



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MASTER'S OF HUMAN RESOURCE MANAGEMENT

**The Effect of Selected Strategic Human Resource Management Practices on
The Organizational Performance: A case study of Zemen Bank S.C.**

By: Solomon Nigus

Advisor: Seifu Mamo(PhD)

**A Thesis Submitted to School of Commerce in Partial Fulfillment of the
Requirements for the Degree Masters of Arts in Human Resource
Management**

Addis Ababa University School of commerce

Addis Ababa, Ethiopia

June, 2024

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

GRADUATE PROGRAM

**The Effect of Selected Strategic Human Resource Management Practices on
The Organizational Performance: A case study of Zemen Bank S.C.**

By: Solomon Nigus

Approved by Board of Examiners

ADVISOR

SIGNATURE

DATE

INTERNAL EXAMINER

SIGNATURE

DATE

EXTERNAL EXAMINER

SIGNATURE

DATE

Declaration

I, Solomon Nigus, declare that "The Effect of Selected Strategic Human Resource Management Practice on Organizational Performance: A Case Study of Zemen Bank " is my own work, that it has not been submitted for any degree or other examination at any other university, and that all sources I have used or quoted have been indicated and acknowledged as complete references. It has been submitted to Addis Ababa University School of Commerce Graduate Program for the degree of Masters of Art in Human Resource Management.

Declared by:

Solomon Nigus

Student

Signature

June, 2024

Date

Confirmed by:

Seifu Mamo (PhD)

Advisor

Signature

June, 2024

Date

Statement of Certification

I certify that Solomon Nigus has carried out his research work under my guidance on the topic of “The Effect of Strategic Human Resource Management Practices on Organizational Performance: A case study of Zemen bank s.c”. This work is suitable for submission as a partial fulfillment requirement for the award of master’s degree in human resource management.

Date_____

Advisor: Seifu Mamo(PhD),
School of Commerce
Addis Ababa University

ACKNOWLEDGMENTS

First of all I would like to say thanks to almighty GOD for his endless mercy, protection and hope he gave for me to stay alive and do this work and comforts me in all my troubles by giving health, strength, faith and help in every aspect of my life. Without his help I would not have been here.

I also want to thank Dr. Seifu Mamo, my thesis advisor, for his unwavering efforts and significant time in providing correct advice and support throughout the entire course of my studies. Furthermore, I would like to express my heartfelt gratitude to the management and staff of Zemen Bank Head Office HR department for granting permission to conduct this study, and my special thanks to the respondents who have contributed significantly by participating in the study and answering questionnaires.

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

Table of Contents

1. CHAPTER ONE.....	1
1.1 INTRODUCTION	1
1.1.1 Background of the Study	1
1.1.2 Background of the Organization	4
1.1.3 Statement of the Problem.....	5
1.1.4 Research Questions	7
1.1.5 Objective of the Study	7
1.1.6 General Objective.....	7
1.1.7 Specific Objectives.....	7
1.1.8 Significance of the Study	8
1.1.9 Scope of the Study.....	9
1.1.10 Definition of Terms	9
1.1.11 Organization of the Study	10
2. CHAPTER TWO:.....	12
2.1 REVIEW OF RELATED LITERATURE.....	12
2.1.1 Introduction.....	12
2.1.2 Empirical Study.....	18
2.1.3 Summary of Hypothesis	26
2.1.4 Research Gap	27
2.1.5 Conceptual Framework.....	28
3. CHAPTER THREE	29
3.1 RESEARCH METHODOLOGY.....	29
3.1.1 Introduction.....	29
3.1.2 Research Design.....	29
3.1.3 Population	29
3.1.4 Sampling Technique	30
3.1.5 Sample Size.....	30
3.1.6 Types of Data Collection	31
3.1.7 Methods of Data Collection	31
3.2 Reliability and validity	31
3.2.1 RELIABILITY	31

3.2.2	VALIDITY	32
3.2.3	Data Processing and Analyses Techniques	32
3.3	Ethical considerations	33
3.3.1	Informed Consent	33
3.3.2	Voluntary Participation	33
3.3.3	Confidentiality.....	33
3.3.4	Privacy	33
3.3.5	Anonymity	33
4.	CHAPTER FOUR	34
4.1	DATA ANALYSIS, PRESENTATIONAND INTERPRETATION.....	34
4.1.1	INTRODUCTION.....	34
4.1.2	Demographic Characteristics of the Respondents	34
4.1.3	Correlation	46
4.1.4	Regression Analysis.....	48
4.1.5	Regression Model summaries	48
4.1.6	ANOVA	49
4.1.7	Summary of Hypothesis Test	51
5.	CHAPTER FIVE	53
5.1	SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS	53
5.1.1	Introduction.....	53
5.1.2	Summary of Major findings and conclusions	53
5.2	Recommendations	54
5.3	Suggestion for Future Research	56
5.3.1	References.....	57
5.3.2	Annexes	65
5.3.3	Appendix 1: Questionnaire	65

LIST OF TABLES

Table 3.2 Reliability and validity.....	31
Table 4.1 Response Rate	34
Table 4.1.2 Demographic Characteristics of the Respondents	34
Table 4.2 Frequency Table	35
Table 4.7 Effect of Compensation on Organization Performance	37
Table 4.8 whether Compensation affects Organization Performance	38
Table 4.9 Effect of recruitment and selection on Organization Performance	39
Table 4.10 whether recruitment and selection affects Organization Performance	39
Table 4.11 Effect of Training and Development on Organization Performance	41
Table 4.12 whether training and development affects Organization Performance	41
Table 4.13 Effect of performance appraisal on Organization Performance	43
Table 4.14 whether performance appraisal affects Organization Performance	43
Table 4.15 whether organizational performance affects Organization Performance	45
Table 4.16 Correlation	46
Table 4.17 Collinearity Test Model Summaries	48
Table 4.18 Regression Model summaries	48
Table 4.19 ANOVA	49
Table 4.20 Coefficients	50
Table 4.21 Summary of Hypothesis Test	51

LIST OF FIGURES

Figure 1 Conceptual framework	28
-------------------------------------	----

ACRONYM

ANOVA: Analysis of Variance

HR: Human Resource

HRM: Human Resource Management

SHRM: Strategic Human Resource Management

SD: Standard Deviation

SPSS: Statistical Package for Social Science

MRA: Multiple Regression Analysis

OP: Organizational Performance

RBV: Resource Based View of the firm (RBV)

T and D: Training and Development

Abstract

The main objective of this research was to determine the effect of selected strategic human resource management practices applied by Zemen Bank S.C. on compensation, recruitment and selection, training and development, and performance appraisal. To conduct the study both qualitative and quantitative methodologies were used. To gather the essential data for the study, 250 respondents completed and assessed questionnaires. The statistical software used for the analysis was SPSS. Descriptive statistics were computed to describe the characteristics of the variables in the study, while correlation and multiple regression analysis were done by using the Pearson correlation coefficient to establish the type of relationship that exists between the independent variables and the dependent variable. ANOVA was used to determine if the variation in the independent variables explained the observed variance in the outcome. The primary findings of this study revealed that SHRM practices have significant effects on Zemen Bank's overall organizational performance. To improve its SHRM practices and performance, it needs to prioritize compensation, performance appraisal, training and development, recruitment, and selection. As a result, Zemen Bank should develop good recruitment strategies, compensate based on their performance, and train employees regularly to improve the bank's overall performance. The study was limited to a Zemen Bank S.C. case study; therefore, future researchers should conduct studies in different service industries using various factors to see if the same results would be obtained.

Key words: Compensation, Recruitment and Selection, Training and Development, performance Appraisal, Organizational Performance,

1. CHAPTER ONE

1.1 INTRODUCTION

1.1.1 Background of the Study

Historically, "Personnel Managers" were responsible for HR responsibilities such as recruitment, appraisal, promotion, and demotion. These responsibilities could be done by any manager; therefore, it never felt necessary to hire a professional in the form of a human resource manager, let alone establish an entire department dedicated to HRM. Little thought was given to human resource management concerns and their impact on organizational performance. (Daud, 2016).

Human resources management (HRM) refers to the aspect of an organization's activities that deals with employee recruiting, development, and management. If companies want to thrive and compete in today's talent-driven global economy, they must acquire, develop, and manage world-class human resource management competencies and practices. (Ahmad and Daud, 2016).

The basis of competitive advantage has shifted toward intangible knowledge-based assets rather than tangible physical resources, resulting in the development of strategic human resource management. Strategic human resource management knowledge has emerged as a critical aspect in determining firm success by providing an organization with core capabilities (Nasir & Mahmood, 2018).

The theory underlying strategic human resource management connects organizational core skills with business strategy to gain a competitive advantage over competitors. It is the coordination of an organization's strategic human resource management function as a growth-oriented strategic partner in the development and execution of the organization's strategy via human resource-related activities such as hiring, selecting, developing, and rewarding employees (Miranda and Fernando, 2020).

Strategic human resource management (SHRM) strategies for organizational performance have emerged as one of the most critical areas of business for an organization's overall success and

growth (Nasir & Mahmood, 2018). Nowadays, organizations are considered to be technology-driven; yet, to run the technology, human talent is the lifeblood of any enterprise. Securing and retaining skilled personnel is critical for maintaining a competitive advantage, as employee knowledge and competence are fundamental to organizational performance (Mathimaran and Kumar, 2017).

According to Sura (2019), SHRM is a set of managerial activities intended to create and retain qualified employees who contribute to the organization's strategic goals. It is the discipline of attracting, developing, rewarding, and retaining employees for the benefit of both the individual and the organization (Yusuf, 2018).

According to Aatur and Sadrul (2018), SHRM practices have five dimensions: strategic recruiting and selection, strategic employee interactions, strategic training and development, strategic reward and compensation, and strategic performance appraisal. Strategic human resource management has grown in importance and prominence in modern enterprises.

SHRM is critical for all organizations and many researches consider it to be a key determinant of effective organizational performance (Alishova, Mamman, and Alharbi, 2016).

According to CANIA, L. (2015), human resources are critical for maintaining an organization's competitiveness in the market. These human resources must be efficiently managed for the organization to perform as expected.

Previous research, such as Govand and Nabaz (2021), discovered and explained that there is a link between human resource management methods and organizational performance. Govand and Nabaz (2021) concluded that SHRM is positively associated with organizational performance. Gopal (2019) discovered a positive relationship between SHRM practices and productivity. According to (Colins, 2021) strategic human resource management methods have a positive impact on organizational performance. Pamella (2018) found that there is a substantial positive relationship between SHRM practices and organizational performance.

SHRM systems are the same across all businesses (Abdullah, N. N., & Othman, M., 2016). When all of these practices are successfully managed, an organization performs at its peak, employees and customers are happier, and businesses are more inventive, productive, and have a better reputation in the community (Ozcelik and Ferman, 2016).

Organizational performance is the most commonly utilized dependent variable in organizational research. Individual human capital, skills, and knowledge are among the characteristics considered vital for effective organizational performance (Alishova, Mamman, and Alharbi, 2016). This critical resource of a company must be managed strategically using a consistent strategy.

