during performance appraisal.

5.2.3 Conclusion on Training

Training helps organization to improve the skill and knowledge of their employee. In CBE the training and development practice seems better than HRP, The training leads to improve the performance of the employee. Employees sense a strong desire to apply what they have learned during the training. The bank doesn't effectively follow the employee performance after training. In service/on the job training adequately addresses the skill gaps not given when the gap is there. The Professional employees participate in identifying their training needs. CBE Trainings that provide are enables to boost and affect positively to the employees performance.

5.3. Recommendations

Recommendations towards establishment of an improved HRM system on employee performance were made based on the findings and conclusions.

- CBE should give a proper consideration and improve human resource planning department. When shortage of human resource is there, the burden shared by individuals will increase and dissatisfy employees and decrease the performance. Even, it could be a source of complaints from customer due to waiting long time to be served. If all human resource gaps fill on the time the quality of the service also will increase. Therefore, it is recommended that a serious of consideration has to be given for human resource planning practice of the bank

- Performance Appraisal is essential for any organization to see where we were. In CBE there is a system known as oracle management it is good to reduce bias. But the HR should feel the work activity job description of each employee in the system correctly. HRM department is good to make appraised and manager having mutual awareness, common understanding and relationship about performance appraisal system against to agreeing critical targets in the organization. Performance appraisal results and reports should be used to give feedback and taking correction action
- Even if CBE has a training center, the training given to employee should be presented timely which can fill the gap of skill and knowledge. Unless it is done for increasing employee performance, it should not be given. So, who facilitate trainings should take a proper assessment where did gaps shown, how it should be fill and related to the gap trainings should be prepared. CBE should follow employees after training to know what the training changes employee performance. Helping employees to improve him/her self-mean directly the organization help to improve. Training and development should design in a way to enhance employees' performance by improving the accomplishing capacity of organization employees which is also reflected lastly on organizational performance.
- Finally, as we have discussed on HRM practice, it is a sensitive because it is the back bone of every organization.

5.4. Further Research Direction

- The coming researcher can study on the effect of HRM practices on employee performance in other organization like other banking industry, educational institution and manufacturing sector, because these sectors are have huge or other selected HRM practices.

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Appendices

Questionnaires

May I get the answer by my sending email address because of the current situation/Covid 19/

HABTEGIYORGSSAHELE@CBE.COM.ET or habtesahele@gmail.com

“Thank you for your involvement and precious time”

Appendix I: Questionnaires are prepared for Employees’ of commercial bank of Ethiopia

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

MA- HUMAN RESOURCE MANAGEMENT

This questionnaire is designed to collect first hand information for the Research conducted in partial fulfillment of Master degree in Human Resources Management under the title of the **Effect of selected human resource management practice on employees’ performance in the case of Commercial Bank of Ethiopia**. The completion of the research substantially depends on your cooperation and the information you give in this questionnaire. Furthermore, the information you provide will be solely used for academic purpose. Therefore, you are requested to give a genuine response to the questions. The survey will be confidential and will not be used for any other purpose other than this paper. Thank you for taking your treasured time to fill out the questionnaire. I appreciate your collaboration in advance.

Sincerely, Habtegiyorgs Sahele

Instructions

- No need of writing your name
- For Likert scale type statements indicate your answers with a check mark (√) in the appropriate box.

Note: Questionnaires are prepared only for employee who has one year and above length of service.

SECTION A: GENERAL INFORMATION (DEMOGRAPHIC DATA)

Fill in the blanks provided by a means of a cross (√) by indicating your correct choice.

A. Gender:

1. Male 2. Female

B. Age

1. Less than 25 2. 25- 30 3. 31- 35
4. 36 - 40 5. Above 41

C. level of education

1. Diploma 2. Bachelor Degree
3. Master 4. PhD 5. Other sate here: ____

D. Marital Status

1. Single 2. Married 3. Divorce 4. Widowed

E. Year of service you have work in CBE?

1. 1-4 years 2. 2-5 years
3. 10-20 years 4. Above 20 years

F. Current position

SECTION B: JOB RELATED QUESTIONS

Please rate your response as follows:

I, Questions related to human resource planning

Indicate your response to each of the following statements with regard to human resource planning. Please place a √ mark in the appropriate answer box according to the following code definitions: Please rate your response as follows:

1=Strongly Disagree(SD) 2= Disagree(D) 3=Neutral 4=Agree(A) 5= Strongly Agree(SA)

No.	Questions	1	2	3	4	5
		SD	D	N	A	SA
1.	We participate in CBE Human Resources planning practices					
2.	Our HR planning system is able to provide manpower as per business needs					
3.	Human Resources Planning is considered as an important system in CBE					
4.	CBE actual HRP practice aligned with the strategic business plan.					
5.	CBE uses human resource demand analysis for human resource planning purpose					
6.	CBE Lacks coordination between HR planning section, internal placement division and other departments					
7.	Our HR planning policy is able to provide manpower as per business needs					

II, Questions related to performance appraisal policy

Indicate your response to each of the following statements with regard to performance appraisal policy.

Please place a \surd mark in the appropriate answer box according to the following code definitions:

Please rate your response as follows:

1=Strongly Disagree(SD) 2=Disagree(D) 3=Neutral 4=Agree(A) 5=Strongly Agree (SA)

No.	Questions	1	2	3	4	5
		SD	D	N	A	SA
8.	Appraisal system has a strong impact on individual and team performance					
9.	In CBE performance appraisal evaluate employee properly					
10.	In CBE Performance appraisal is used as a decision making tool for the increasing the performance and set promotion standers					
11.	In CBE employees should be involved with the design of the performance appraisal policy					
12.	Employees discuss their problems during performance appraisal					

III. Questions related to Training

Please indicate your responses to each of the following statements regarding training. Indicate with a√ in the appropriate answer box, according to the following code definitions: Please rate your response as follows:

1=Strongly Disagree(SD) 2=Disagree(D) 3=Neutral N 4=Agree(A) 5= Strongly Agree(SA)

No.	Questions	1 SD	2 D	3 N	4 A	5 SA
13.	The training leads to improve my performance					
14.	Employees feel a strong desire to apply what they have learned during the Training					
15.	In-service/on-the job training adequately addresses the skill gaps.					
16.	Professional employees participate in identifying their training needs					
17.	The bank follows employee' s performance after training					
18.	Trainings that provide are enables to boost and affect positively to the employees' performance					

V. Questions related to Employee Performance

Indicate your response to each of the following statements with regard to employee performance. Please place √ mark in the appropriate answer box according to the following code definitions:

Please rate your response as follows:

1=Strongly Disagree(SD) 2=Disagree(D) 3=Neutral N 4=Agree(A) 5=Strongly Agree(SA)

No.	Questions	1 SD	2 D	3 N	4 A	5 SA
19.	I strictly follow the policies and procedures of the bank (for example dressing code, moral and ethical standards, rules of conduct etc.)					
20.	I receive regular job performance feedback.					
21.	Employee's job performance is affected by the current motivational practice (like salary ,benefit, recognition ,promotion ,etc.) that the bank is trying to offer					
22.	The existing benefit packages like medical cost coverage, fuel (transport) Allowance, endowment insurance cost and house allowance are helping to motivate employees for higher level of performance					
23.	The banking work environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability.					

"Thank you for your involvement and precious time"