Organizational performance (OP) is a metric that assesses how well an organization meets its goals and is reflected in its personnel. Employees are one of an organization's most valuable assets, contributing to its growth and success. (Colins, 2021)

In light of this, some writers have argued that SHRM is integrally linked to organizational success, while others have suggested that high-performing firms employ certain HRM practices and attach them to their business goals. Nonetheless, despite (SHRM's) growing popularity, there are still uncertainties regarding its theoretical foundations and few rigorous evaluations of the claims that it is linked to performance. Furthermore, little has been written or examined in emerging markets to create a clear picture of the implementation of SHRM (Ataur and Sadrul, 2018).

The relationship between strategic human resource management and organizational performance has not received as much attention in the banking sector as it has in the business sector around the world. Ataur and Sadrul (2018) noted that various research have investigated the relationship between strategic HRM and organizational performance in the manufacturing, industry, and other sectors around the world, but very little literature could be identified in the banking sector.

(Marier, 2016) further stated that most studies on the association between SHRM practices and organizational performance have been undertaken in developed nations. This suggests that there is limited empirical evidence in developing nations such as Ethiopia. This gap demands the

study of Strategic Human Resource Management in the Banking Sector. Banks must strategically endeavor to attract, develop, and retain qualified and enthusiastic workers, as they are critical to the success of any organization (Mathew, 2016). Based on this finding and the literature gap, the researcher intends to determine the effects of SHRM practices on the organizational performance of Zemen Bank S.C.

1.1.2 Background of the Organization

As the country's economy grows, various financial organizations have entered the Ethiopian banking business, and Zemen is one of the new entrants, joining on October 2, 2008. Established by 2,800 shareholders and it has a paid-up capital of Birr 87,237,082. The bank received its license on June 17, 2008, under the National Bank of Ethiopia Registration Number LBB/010/2008.

Zemen Bank was founded to provide innovative banking products and services to customers, bringing a new level of dynamism to Ethiopia's financial sector by demonstrating that the banking industry can be raised out of its previous traditional style of servicing customers by emphasizing excellent customer service, improved banking products, and new financial services.

Zemen Bank was the first bank in Ethiopia to implement a mono-branch banking strategy, entering the banking sector with a unique mode of offering technologically-driven banking services based primarily on a single branch but supplemented by multiple service points such as ATMs, internet banking, POS, and others. However, given to differences in NBE rules and regulations, the bank has recently opened branches in Addis Ababa and other regional states. Zemen Bank now has 127 branches, of which 78 are in Addis Ababa, 48 are regional, and 18 are sub-branches.

Zemen Bank has always emphasized that its performance should be judged not only in terms of quantitative indicators such as the number of accounts established, loans, and deposits mobilized but also in terms of qualitative changes to the banking industry. The bank offers a variety of service packages to its clients. These key activities include domestic banking with a minimum

deposit of 5,000.00 Birr, international banking, doorstep banking (cash pickup and delivery), automated teller machines, point of sale, mobile and internet banking, and credit facilities.

According to the 2022/23 annual report, Zemen Bank generated a gross profit of Birr 2.76 billion, a 28.4% rise over the previous year's performance. Deposits, loans, and foreign exchange increased by 38%, 48.6%, and 5%, respectively. Furthermore, the Bank's NPL ratio stood at 1.09%, demonstrating strong asset quality and significantly lower than the 5% regulatory requirement and the previous year's record of 1.5%. Zemen Bank is currently growing its digital channels and has already implemented over 200 ATMs and 312 POS devices across various merchant locations and branches. In terms of financial returns, Zemen Bank remains one of the industry leaders. The Bank's Earnings per Share (EPS) was 43 percent, reflecting a significant return to our shareholders despite capital increase of Birr 1.3 billion during the fiscal year. Both Average Return on Assets (AROA) and Average Return on Equity (AROE) were higher than the private and peer bank averages.

1.1.3 Statement of the Problem

Because banks are profit-driven, various experts (Sadrul and Aatur (2018), Balamurugan and Abinaya, 2016) have emphasized that for an organization to be successful, careful consideration should be given to the relationship between its performance and the SHRM practices it utilizes. Numerous previous studies on the impact of strategic HR management on organizational performance show that organizations that do not execute HR practices by their strategy and do not effectively organize all HR-related activities face significant bankruptcy or even fail to survive due to employee reluctance. As a result, any firm should carefully assess its HR requirements (Nyaema and Wambua, 2019)

SHRM displays a more flexible allocation and exploitation of human resources to fulfill corporate goals, which provides firms with a competitive advantage. SHRM is fundamentally concerned with the efficiency and effectiveness of human resources. As a result, the implementation of SHRM in the banking sector has the potential to assist banks improve their financial and social performance. the SHRM concept for improving organizational performance,

the body of literature on SHRM in banks suffers from an important limitation which is the lack of empirical data limitation of empirical evidence of SHRM in the banking sector, "though several studies have examined the relationship between SHRM and organizational performance in the manufacturing sector, business organizations, and other sectors in the globe, but a very few literature could be found in the banking sector. Haider et al., 2015).

Scholars in the field suggest that fluctuating human capital affects an organization's performance, productivity, and efficiency levels, as well as the loss of organizational knowledge to competitors, all of which contribute to additional financial costs. As a result, if firms are unable to increase their attention on SHRM practices, their performance will go down.

Thus, the research aims to add to the little scholarly body of literature on SHRM practices in developing countries' banking sectors. Literature on SHRM practices and organizational performance is mostly conducted in industrialized nations, with few studies accessible in underdeveloped countries (Nyaema and Wambua, 2019; Nasir & Mahmood, 2018; Haider et al., 2015). There is a lack of research on past studies regarding the relationship between SHRM practices and organizational performance, which is especially true in Ethiopia's banking sector. The researcher was motivated to conduct this study because of the existing literature and empirical gaps in SHRM in the banking sector.

Zemen Bank has adopted various human resource management initiatives to improve organizational performance. Given the competitive nature of the commercial environment in which the firm operates, keeping a client base demands productive staff. The bank has yet to do additional research to establish whether SHRM practices improve corporate productivity. However, most Zemen Bank employees do not receive adequate job-related training. Employees failing to attend training when necessary cause a knowledge gap, which leads to customer discontent and loss of organizational performance. One individual may attend multiple types of training, but others may not attend adequately. Furthermore, the Bank's existing compensation mechanism falls behind the sector and has become the most critical situation for the bank.

The other issue exposed in Zemen is that the bank's performance rating system is highly judgmental. According to the Bank's HR policy, the promotional procedure should use an evaluation system to promote personnel. When evaluations are based on personal merit, some employees are promoted while others are demoted as a result of judgmental evaluations. Many

employees are unsatisfied with the bank's evaluation system, and it is necessary to investigate the root source of this problem. Finally, the bank's promotional practices from many years ago to the present have resulted in numerous allegations about favors.

Taking into consideration the cost associated with strategic human resource management practice and its effect on the organization's performance, this study identified the gaps between the organization's strategic human resource management practices by comparing them with the best practice discussed in the literature in terms of compensation, recruitment and selection, training and development, performance appraisal, and the effect of SHRM practices on the organizational performance of zemen bank s.c.

1.1.4 Research Questions

- i. How significantly does compensation impact the organizational performance of Zemen Bank S.C.
- ii. How do recruitment and selection practices impact the organizational performance of Zemen Bank S.C.
- III. What effects do training and development have on the organizational performance of Zemen Bank S.C.
- iv. How substantially does performance appraisal impact the organizational performance of Zemen Bank S.C.

1.1.5 Objective of the Study

1.1.6 General Objective

The main objective of the study is to determine the effect of SHRM practices on the organizational performance of Zemen bank S.C.

1.1.7 Specific Objectives

- i. To assess how compensation affects the organizational performance of Zemen Bank S.C.
- ii. To evaluate the impact of recruitment and selection tactics on the organizational performance of Zemen Bank S.C.
- iii. To determine how training and development affect the organizational performance of Zemen Bank S.C.
- iv. To examine the impact of performance appraisal on the organizational performance of Zemen Bank S.C.

1.1.8 Significance of the Study

The main objective of the study is to determine the effect of SHRM practices on organizational performance. Therefore, this paper will aid in addressing the knowledge gap and add to the body of information regarding the practice of strategic human resource management and organizational performance.

The investigation's findings will thus provide information on the extent to which SHRM is practiced at Zemen Bank. Following that, zemen will have the option of utilizing data from this inquiry to analyze the necessity to build or enhance SHRM procedures and execute them with the end goal of increasing organizational performance. It also helps to be aware of their current SHRM practices, challenges of implementation, and ways of improving it.

The private banking industry will gain from this study's conclusions since they will address issues with strategic human resource management. This study will most likely contribute to the body of knowledge and other scholars to conduct additional research in the area, as well as serve as a foundation for improving policies from an organizational standpoint and provide insight for future research. The researchers can benefit from the theories covered in this paper. This can also be used by Ethiopia's banking industry to inform policy decisions that aim to manage organizational performance well.

1.1.9 Scope of the Study

The scope of this study was on some selected SHRM practices as the independent variables that included compensation, recruitment and selection, training and development, performance appraisal, and as dependent variable the organization performance.

Geographically, the study will be limited to the Addis Ababa Area or the Bank's head office. The rationale for this is that the study anticipates that the sample respondents will accurately represent the entire population, even though it is challenging to cover all offices and places across the nation.

1.1.10 Definition of Terms

Strategic human resource management, in which HR professionals work as strategic business partners with various organizational wings, is a way to align HRM with the content of strategic business to gain a competitive advantage and accomplish a cumulative set of functions related to the management of human, social, and intellectual capital (Fahim, 2018).

Compensation: (Abdalkrim, 2012; Roy, 2015) The total amount of monetary and non-monetary benefits that employees are entitled to receive as payment for the services they provide to an organization throughout their employment, including both direct pay (wages and salaries) and indirect pay (benefit plans). Conversely, it is a method of developing and putting into effect procedures and guidelines to compensate staff members regularly, fairly, and in line with their contributions to the organization's achievement of strategic objectives (Mwangi and Omondi, 2016).

Recruitment and Selection: The central tenet of strategic recruitment and selection is its strategic thrust, where the suitability of potential recruits is defined by reference not only to specific job requirements but also to broader strategic concerns (David Muraga (2015).recruitment is The process of seeking and attracting a pool of qualified applicants from which candidates for job vacancies can be selected and Selection is The process of choosing from a group of applicants the best-qualified candidate

Training and development refer to the methodical acquisition of skills, knowledge, and abilities that enable workers to effectively carry out a specific task or job (Fahim, 2018). However, training and development involve creating new concepts, abilities, and knowledge to help workers do their jobs more effectively.

organizational performance is measured by how well it fulfills its objectives, delivers services and programs with accuracy, punctuality, and value, and may be financially sustainable. It also refers to how well it adjusts to changing circumstances and its surroundings. (Fahim, 2018).

performance appraisal is a specific and formal review of an employee based on documented feedback to establish how well the individual is performing his or her job (David Muraga, 2015). Performance appraisal is a structured and regular process that evaluates an individual employee's job performance and productivity in relation to pre-established and organizational objectives in order to improve communication, increase employee productivity, and promote employees to higher job grades. (Roy, 2015)

Independent and dependent variable

The independent variable is the cause. Its value is independent of the other variables in your study. It is the variable that is manipulated or varied in an experimental study to determine its effects. It is known as "independent" since it is unaffected by the other factors in the study. The dependent variable is the effect. Its value fluctuates as the independent variable does. The variable changes as a result of the independent variable variation. It's the outcome you want to measure, and it "depends" on your independent variable. Based on your findings, you can estimate the extent to which variation in your independent variable causes changes in your dependent variable. You can also anticipate how much your dependent variable will change due to variations in the independent variable. Bhandari, P. (2023, June 22)

1.1.11 Organization of the Study

This study contained five chapters. The first chapter discusses the study's background, problem statement, research questions, study objective, study significance, study scope, term definition, and study organization. The second chapter provides a theoretical and empirical overview of the literature on the primary study variables, which are SHRM practices and organizational

performance. The third section includes the study's methodology, a description of the investigation, research design, sampling strategies, and data gathering methods for data analysis and model formulation. In the fourth chapter, the researcher examined SHRM practice and its effect on organizational performance, interpreting and discussing the outcomes of the data received from respondents. The fifth one includes a summary of important findings, Conclusions, and recommendations.

2. CHAPTER TWO:

2.1 REVIEW OF RELATED LITERATURE

2.1.1 Introduction

This chapter reviewed relevant literature on the study objectives of Strategic Human Resource Management practices and organizational performance. It includes a description of the literature, a theoretical review and framework, an empirical review, a conceptual framework, a summary of research gaps, and a critical evaluation of these works concerning the research gaps under discussion. As a result, the literature review is used to structure this chapter following the objectives and knowledge gaps, as well as to present evidence of current research on SHRM practices and organizational performance through relevant and logical discussion.

2.1.1.1 *Strategy*

Alfred Chandler, the first modern business strategy theorist, defines business strategy as 'the determination of the basic, long-term goals and objectives of an enterprise, as well as the adoption of courses of action and the allocation of resources necessary for those goals' (Chandler, 1962).

2.1.1.2 *Definition of Human Resource Management*

Human Resource Management (HRM) is concerned with people inside an organization. Because of the dynamic nature of people, "the management of man" is a very important and attractive enterprise. Mental ability, techniques, feelings, and behaviors are not all the same; they also differ as a group and have a wide range of impacts. People are sensitive, feel, think, and move, so they cannot be operated or changed in the same way that a room plan template can. Management workers must therefore use a hand-held delivery device. HRM is the process of managing an organization's people humanely. (Reidy 2015)

Ataur and Sadrul (2018) defined strategic human resource management as a set of human resource strategies for an organization concerned with ensuring that its staff is skilled, committed, and well-motivated to achieve the organization's goals and develop staff to compete

in the global market. Human resource management is described as a set of activities and methods aimed at effectively managing personnel at all levels of the organization to achieve organizational goals.

Human resource management entails the implementation of policies and procedures in the areas of organizational design and development, personnel resourcing, learning and development, performance and reward, and the provision of services that improve employee well-being. These are based on integrated human resource (HR) strategies that are in line with the company plan (M. Armstrong, 2016).

Human resource management is the comprehensive process of structuring and managing people within a company. This encompasses areas such as staff recruiting, employee retention, payment and bonus adjustment and management, performance management, change management, and the care of corporate outlets to fulfill duties. The approach of human resources to human power allows the management to view employees as valuable resources. The organization is a method for utilizing human resources not only for organizational purposes, but also for the growth, development, and self-satisfaction of those engaged. This is a classic definition of HRM, which some experts recognize as a modern version of the Personnel Management function. HRM is a system that focuses on the development of human resources while also ensuring that individuals have the dignity of employment. (Alagarsamy, 2015).

2.1.1.3 Historical and Theoretical Outline of HRM

Human resource management emerged as a developing method, particularly in the 1980s. It examines the knowledge and principles of human resource management, human relations, management, and people management from a variety of perspectives. As a result, the history of human resource management can be traced back to when information on humans was first obtained. Primitive societies are distinguished by their emphasis on people's basic physiological needs. Efforts to provide necessities for food, housing, and protection have resulted in the eventual dominance of those around them. Small workshops began to employ modest tools and

equipment as production tools during this period. In terms of management, social institutions such as religion, race, or class have begun to dominate.

Industrialization, which began at a quick pace in the 1860s, shifted people's attention away from the soil and toward the machine. With the acquisition of steam power, items could be conveyed to distant locations via sea and railway. The key themes introduced by industrial society are rapid urbanization, industrial production equipment, economic data-driven management, the rise of the working class, big workshops, factories, symbolic money supremacy, fast schooling, and compulsory education. Both were impacted by the management function in general, specifically human management, the values that individuals bring to work, and the time-varying nature of work.

(Mahony and Deckop, 1986). The industrial revolution began in the late 18th century, to establish control over workers. There were a few huge organizations before this date, but with the discovery of new technology, the factory system was formed, and many people relocated to towns and cities to work. The current working environment was inconvenient, and the workers, particularly the young children, were working for a low wage in tough and often dangerous conditions. The approach to people management was complex, with the primary goal of controlling workers with fewer personnel. The worrying first initiatives for workers started towards the close of the nineteenth century when some significant firms attempted to enhance their employees.

Companies like Cadbury in England and Jacob in Ireland have appointed welfare officers to improve working conditions and develop programs for patient care and subsidized housing. Companies are not required by law to provide these perks to their employees, therefore this initiative was entirely voluntary. Despite declining prosperity during periods of economic stagnation, concern for workers' well-being remains an important aspect of human resource management. (Reidy 2015) focusing on the production process, separated the work into three categories: basic, reduced, and basic.

Reducing and emphasizing tasks has also had an impact on interpersonal interactions. One of the most fundamental characteristics of post-industrial society is the manufacturing and service sectors, which are driven by the human element. Regardless of the business area, the fact that the first factor determining the institution's success is the relationships between the employees and their associates has led to the policy, principles, and practices of the employees, as well as the management of the employees themselves, as a research and application area. Over the last century, human resource management has evolved into a discipline and practice for managing people inside an organization, and it has been divided into various fields. Administrators and academics experimented with these disciplines and methods, developing theories and testing numerous notions. (Farnham, D. & J. Pimlott (1992),

The studies in the 1930s sparked interest in how to achieve jobs and workplace motivation, as well as how to boost employee engagement. The literature on human resources, particularly since the early 1990s, has concentrated on the relationship between human resource management as a whole and organizational strategy, and the definition of human resource management has evolved. In this context, human resource management is defined in the article as: (Wright & McMahan, 1992), a system of human resource activities designed to achieve the organization's goals (Schuler, R., & Jackson, S. (2007). or the organization of activities designed to influence individual behavior during the development and implementation of an organizational strategy.

2.1.1.4 The Concept of SHRM

In the 1990s, the increasing forces of globalization and tough competition through technological innovation shifted the foundations of organizational performance from the conventional utilization of human resources to a more strategic form of human resource management. In the late twentieth century, various authors defined Strategic Human Resource Management from diverse approaches. Among the several definitions in the literature, Batt (2007) defined SHRM as the process of building HR strategies that are vertically and horizontally linked with business strategy.

Strategic human resource management (HRM) is a way of describing how an organization's goals will be achieved through people, using HR strategies and integrated HR policies and practices. (Armstrong 2014.) It is a macro-organizational method for understanding the role and function of human resource management. This definition links all HRM activities in the organization and has a direct impact on the organization's overall corporate business strategy. It takes a holistic approach to traditional human resource management. The primary goal of this description is to achieve organizational objectives through people management.

Another intriguing description was offered by Holbeche (2013), who stated that "Strategic HRM has a clear focus on implementing strategic change and growing the skill base of the organization to ensure that the organization can compete effectively in the future". By this concept, personnel in the organization are viewed as strategic resources rather than costs, and their contributions will have an impact on the firm's goals.

Mousa, S. K., & Othman, M., 2020, defined SHRM as HRM practices. SHRM is a collection of managerial activities focused on developing and keeping a highly skilled workforce that maximizes organizational effectiveness to fulfill organizational goals. It is about providing HR managers additional responsibility for working toward the company mission in collaboration with other line managers and ensuring that they have the necessary knowledge and human qualities. As a result, human resource managers are held accountable for achieving organizational and operational objectives.

Despite the growing volume of research, comprehension of strategic human resource management and human resource management remains elusive (Mary, 2015). Some authors consider strategic human resource management and human resource management to be synonymous and use the terms interchangeably (Azhar and Faruq, 2017). However, they differ. SHRM is the advancement of a field within the human resource management spectrum. There is no commonly agreed-upon definition of strategic human resource management. This is because SHRM is a complicated, multifaceted phenomenon that is difficult to define neatly (Millmore et al., 2007).

In general, strategic human resource management recommends a strategic framework for managing people in businesses, which aids organizations in improving performance, productivity, innovation, and competitiveness (Alagarsamy, 2015).

2.1.1.5 Strategic Human Resource Management Practices

SHRM is defined as "the pattern of planned HR deployments and activities intended to enable an organization to achieve its goals," with a focus on how systems of HR practices work together to help organizations achieve strategic goals, rather than on individual HR practices,(Hartog & Lepak, 2019).

SHRM focuses on human capital, which connects people as organizational assets to the organization's commercial goal. SHRM is the broad approach to the organization's future direction, to improve the organization's performance. SHRM is a framework that addresses all organizational activities that influence individual behavior in the endeavor to develop and implement planned strategies to improve organizational performance (Satpal and Dhillon 2016).

SHRM integrates HR activities with physical, financial, and technological resources to set goals and solve complex organizational problems, thereby shaping organizations' business strategy and sustaining competitive advantage when properly managed, motivated, and deployed,(Hartog, & Lepak, 2019).

SHRM practices that contribute significantly to organizational performance strategies include reward and recognition, training and development opportunities, mentoring and coaching sessions, career planning, flexible work schedules, performance appraisal, and onsite daycare facilities (Satpal and Dhillon 2016).

2.1.1.6 Strategies for Improving Organizational Performance

Human resource management strategies are required for improving organizational performance. Strategic HRM's overarching goal is to develop strategies for organizational effectiveness. Organizational effectiveness improvement strategies focus on development procedures that enable goal achievement and a positive culture (Satpal and Dhillon 2016).

There are numerous approaches to evaluating organizational performance. The organization's performance indicator is determined by the goals that the company aims to achieve, such as profitability, societal good (good reputation), job security for the firm's employees, providing a satisfactory return on investment, innovativeness in processes and products, customer satisfaction, employee satisfaction, market share growth, environmental contributions (positive and negative), technological leadership, and commitment. An effective organization achieves its goals by meeting the needs of its stakeholders, aligning resources with opportunities, adapting flexibly to environmental changes, and cultivating a culture that fosters commitment, creativity, shared values, and mutual trust (Hartog, & Lepak, 2019).

According to Ataur and Sadrul (2018), strategic human resource management addresses organization-wide process issues such as organizational development and transformation, culture management, knowledge management, change management, the development of a climate of high commitment and trust, quality management, continuous improvement, and customer relations.

The findings of the HRM performance study can be monitored in a variety of ways. Performance for competitive advantage can be described as the ability to acquire and manage available resources in several ways that are both efficient and effective. Two forms of performance can be identified: financial and non-financial. (Trivedi.S.2015). There are three basic types of performance: financial and market performance, operational performance, and staff attitudes and behaviors.

2.1.2 Empirical Study

2.1.2.1 SHRM Practices and Organizational Performance

The impacts of incentive and performance appraisal procedures on service quality are mediated by organizational citizenship activities. To increase service quality, companies should strengthen incentive and performance appraisal practices, as these practices influence employees' organizational citizenship behaviors, which in turn affect service quality (Trivedi.S.2015).

Human resource planning contributes to organizational success by ensuring that an organization has a consistent understanding of the job market and how it relates to its failure. A corporation that refuses to engage in human resources to be proactive may end up with several open positions. I'd like to say that human resource planning is a continuous process that helps firms reach their goals. Even though some positions are still in demand during a downturn, securing people with highly valued talents will always be a struggle.

In another study by Samad, A, IBD, 2016, the effect of HRM practices on service quality: job satisfaction as mediator variable, results from data analysis revealed that there was a significant effect of HRM practices on organizational performance.

Furthermore, the study's findings validated the significance of job satisfaction as a mediator in the links between HRM practices and service quality. Different HR arrangements are required to attain high levels of business performance. Varied types of HR approaches provide varied corporate outcomes. For example, some HR policies are associated with financial outcomes, but others may be more tied to workforce turnover. Although the literature suggests that the correlation between HR practices and business performance is quite good, it is not always a direct relationship (CANIA, L. 2015).

It is well recognized that an organization's aims and goals can only be met if its staff is committed to the organization. Human resource procedures must be efficient enough to motivate employees to perform successfully for the greater good of the firm. An organization's most valuable asset is its employees, sometimes known as human resources. They are critical to the organization; thus, effective human resource management is the key to an organization's success because it is essential to have a workforce that not only works for the organization but is also loyal and completely dedicated to it; only then can an organization maintain its effectiveness.

Previous research has also shown that an organization's effectiveness is heavily influenced by how its human resource procedures address its employees' attitudes and actions (Singh E., 2016). The author concluded in *The Impact of Strategic Human Resource Management on Organizational Performance* that "Human resources are the key to keeping the firm competitive

in the market. These human resources must be efficiently managed to achieve the organization's desired performance. (CANIA, L. 2015).

2.1.2.2 Compensation

Mousa and Othman (2020) identified salary as the single most important indicator of firm performance. It is now clear that both employees and employers value cash and other forms of compensation. Performance-based compensation and merit-based promotion can be viewed as components of organizational incentive systems that promote individual and corporate performance. Compensation is a key motivator for employees, and it will undoubtedly have an impact on organizational success.

Kakar, Razik, and Khan (2015) discovered that, among other factors, employee reward and compensation have the greatest impact on organizational performance. Similarly, Govand and Nabaz (2021), found that remuneration and reward have a favorable impact on organizational performance. According to Mousa and Othman (2020), both monetary compensation (damage, injury, salary, or wages) and non-cash benefits such as pensions, health or life insurance, allowances, and retirement plans have a favorable impact on organizational performance.

2.1.2.3 Recruitment and Selection Practice

According to Govand and Nabaz (2021), recruiting and selection are the first steps in the personnel evaluation process. This is focused on identifying, attracting, and selecting a suitable person who meets the organization's job needs. It is a crucial process to carry out; otherwise, the consequences of incorrect recruiting and selection are widespread. HR practices are positively connected with employee performance, although selection and training have a greater impact on performance than other practices. Effective recruiting and selection methods identify job applicants who possess the necessary skills, knowledge, talents, and other characteristics for successful performance in a job or company.

According to Ufoma. N (2015), recruiting is the process of creating a pool of qualified persons to apply for positions inside an organization. Evidence suggests that larger firms are more likely than smaller organizations to use sophisticated recruitment processes, whereas the majority of smaller organizations rely on referrals and advertising as their primary recruitment tactics.

According to Anwar and Qadir (2017), highly selective recruiting is advantageous for finding the right candidate who can deal with a diverse set of job requirements, has the necessary abilities and experience, and fits well into the context, while also confirming that they have the necessary abilities and qualities to face a dynamic culture and surroundings. It is a basic fact that a company should hire the proper people as employees, who will have the least inclination to quit for other opportunities.

In the same vein, Ufoma.N.(2015) defined recruitment as the entry point of manpower into an organization, as well as the path an organization must take from there to ensure that they have attracted the right individuals for their culture and vibes, thereby achieving the overall strategic goals. There are numerous recruitment approaches (e.g., employee referral, campus recruitment, advertising, recruitment agencies/consultants, job sites/portals, company websites, social media, and so on), and most organizations will use a combination of two or more of these as part of the recruitment process or to deliver their overall recruitment strategy.

However, whether recruitment channels should be employed is determined by the job opportunity, the company's employer brand, the resources available to its recruiting team, the company's recruiting budget, and other factors. One can try them all and see which one works best. Every recruiting channel has advantages and disadvantages, and some are better suited to specific situations and enterprises.

Human resource policies and practices play a crucial role in determining employee behavior and attitudes. Based on the findings, the study recommends that quality be prioritized when creating and implementing recruitment and selection criteria. This is especially true given the scarcity of qualified workers. (Ufoma, N. 2015).

2.1.2.4 Recruitment and Selection and Organizational Performance

According to Ataur and Sadrul (2018), recruiting and selection are important strategic human resource management practices that lead to increased organizational performance. This study's finding is supported by comparable research. Murat and Michael (2019) found a substantial beneficial association between strategic recruiting and selection and both organizational and personnel performance.

Even though empirical evidence on the impact of strategic recruitment and selection on organizational performance varies, Based on the above theoretical and empirical evidence, we can conclude that strategic human resource management practice and organizational performance are associated, with strategic recruitment and selection practice contributing to this relationship in part. Thus, there is considerable empirical evidence that recruiting and selection influence organizational success. H1: Recruitment and selection have a positive effect on organizational performance.

2.1.2.5 Training and Development

Training and development are regarded as one of the key practices of HRM, and it refers to programs designed to teach employees about company specifics, educate them on general organizational rules, and provide them with technical knowledge that is considered necessary to complete job tasks effectively and eliminate potential flaws at work (Antwi. J.O, et al, 2016).

Training is a continuous process that includes recruitment and selection, training, performance appraisal, employee development, and performance refreshment and renewal based on the needs and requirements of the individuals, as well as encouragement to revisit the content after the training. They determined that employee training has a positive influence on both corporate performance and individual well-being as they concluded that a major impact on the execution of an activity, or enhancement in performance.

(Mutahi, N. 2015). Training programs are beneficial to the success of any organizational plan and will assist in competing with future developments. In today's extremely competitive world, organizations' competitive advantage is their high-quality human resources.

According to Mbungua (2015), training and development essentials can be determined by examining organizational objectives and the tasks that must be completed to achieve those objectives, the behaviors required for job incumbents to complete tasks, and the skills, knowledge, or abilities required by employees to perform the necessary jobs.

Training and development efforts can also help to strengthen an individual's self-awareness, competency, abilities, and motivation to do a good job. Furthermore, training and development are typically depicted as a systematic attempt by the company to support the learning of job-related behavior on the part of the employees (Othman & Abdullah, 2016).

Training as a SHRM practice is an important aspect of numerous departments in any organization and is used in retention and development programs because if an employee is not performing well and is unable to meet desired results, the person will either move jobs or be fired (Ejaz and Akbar, 2015).

If the organization does not try to give employees a chance to upgrade themselves for future vacant positions, and if employees do not expect tomorrow to be a good day with the current company, they may fail to perform well, causing the organization's performance to suffer (Author, 2018).

2.1.2.6 Training and Development and Organizational Performance

Training and development techniques have also had a significant impact on a bank's profitability. Similarly, Aatur and Sadrul (2018) found that all training and development concerns had a similar favorable impact on organizational performance.

Even though empirical evidence on the impact of strategic training and development on organizational performance varies, Based on the above theoretical and empirical evidence, we can conclude that strategic human resource management practice and organizational performance are associated, with strategic training and development practice contributing to this relationship in part. This suggests that there is significant empirical evidence of a link between training and development and organizational effectiveness.

H2: Training and development has a positive effect on organizational performance.

2.1.2.7 Performance appraisal

According to (Kakar, Razik and Khan, 2015). research, a good performance management system helps to improve overall organizational performance by managing the performance of teams and individuals to ensure the attainment of overarching organizational ambition and goals. Companies can use the information obtained from employee appraisals to modify their recruiting and training procedures, as well as promote employee behaviors and attitudes that the firm desires.

If skilled individuals are not motivated to accomplish their duties, their abilities will be wasted. They also stated that it would be impossible to govern a business without sufficient information about how well its people are performing. Decisions will still be made based on performance whether an organization has a formal process in place or not, and many of the decisions will be flawed (Wood and Bischoff, 2020). As a result, enhancing performance appraisals for all employees will have a direct impact on overall organizational performance.

A performance appraisal is a methodical examination of an employee's performance on his given job. The primary goal of performance appraisal is to boost motivation and employee self-esteem. Performance appraisal is a method of evaluating employees' performance. A fair performance appraisal system can motivate employees, increase their commitment to work, and optimize their desire to stay.(Kakar, Razik and Khan, 2015).

Employee satisfaction and their positive relationship with their organization are brought about by a fair appraisal system, but instead of fairness, problems are also produced from the evaluator

side in selecting a personal approach to carrying out an appraisal process, as a result of shifting of appraisal process from measurements to raters, by which a rater put his/her own decision about the performance and focus on flourishing good subordinate relationship (Ejaz & Akbar, 2015).

One of the most essential roles of human resource management is performance appraisal, which is utilized by individuals to guide them toward organizational goals and analyze the outcomes they create over time in a variety of domains such as remuneration, promotion, permission, training requirements, and so on.

2.1.2.8 Performance Appraisal and Organizational Performance

Concerning the relationship between strategic performance evaluation and organizational performance in banks, Aatur and Sadrul (2018) found that performance management concerns had a favorable impact on organizational performance. In this context, Tahsidari and Shahnaei's (2015) study found that performance appraisal has a considerable effect on organizational performance.

Similarly, Samwel (2018) found a significant association between performance management and organizational performance.

Even though empirical evidence on the impact of strategic performance appraisal on organizational performance varies, Based on the above theoretical and empirical evidence, we can conclude that strategic human resource management practice and organizational performance are related, with strategic performance appraisal practice contributing to this relationship in part. This empirical conclusion also demonstrates that there is a link between performance appraisal and organizational performance.

H4: Performance appraisal has a positive effect on organizational performance.

2.1.2.9 Effects of Compensation on Organizational Performance

Compensation management is the process of determining how many employees must be paid to do specific duties in a business. Compensation influences recruiting and staffing. People are

often interested in firms that provide higher earnings in the workplace. Rewarding strategies have been shown to reduce staff turnover while increasing labor productivity and sales Kakar, Razik, and Khan (2015).

To remain competitive, employers establish and revise basic compensation structures. Variable pay plans can be used to provide incentive rewards, promote teams, recognize awards, and balance team and individual earnings. This role employs rewards to motivate employees to contribute to an organization's success, with a focus on efficiency, innovation, and profitability.

Managers see the incentives system as a key motivational tool in terms of significant and long-term performance increases in employee behavior, performance, and effectiveness inside the firm. (Mousa and Othman (2020)

Some firms may use performance-based payment systems to reward their employees, but in fact, an individual who meets the desired results is frequently rewarded regardless of their successor's ability to measure. It should be noted that employees are related to success levels when prices are defined, equal compensation for equal work, market conditions are evaluated, the wage system is appropriate for the business's activity, and the business structure is established. Managers see the incentives system as a key motivational tool in terms of important and future performance gains in increasing the behavior, performance, and effectiveness of the employees of the organization. Kakar, Razik, and Khan (2015)

2.1.3 Summary of Hypothesis

The primary goal of the study was to learn more about strategic human resource strategies and their effects on organizational performance in the banking sector. The majority of strategic human resource management studies have found that strategic human resource management practices improve organizational performance.

For this study, the relationship between strategic human resource management and organizational performance is hypothesized as follows:

H1: Compensation has a positive effect on Organizational Performance. H2: Recruitment and selection has a positive effect on Organizational Performance. H3: Training and development has a positive effect on Organizational Performance. H4: Performance Appraisal has a positive effect on Organizational Performance.

2.1.4 Research Gap

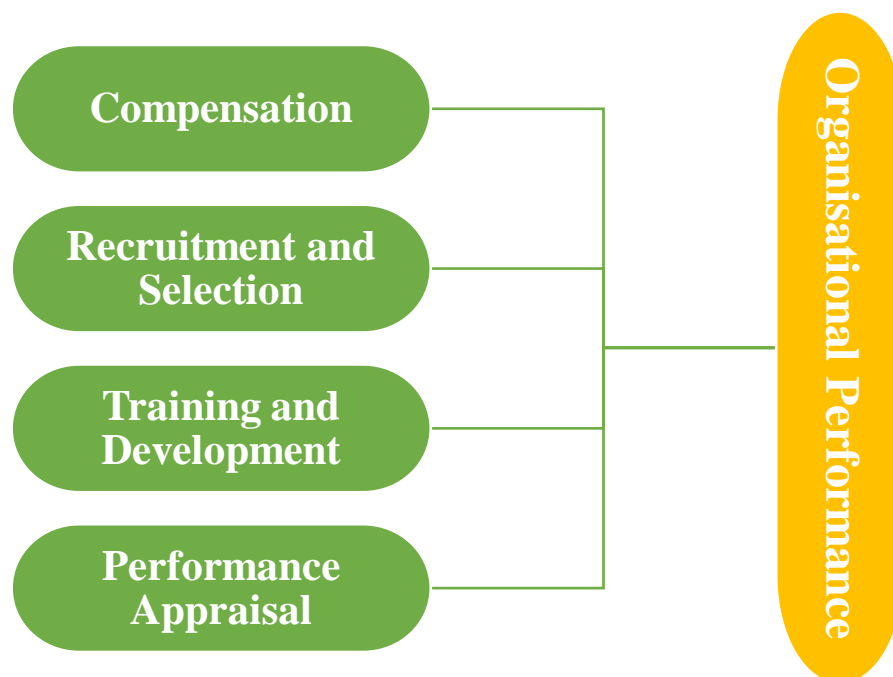
SHRM demonstrates more flexible deployment and exploitation of human resources to achieve corporate goals, giving firms a competitive advantage. SHRM is primarily focused on the efficiency and effectiveness of human resources. As a result, implementing SHRM in the banking sector has the potential to help banks enhance both their financial and social performance. The SHRM concept for improving organizational performance, the body of literature on SHRM in banks suffers from an important limitation which is the lack of empirical data limitation of empirical evidence of SHRM in the banking sector, "though several studies have examined the relationship between SHRM and organizational performance in the manufacturing sector, business organizations, and other sectors in the world, but a very little literature could be found in the banking sector. Haider et al., 2015).

Scholars in the discipline believe that fluctuating human capital has an impact on an organization's performance, productivity, and efficiency levels, as well as the loss of organizational expertise to competitors, all of which contribute to increased financial expenses. As a result, if businesses are unable to expand their focus on SHRM practices, their performance will suffer.

Thus, the study seeks to contribute to the limited scholarly body of literature on SHRM practices in developing nations' banking sectors. The literature on SHRM practices and organizational performance is primarily undertaken in industrialized countries, with little research available in developing countries (Nyaema and Wambua, 2019; Nasir & Mahmood, 2018; Haider et al., 2015). There is a shortage of evidence in previous studies examining the relationship between SHRM practices and organizational performance, especially in Ethiopia's banking sector. The researcher was motivated to conduct this study because of the existing literature and empirical gaps in SHRM in the banking sector.

2.1.5 Conceptual Framework

According to Mugenda and Mugenda (2018), a conceptual framework is a study component in which a specific notion is described as a quantitative occurrence that provides a coherent interpretation of the thought. The purpose of this study is to examine the impact of selective SHRM practices on Zemen Bank's organizational performance. The conceptual framework is based on certain SHRM practices identified by Ataur and Sadrul (2018) and their effect on organizational performance.



Source: (Felix 2018)

3. CHAPTER THREE

3.1 RESEARCH METHODOLOGY

3.1.1 Introduction

The purpose of this study is to determine the SHRM practices on the organizational performance of Zemen Bank S.C. Consequently, this chapter expounds on the techniques and tools that had been employed to address the research inquiries. Research design, study population, data collection tools, data validity and dependability, and ethical considerations make up the third chapter.

3.1.2 Research Design

A systematic disciplined technique adopted by researchers to get data for scientific investigation is known as research design. The primary goal of the study design is to make it possible for researchers to find specific, believable data that produces an important conclusion.

Using the explanatory technique and descriptive statistics, this study combined a qualitative and quantitative research approach. Questionnaires, interviews, internal records, and newspaper articles had been used to gather data. Information was gathered using focused questions and open-ended surveys. The information was analyzed using SPSS.

3.1.3 Population

A population is defined as an identified total group or aggregate of items (people, products, organizations, physical entities, etc.) that are relevant to the information problem under consideration and of interest to the researcher. A survey's population refers to the total set of units from which conclusions are formed (Wood and Bischoff, 2020). The target population for the study was 927 employees in the Zemen Bank head office staff overall, of which 280 were selected as a sample.

3.1.4 Sampling Technique

The sample size is determined by a variety of variables in the research, the design type, the data processing technique, and the size of the population that is accessible. According to Neuman (2000), 30% of the target population should be used for descriptive research. The researchers selected a sample of responders based on the topic that was previously mentioned.

As stated by Kumar (2005), The process of choosing a small number (a sample) from a larger group (the sampling population) to serve as the foundation for estimating or forecasting the prevalence of an unidentified fact, circumstance, or result about the larger group is known as sampling. A stratified sampling technique was applied to choose respondents from the target demographic for this investigation. This guarantees that each individual in the population had an equal probability of being included in the sample.

3.1.5 Sample Size

Based on their status and years of service, Zemen Bank employees made up the research sample. A sample is a unit of collection drawn from the cosmos to symbolize it. In general, a sample is more representative the larger it is. The sample size in quantitative research is established by mathematical processes. There are 927 employees in the head office overall, of which 280 was selected as a sample.

Using the sample size determination formula proposed by Yamane (1967), 280 people were chosen as the study's sample with a 95% confidence level. To select sampling units from each stratum, proportionate to the population size of that stratum, a proportionate stratified sampling technique was applied.

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

Sample Size for $\pm 5\%$ Precision Levels where Confidence Level is 95%

n = Sample size

N = Study population

e = Level of confidence

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

$$= 927 / (1 + 927 * (0.05)^2)$$

$$= 280$$

3.1.6 Types of Data Collection

The research was applied by collecting primary data sources. The data obtained from interviews and questionnaires with respondents discuss strategy SHRM practices and the performance of Zemen Bank S.C.

3.1.7 Methods of Data Collection

The primary data was gathered through distributing the questionnaires to Zemen Bank S.C.'s head office staffs, setting up focus groups, and conducting interviews with managers and team leaders.

3.2 Reliability and validity

Variables	Cronbach's alpha	No of items
Compensation	0.838	5
Recruitment and selection	0.894	6
Training and development	0.882	5
Performance appraisal	0.904	7

3.2.1 RELIABILITY

Cronbach's Alpha was used to determine the dependability of the research instrument. It is widely used to assess the internal consistency or reliability of a psychometric test score over a

sample of examinees Measurements with a coefficient alpha between 0.8 and 0.95 are considered extremely good quality; scales with a coefficient alpha between 0.7 and 0.8 are thought of as to have acceptable reliability, and coefficient alpha between 0.6 and 0.7 indicates reasonable reliability.

3.2.2 VALIDITY

Content validity refers to the extent to which the study measures what it is designed to measure. More simply, it focuses on measurement precision. The study used content validity to determine the validity of the research instrument. Content validity demonstrates that the test's scope is adequate for measuring the attribute in question.

3.2.3 Data Processing and Analyses Techniques

Data cleaning and verification were completed on each questionnaire following data collection but before analysis. There will be editing, coding, and tabulation. According to Mugenda and Mugenda (2019) the collected data were analyzed and interpreted by using both qualitative and quantitative data analysis techniques. The data collected with focus group discussion and interview responses were analyzed qualitatively. Thus, closed-ended questionnaires were analyzed quantitatively by using tables and percentages. To facilitate interpretation and provide easy visualization of the diverse responses from the respondents, the findings were summarized in frequency tables, Software called Statistical Packages for Social Sciences (SPSS) was used to analyze quantitative data.

3.3 Ethical considerations

3.3.1 Informed Consent

Before engaging in any research study, respondents must provide their informed consent, which guarantees that they are aware of their rights and responsibilities. The research makes sure that each responder who signed the consent form is qualified to take part in the study.

3.3.2 Voluntary Participation

The study's participants were not forced into taking part. Rather, before they gave their informed consent, the respondents were informed about the purpose and objectives of the study. Furthermore, the participants in the study possess an equal entitlement to opt out at any time, according to their convenience.

3.3.3 Confidentiality

Instead of using their names, the responders were given code names in the form of digits. This guaranteed that neither the organization nor any other participant would not be able to discover who they are Mugenda and Mugenda (2019). Additionally, a guarantee was given that private information would not be disclosed to any other outside entity.

3.3.4 Privacy

The surveys were sent to the respondents' workstations or any other secure private spot they wanted to fill out to protect their privacy. This guarantees that other players won't intervene or exert influence.

3.3.5 Anonymity

The participants' identities and any other information that might have led to them were kept secret during the collection and presentation of the research findings. The respondents were urged not to provide their names or other identifying information in light of this. Instead, during the research, code names were given to them.

4. CHAPTER FOUR

4.1 DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1.1 INTRODUCTION

This chapter analyzes data based on research questions, presents findings, and provides a summary.

Table 4.1 Response Rate

Description	Number of responses
Distributed	280
Returned	250
Response rate	89%

Out of the 280 questionnaires distributed to the respondents, 250(89%) were returned and qualified for analysis. According to Mugenda and Mugenda (2019) for research data analysis and reporting, a response rate of 50% is adequate; a response rate of 60% is good and a response rate of 70% and above is very good. Accordingly, a response rate of 89% of this research can be regarded as a very good rate of return and therefore, it is qualified for the data analysis.

4.1.2 Demographic Characteristics of the Respondents

Statistics

		Gender	Age	Marital Status	Educational Background	Experience
N	Valid	250	250	250	250	250
	Missing	0	0	0	0	0

Frequency Table

Table 4.2 **Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	160	64.0	64.0	64.0
Female	90	36.0	36.0	100.0
Total	250	100.0	100.0	

Table 4.2 represents gender analysis of the respondents. Based on the analysis 64% represented male while 36% represented female respondents.

Table 4.3 **Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	30	12.0	12.0	12.0
26-31	120	48.0	48.0	60.0
32-39	90	36.0	36.0	96.0
40 and above	10	4.0	4.0	100.0
Total	250	100.0	100.0	

Table 4.3 indicates the age bracket of the respondents. Based on the study analysis, 18-25 years was represented by 12%, 26-31 years was represented by 48%, 32-39 was represented by 36% while 40 years and above was represented by 4%. Majority of the respondent were aged between 26-31 years which indicated that organization had energetic staff to perform their duties.

Table 4.3 Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	54	21.6	21.6	21.6
Married	187	74.8	74.8	96.4
Divorced	6	2.4	2.4	98.8
Departed due to death	3	1.2	1.2	100.0
Total	250	100.0	100.0	

Table 4.4 Educational Background

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid less than deploma	4	1.6	1.6	1.6
Deploma	8	3.2	3.2	4.8
Degree & above	238	95.2	95.2	100.0
Total	250	100.0	100.0	

Table 4.4 indicates the highest level of education of the respondents. Less than diploma was represented by 1.6%, diploma was represented 3.2% while degree and above was represented by 95.2%. The study indicated that most of the respondent in the organization had degree and above

level education which indicated that the employees had the required skills to perform their duties.

Table 4.5 Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid up to 4 years	60	24.0	24.0	24.0
5-9 years	170	68.0	68.0	92.0
10 & above	20	8.0	8.0	100.0
Total	250	100.0	100.0	

The analysis on table 4.5 indicates the number of years which respondents had served in the organization. Up to 4 years was represented by 24%, 5-9 years was represented by 68%, 10 and above years was represented by 8%. The study indicated that majority of the respondent had served the organization for more than 5 years which indicated majority were aware of the topic of discussion and thus provided relevant information.

Source: own survey 2024

Table 4.7 Effect of Compensation on Organization Performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HIGH	30	12.0	12.0	12.0
VERY HIGH	220	88.0	88.0	100.0
Total	250	100.0	100.0	

Table above indicates the effect of compensation on organization performance in Zemen Bank s.c. 12% of the respondents said high while 88% of the respondents said very high which stated that the extent of compensation affect organization performance.

Table 4.8 Whether Compensation affects Organization Performance

	N	Mean	Std. Deviation
The organization makes sure that employees' payments are always paid on the due date.	250	4.09	.828
Every member of the organization is entitled to a fair employee benefits package.	250	4.41	.712
Employee allowances are kindly provided by the organizations	250	4.43	.557
It has been observed that pay-for-performance schemes that are successful positively impact employees' motivation.	250	4.37	.483
Because management in particular receives larger compensation packages than younger employees, pay-for-performance is seen as problematic.	250	4.37	.740
Valid N (listwise)	250		

Table above indicates how the respondents rated compensation on organization performance. Employee allowances are kindly provided by the organizations was ranked the highest with a mean of 4.43, Every member of the organization is entitled to a fair employee benefits package was ranked the second with a mean of 4.41, It has been observed that pay-for-performance schemes that are successful positively impact employees' motivation and Because management in particular receives larger compensation packages than younger employees, pay-for-performance is seen as problematic was ranked equal with a mean of 4.37, The organization makes sure that employees' payments are always paid on the due date was ranked the fifth with a mean of 4.09. From the above respondents data that the organization had proper compensation for their employees which affected organization performance.

Table 4.9 Effect of recruitment and selection on Organization Performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HIGH	129	51.6	51.6	51.6
VERY HIGH	121	48.4	48.4	100.0
Total	250	100.0	100.0	

Table above indicates the effect of recruitment & selection on organization performance in Zemen Bank s.c. 51.6% of the respondents said high while 48.4% of the respondents said very high which stated that the extent of recruitment & selection affect organization performance.

Table 4.10 whether recruitment and selection affects Organization Performance

	N	Mean	Std. Deviation

The strategic recruiting and selection system of the organization aligns human resources with the operational and strategic requirements of the company.	250	4.22	.817
The human resources department of the organization allows me the flexibility to choose how I want to advance my career.	250	4.42	.691
The recruitment strategy for the organization is based on an efficient strategic human resource management policy.	250	4.44	.551
The promotion of employees inside the organization is assigned by merit.	250	4.41	.509
The recruiting and selection procedures used by your organization have earned the complete satisfaction of your workforce.	250	4.48	.501
The Bank's recruitment and selection practices comply with its organizational structure.	250	4.48	.501
Valid N (listwise)	250		

Table above indicates how the respondents rated recruitment and selection on organization performance. The recruiting and selection procedures used by your organization have earned the complete satisfaction of your workforce and The Bank's recruitment and selection practices comply with its organizational structure was ranked the highest with a mean value of 4.48, The recruitment strategy for the organization is based on an efficient strategic human resource management policy was ranked the third with a mean value of 4.44, The human resources department of the organization allows me the flexibility to choose how I want to advance my career was ranked the fourth with a mean value of 4.42, The promotion of employees inside the organization is assigned by merit was ranked the six with a mean value of 4.41, The strategic recruiting and selection system of the organization aligns human resources with the operational and strategic requirements of the company was ranked the last with a mean value of 4.22. From the above respondents data that the organization had proper recruitment and selection for their employees which affected organization performance.

Table 4.11 Effect of Training and Development on Organization Performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HIGH	121	48.4	48.4	48.4
VERY HIGH	129	51.6	51.6	100.0
Total	250	100.0	100.0	

Table above indicates the effect of training & development on organization performance in Zemen Bank s.c. 48.4% of the respondents said high while 51.6% of the respondents said very high which stated that the extent of training & development affect organization performance.

Table 4.12 whether training and development affects Organization Performance

	N	Mean	Std. Deviation
The organization provides highly skilled human capital through strategic training.	250	4.47	.635
Ongoing education and training improve the organization's performance as a whole.	250	4.42	.518
To enhance worker performance, the organization provides career development initiatives.	250	4.43	.496
Highly experienced employees in my organization coach the less experienced employees	250	4.44	.497
The training provided to employees has the ability to bridge the skills and knowledge gaps among them	250	4.49	.509
Valid N (listwise)	250		

Table above indicates how the respondents rated training and development on organization performance. The training provided to employees has the ability to bridge the skills and knowledge gaps among them was ranked the highest with a mean value of 4.49, The organization provides highly skilled human capital through strategic training was ranked the second with a mean value of 4.47, Highly experienced employees in my organization coach the less experienced employees was ranked the third with a mean value of 4.44, To enhance worker

performance, the organization provides career development initiatives was ranked the fourth with a mean value of 4.43, Ongoing education and training improve the organization's performance as a whole was ranked the last with a mean value of 4.42. From the above respondents data that the organization had proper training and development for their employees which affected organization performance.

Table 4.13 Effect of performance appraisal on Organization Performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HIGH	100	40.0	40.0	40.0
VERY HIGH	150	60.0	60.0	100.0
Total	250	100.0	100.0	

Table above indicates the effect of performance appraisal on organization performance in Zemen Bank s.c. 40% of the respondents said high while 60% of the respondents said very high which stated that the extent of performance appraisal affect organization performance.

Table 4.14 whether performance appraisal affects Organization Performance

	N	Mean	Std. Deviation
The Bank evaluates the performance of employees periodically.	250	4.60	.665

The Bank's performance appraisal approach is in line with the organization's strategic objectives.	250	4.48	.695
Line managers are responsible for regulating and appraising employee performance.	250	4.39	.557
I got appropriate feedback on my performance.	250	4.47	.554
The Bank's performance management practice has been integrated with its organizational structure.	250	4.57	.496
Performance objectives are set at realistic levels.	250	4.64	.480
The Bank's performance appraisal approach is interconnected with its strategic human resource management practices.	250	4.59	.493
Valid N (listwise)	250		

Table above indicates how the respondents rated performance appraisal on organization performance. Performance objectives are set at realistic levels was ranked the highest with a mean value of 4.64, The Bank evaluates the performance of employees periodically was ranked the second with a mean value of 4.60, The Bank's performance appraisal approach is

interconnected with its strategic human resource management practices was ranked the third with a mean value of 4.59, The Bank's performance management practice has been integrated with its organizational structure was ranked the fourth with a mean value of 4.57, The Bank's performance appraisal approach is in line with the organization's strategic objectives was ranked the fifth with a mean value of 4.48, I got appropriate feedback on my performance was ranked the six with a mean value of 4.47, Line managers are responsible for regulating and appraising employee performance was ranked the last with a mean value of 4.39. From the above respondents data that the organization had proper performance appraisal for their employees which affected organization performance.

Table 4.15 whether organizational performance affects Organization Performance

	N	Mean	Std. Deviation
The organization meets its stated goals.	250	4.71	.454
Every division understands its role in attaining the organization's goals.	250	4.65	.591
Customers' expectations are met throughout the organization	250	4.63	.538
The resources required to keep the organization running smoothly are always available.	250	4.58	.503
The organization has sufficient human capital to achieve its aims.	250	4.77	.420
Valid N (listwise)	250		

Table above indicates how the respondents rated organizational performance on organization performance. The organization has sufficient human capital to achieve its aims was ranked the highest with a mean value of 4.77, The organization meets its stated goals was ranked the second with a mean value of 4.71, Every division understands its role in attaining the organization's goals was ranked the third with a mean value of 4.65 , Customers' expectations are met throughout the organization was ranked the fourth with a mean value of 4.63, The resources required to keep the organization running smoothly are always available. Was ranked the last with a mean value of 4.58. From the above respondents' data employees agreed that their organization had sufficient human capital to that helps for organizational performance.

4.1.3 Correlation

Table 4.16: Correlation

Variables	Compensation	Recruitment & Selection	Training & Development	Performance Appraisal	Organization Performance
Compensation	1	.542**	.545**	.587**	.602**
Pearson Correlation		.000	.000	.000	.000
Sig. (2-tailed)					
N	250	250	250	250	250
Recruitment & Selection		1	.687**	.664**	.721**
Pearson Correlation			.000	.000	.000
Sig. (2-tailed)					
N			250	250	250
Training & Development			1	.724**	.802**
Pearson Correlation				.000	.000
Sig. (2-tailed)					
N					250

Performance Appraisal	Pearson Correlation				1	.864**
	Sig. (2-tailed)					.000
	N					250
Organization Performance	Pearson Correlation					1
	Sig. (2-tailed)					.000
	N					250

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

Own Survey result 2024

The table above indicates that all SHRM practices have a strong positive correlation with organizational performance of zemen bank.

According to Gopa (2019). The correlation coefficient expresses the degree to which two random continuous variables are linearly related in a sample. It assesses the level of linear connection between two variables, in this example, SHRM practices and organizational performance. A sample correlation coefficient (r) assesses the strength and direction of linear correlations between two continuous variables. From 0.01 to 0.09, there is an irrelevant association; 0.10 to 0.29, a modest association; 0.30 to 0.49, a moderate link; 0.50 to 0.69, a significant association; and 0.70 and above, a very high association (felix, 2018).The investigation found that there was a favorable association between compensation, recruiting and selection procedures, and a strong relationship between training and development and performance appraisal.

A correlation is considered significant when it is less than 0.05, and the correlation in this study is 0.01, indicating that the correlation between the independent factors and the dependent variable is significant.

4.1.4 Regression Analysis

Sekaran and Bougie (2016) define acceptable tolerance and Variance Inflation Factor (VIF) values as greater than 0.10 and less than 10. As a result, it is concluded that no collinearity problem exists among the independent variables.

Table: 4.17 Collinearity Test Model Summaries

Model		Collinearity Statistics	
		Tolerance	VIF
1	Independent Variable		
	Compensation	.694	1.448
	Recruitment & Selection	.727	1.372
	Training & Development	.764	1.334
	Performance Appraisal	.782	1.296

Dependent Variable: OP

In order to determine the effects of SHRM practices on organizational performance of zemen bank, the researcher conducted a multiple linear regression analysis between Organizational Performance as dependent variable against selected SHRM practices compensation, recruitment & selection, training & development and performance appraisal as independent variables. The study used multiple linear regression tests because this study had more than one independent variables.

4.1.5 Regression Model summaries

Table: 4.18 Regression Model summaries

Model	R	R Square	Adjusted R Square
1	.825 ^a	.680	.674

a. Predictors: (Constant), Performance Appraisal, Compensation, Training & Development, Recruitment & Selection

The table above shows the significance and percentage of variation in organizational performance which is caused by independent variables. The R value represents the simple correlation and it is .825, which indicates a high degree of correlation. The R Square value indicates how much of the total variation in the dependent variables, overall determinant factors of the independent variables were 68 % ($R^2 = .680$) explained the dependent variable organizational performance. This suggests that 68 % of organizational performance in the study organization clearly depends on the independent variables while the remaining 32 % is determined by other unaccounted factors in this study. Adjusted R-squared (adj. R^2) is 0.674. It means that 67.4 percent of the total variability of the dependent variable organizational performance is explained by the stated independent variables and 32.6 percent of it is explained by other variables.

4.1.6 ANOVA

Table: 4.19 ANOVA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.668	4	20.667	130.803	.000 ^b
	Residual	38.840	245	.158		
	Total	121.508	249			

a. Dependent Variable: ORGANIZATION PERFORMANCE

b. Predictors: (Constant), Performance Appraisal, Compensation, Training & Development, Recruitment & Selection

In the table above we have the F value of 130.803 which is significant with $p < .001$. . This shows us that the independent variables together are significantly related to the dependent variable.

Coefficients Table 4.20 for Organizational Performance

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.493	.511		6.835	.000
Compensation	.305	.068	.311	4.485	.000
Recruitment & Selection	.160	.069	.170	2.318	.002
Training & Development	.200	.060	.210	.330	.000
Performance Appraisal	.126	.061	.133	2.065	.003

a. Dependent Variable: Organizational Performance

The table above shows the model's regression coefficient results. A Sig. value of 0.000 implies a strong significant link between SHRM practices as independent factors and organizational performance as the dependent variable. The standardized beta value indicates how many standard deviations the outcome will change as a result of a one-standard-deviation change in the predictor. The standard deviation units are directly comparable; therefore they provide a clearer understanding of the importance of a predictor in the model. The big magnitude of the beta coefficient in an independent variable is the most important determinant in predicting the dependent variable. The standardized beta value for compensation is 305.

This suggests that if the organization increases compensation practice by one, the organization's performance will increase by 30.5%. This variable is more important in analyzing the influence than others. The standardized beta values for training and development recruitment, selection, and performance appraisal are 0.200, 0.160, and 0.126, respectively.

4.1.7 Summary of Hypothesis Test

Table 4.21 Summary of Hypothesis Test

Hypothesis	R	Sig.	Result
H1: Compensation has positive effect on organizational performance	.602**	.000	Accept
H2: Recruitment and selection has positive effect on organizational performance	.721**	.002	Accept
H3: Training and development has positive effect on organizational performance	.802**	.000	Accept
H4: Performance Appraisal has positive effect on organizational performance	.864**	.003	Accept

As the hypothesis test result shows above selective SHRM practices compensation, recruitment and selection, training and development, and performance appraisal have positive effect on organizational performance.

5. CHAPTER FIVE

5.1 SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1.1 Introduction

This chapter presents the summary, implication of major findings, contribution to knowledge, conclusion, recommendations, and areas for future research.

5.1.2 Summary of Major Findings

The goal of this study was to determine the selected SHRM practices used by Zemen Bank. Out of the overall population of 927, 280 samples were chosen. However, 250 questionnaires were completed and returned, representing an 89 percent response rate. The following are the significant findings based on descriptive statistics, surveys, and interviews. In terms of demographics, the majority of workers are males (64%) and women (36%). This demonstrates that men are more involved in or account for the majority of the workforce in the study organizations, while women are underrepresented. The bulk of responses are between the ages of 26 and 31. According to the descriptive study data, the majority of the employees are young or middle-aged, enthusiastic, and passionate about their profession. The participants in this study were mostly young and middle-aged, which added to the overall quality of the work.

In terms of respondents' educational levels, we can see that the majority of them have a degree or above, accounting for 238 (95.2%), followed by 8 (3.2%) respondents who have a diploma and 4 (1.6%) who have less than that. The results indicate that the majority of employees at Zemen Bank have degrees and master's degrees in various fields of study, which assists the business in meeting its mission, vision, and goals with outstanding success.

On the question of work experience at Zemen Bank, the survey results showed that the bulk of the respondents, 170 (68%) had 5-9 years of experience in the organization, while 60 (24%) had worked for up to 4 years. The remaining 20 (8%) employees or research participants have ten or more years of experience with the firm. As a result, employees at Zemen Bank's headquarters have been with the firm for at least five years. This conclusion indicates that employees who stay with their firm make a major contribution to boosting worker efficiency and effectiveness.

5.1.3 Conclusions

The study found that compensation encourages employees to be effective and productive in their jobs. The statement Employee allowances are kindly provided by the organizations was ranked the highest with a mean of 4.43, indicating that the organization provided adequate compensation for its employees, which influenced organizational success.

The recruiting and selection procedures used by your organization have earned the complete satisfaction of your workforce, and The Bank's recruitment and selection practices comply with its organizational structure and were ranked the highest with a mean value of 4.48. According to these respondents' data, the organization had proper recruitment and selection for their employees, which affected organizational performance.

The training provided to employees can bridge the skills and knowledge gaps among them was ranked the highest with a mean value of 4.49, From these respondent's data that the organization had proper training and development for their employees which affected organization performance.

Performance objectives are set at realistic levels and were ranked the highest with a mean value of 4.64, from these respondents' data the organization had proper performance appraisal for their employees which affected organization performance.

As far as the relationship between SHRM practices and organizational performance is concerned, the statistical result of the study indicated that SHRM practices have a strong positive correlation with organizational performance of Zemen Bank.

5.2 Recommendations

Based on the study's findings, the researcher made the following recommendations. According to the empirical research, Zemen Bank's SHRM practices are positively associated to the bank's overall success. As a result, Zemen Bank should increase its strategic human resource management procedures in accordance with strategic human resource management practices in order to improve the bank's overall performance.

Zemen should prioritize continual education and training to improve the organization's performance. Training and development must be examined and prioritized based on business goals, then developed as a program, delivered, and evaluated in order to meet present competency requirements and build future intellectual capital. The firm should train its staff on a regular basis. The organization should organize in-house and off-job training for their employees, which should be provided when necessary.

Line managers should be aware of their responsibility for regulating and evaluating staff performance. The bank requires a trustworthy performance management system. The performance evaluation process must be comprehensive, participatory, transparent, equitable, and applicable to all employees. All employees must be subject to a performance review system that is open, equitable, and transparent, with specified criteria. Employees must also have access to and participate in the performance appraisal process.

The organization should ensure that all employee payments are made on time. Zemen bank's management must keep up with issues concerning employee incentive packages, such as bonuses, salaries, profit sharing, financial and non-financial rewards, in order to boost employee performance in particular and organizational performance overall. In comparison to payments and rewards given in the same business, management should increase employee compensation depending on experience and work performance evaluations. The study recommends that the organization create an appropriate compensation package. Compensation in the organization should be based on the performance of each individual employee. The organization should establish performance-based pay, which should be monitored on an ongoing basis.

The strategic recruiting and selection system of the organization should be aligned with human resources with the operational and strategic requirements of the company. The organization should employ effective recruitment process tactics. The selection of employees should be based on their experience and qualifications. The recruitment process should contain the organization's objectives and goals.

Finally The resources required to keep the organization running smoothly should be always available for a better organizational performance.

5.3 Suggestion for Future Research

The study was limited to the Effect of Selected SHRM Practices on Organizational Performance and was solely examined in the banking industry, specifically at Zemen Bank. Due to geographical limitations, the study only includes employees from the bank's Addis Abeba head office; however, to understand the changing behavior of employees at different geographical locations and whether there is any change in the response, additional studies in other industries and countries should be conducted to see how the results differ from the current study.

The study examined only selected SHRM practices, such as compensation, recruiting and selection, training and development, and performance appraisal. More research should be done on other SHRM practices.

5.3.1 References

- Abdalkrim, G.M., 2012. The impact of human resource management practices on organizational performance in Saudi banking sector. *European Business and Management*, 4(21), pp.188-196.
- Abdullah, N.N. and Othman, M., 2016. The contribution of human capital investment in the growth of East Asian economy—A literature review. *Journal of Economic and Business Research*, 22(1), pp.190-203.
- Ahmad, 2018. Impact of hrm practices on employee's performance in sports industry Sialkot, Pakistan *International Journal of Management Technology*, pp.46-53.
- Alagarsamy, N., 2015. *Strategic Human Resource Management report*. AUT University, New Zealand.
- Alishova, S., Mamman, A. and Alharbi, A., 2016. Strategic Human Resource Management: A Tale of Multi-National and State Oil Companies. *Journal of Business and Management*, 18(7), pp.81-95.
- Antwi, J.O., Opoku, A.C., Seth, A. and Margaret, O., 2016. Assessing the human resource management practices of public banks from employees' perspective: case study of selected branches of Ghana commercial bank, Kumasi. *Global Journal of Human Resource Management*, 4(1), pp.13-30.

Armstrong, M., 2016. Strategic Human Resource Management: A Guide to Action. London: Kogan Page.

Ataur, R. and Sadrul, I., 2018. Effect of Strategic Human Resources Management (HRM) Practices on Perceived Financial Performance of Non-Governmental Organizations: Empirical Evidence from RDRS Bangladesh. *European Journal of Business and Management*, 10(33), pp.99-110.

Authur, 2018. Effects of human resource systems on manufacturing performance and turnover. *The Academy of Management Journal*, 37(3).

Azhar, K. and Faruq, A., 2017. Differing Approaches to Strategic Human Resource Management. *Journal of Management Research*, 1(3).

Balamurugan, G. and Abinaya, R., 2016. A Study on Employee Retention strategies in leading IT companies at Trichy. *International Journal of Human Resource*, 4(3).

Batt, R., 2007. Service strategies. In *Oxford Handbook of Human Resource Management*, Oxford: Oxford University Press.

Bhandari, P., 2023. Impact of hrm practices on employee's performance in sports industry Sialkot, Pakistan *International Journal of Management Technology*, pp.46-53.

Cania, L., 2015. The Impact of Strategic Human Resource Management on Organizational Performance. *European Journal of Business and Management*, 7(12), pp.334-358.

Chandler, A.D., 1962. *Strategy and Structure: Chapters in the History of the Industrial Enterprise*. Cambridge, MA: MIT Press.

- Collins, C.J., 2021. Expanding the resource-based view model of strategic human resource management. *The International Journal of Human Resource Management*, 32(2), pp.331-358.
- Daud, M., 2016. Human Resource Management Practices and Firm Performance: The Moderating roles of Strategies and Environmental Uncertainties.
- Muraga, D., 2015. Differing Approaches to Strategic Human Resource Management. *Journal of Management Research*, 1(3).
- Ejaz, S. and Akbar, W., 2015. An Effectiveness of Human Resource Management Practices on Employee Retention Findings from Insurance Companies of Karachi. *European Journal of Business and Management*, 7(7).
- Fahim, M., 2018. Strategic Human Resource Management and Public Employee Retention . *Review of Economic and Political Science*, 3(2), pp.20-39.
- Farnham, D. and Pimlott, J., 1992. *Understanding industrial relations*. London: Cassell.
- Felix, E.S., 2018. Effects of Human Resource Practices on Organizational Performance: A Case of Veta in Dar Es Salaam and Morogoro Regions. Degree of Master of Human Resource Management. The Open University of Tanzania.
- Pradhan, G., 2019. Impact of Human Resource Management Practices on Organizational Performance (A Case of Nepal). *Tribhuvan University Journal of Interdisciplinary Studies*, 5(2), pp.1-30.
- Anwar, G. and Abdullah, N.N., 2021. The impact of Human resource management practice on Organizational performance. *International Journal of Engineering, Business and Management*, 5(1), pp.1-10.

- Haider, M. et al., 2015. The impact of human resource practices on employee retention in the telecom sector. *International Journal of Economics and Financial Issues*, 5(Special Issue), pp.63-69.
- Hartog, D.N. and Lepak, D.P., 2019. A systematic review of human resource management systems and their measurement.
- Holbeche, L., *Aligning HR and business strategy*. Butterworth-Heinemann.
- Israel, M., 2013. *Statistics, an introductory analysis*. 2nd ed. New York: Harper and Row.
- Kakar, P., Razik, A. and Khan, F., 2015. Impact of human resource management practices on employee retention: A case of banking sector in Quetta Balochistan. *Journal of Management Information*, 5(1), pp.97-119.
- Kumar, R., 2005. *Research methodology: A step by step guide for beginners*. 2nd ed. London: Sage Publication.
- Mahoney, T.A. and Deckop, J.R., 1986. *Evolution of concept and practice in personnel administration/human resource management*.
- Marier, P., 2016. Devine Intervention? Lessons in Systemic Retrenchment from Canada's Most Generous Welfare State. *Regional and Federal Studies*, 26(2).
- Mary, 2015. Strategic Human Resource Management and Public Employee Retention Review of Economic and Political Science, 3(2), pp.20-39.
- Mathew, A., 2016. Contribution of SHRM towards Organizational Effectiveness: A Study with Reference to NGOs in Kerala. *IRA-International Journal of Management & Social*

Sciences, 5(1), pp.194-202.

Mathimaran, K.B. and Kumar, A.A., 2017. Employee Retention Strategies: An Empirical Research. *Global Journal of Management and Business Research*, 17(1).

Mbugua, G.M., 2015. Relationship between strategic human resource management practices and employee retention in commercial banks in Kenya. PhD dissertation. Jomo Kenyatta University of Agriculture and Technology.

Millmore, M., Lewis, P., Saunders, M., Thornhill, A. and Morrow, T., 2007. *Strategic Human Resource Management: Contemporary Issues*. Harlow: Financial Times/Prentice Hall.

Miranda, N. and Fernando, W.R.P.K., 2020. The Impact of Human Resource Management Practices of the Managers on Perceived Organizational Performance—A Study on Ceylon Fisheries Corporation in Sri Lanka. *Open Access Library Journal*, 7, e7034.

Mousa, S.K. and Othman, M., 2020. The impact of green human resource management practices on sustainable performance in healthcare organizations: A conceptual framework. *Journal of Cleaner Production*, 243, 118595.

Mugenda, O.M. and Mugenda, A.G., 2018. *Research methods: Quantitative and qualitative approaches*. Nairobi: ACTS Press.

Murat, and Michael, 2019. Evolution of concept and practice in personnel administration/human resource management.

Mutahi, N., 2015. Effect of human resource management practices on performance of public universities in Kenya. *International Journal of Economics, Commerce and Management*, 3(10).

- Mwangi, E.K. and Omondi, M., 2016. Factors influencing staff retention in the banking industry in Kenya: A case study of Equity Bank limited. *The Strategic Journal of Business & Change Management*, 3(2).
- Nasir, S.Z. and Mahmood, N., 2018. A Study on Effect of Employee Retention on Organizational Competence. *International Journal of Academic Research in Business and Social Sciences*, 8(4), pp.408-415.
- Neuman, W.L., 2000. *Social research methods: qualitative and quantitative approaches*. 4th ed. Needham Heights: Allyn & Bacon.
- Nyaema, W.R. and Wambua, P., 2019. Strategic Human Resource Management Practices and Employee Retention in Commercial Banks in Nairobi City County, Kenya. *Journal of Human Resource and Leadership*, 4(2), pp.73-89.
- Othman, M. and Abdullah, N.N., 2016. *The Role of Training and Development on Organizational Performance*.
- Njue, P.K., 2018. *Human Resource Management Practices and Performance Of Manufacturing Companies In Nairobi City County, Kenya*. Master's thesis, Kenyatta University.
- Anwar, K. and Qadir, G.H., 2017. Determined in their study the relationships between work engagement and job satisfaction.
- Reidy, 2015. *Strategic Human Resource Management: Contemporary Issues*. Harlow: Financial Times/Prentice Hall.
- Roy, B., 2015. A study on employee retention factors in the Indian banking industry: An Empirical Study. *International Journal of Advance Research in Computer Science and Management Studies*, 3(3).

- Samad, A., 2016. Effect of HRM practices on service quality: job satisfaction as a mediator variable. Turkey: Proceedings of socioint 2016, 3rd International Conference on Education, Social Sciences and Humanities, Istanbul.
- Samwel, J., 2018. An Assessment of the Impact of Performance Management on Employee and Organization Performance - Evidence from Selected Private Organizations in Tanzania. *International Journal of Human Resource Studies*, 8(3), pp.199-230.
- Samuel, O.M. and Chipunza, C., 2009. Employee retention and turnover: Using motivational variables as a panacea. *African Journal of Business Management*, 3(8), pp.410-415.
- Satpal and Dhillon, M., 2016. Retaining Employees in Indian IT Sector. *International Journal of Science Technology and Management*, 5(3).
- Schuler, R. and Jackson, S., 2007. Linking competitive strategies and human resource management practices. *Academy of Management Executive*, 1(3), pp.207-229.
- Sekaran, U. and Bougie, R., 2016. *Research Methods for Business: A Skill-Building Approach*. 7th ed. Chichester: Wiley.
- Singh, E., 2016. Human resource practices and its role in organizational effectiveness: a Review. *International Journal of Advance Research in Computer Science and Management Studies*, 4(6).
- Sura, I., 2019. *The impact of Strategic Human Resource Management on Organizational Resilience: an empirical study on Hospital*. VGTU Press.
- Tahsildari, A. and Shahnaei, S., 2015. Enhancing Organizational Effectiveness by Performance Appraisal, Training, Employee Participation, and Job Definition. *European Journal of*

Business and Management, 7(12), pp.334-358.

Trivedi, S., 2015. Performance Evaluation of Public Enterprises.

Ufoma, N., Ikeije, U.U. and Kwoaba, J.O., 2015. The impact of recruitment and selection criteria on organizational performance. *Global Journal of Human Resource Management*, 3(2), pp.22-33.

Wood, S. and Bischoff, J., 2020. Human resource management.

Wright, P.M. and McMahan, G.C., 1992. Theoretical perspectives for strategic human resource management. *Journal of Management*, 18, pp.295-320.

Yamane, T., 1967. *Statistics; An Introductory Analysis*. 2nd ed. New York: Harper and Row.

Yusuf, H., 2018. Strategic Human Resource Practices and its Impact on Performance towards achieving organizational goals.

5.3.2 Annexes

5.3.3 Appendix 1: Questionnaire

Part I. Demographic factors of the respondent; please make a tick on your agreement

- 1. Gender : Male Female
- 2. Age : 18 - 25 26 – 31 32 – 39 40 years and above
- 3. Marital Status: Single Married Divorced Departed due to death
- 4. Educational background: Less than Diploma Diploma Degree and above
- 5. Year of experience in the Zemen Bank: up to 4 years 5-9 years 10 & above years

Part II. Questions related to compensation

1. To what extent does compensation affect organization performance of Zemen Bank ?

Very High High Medium Less No effect & please explain?

.....

Please read each items and match your response level of agreement by circling the number given from 1 to 5 weight, which can be represented as; 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree, 1= strongly disagree

No.	Item	Level of Agreement				
		5	4	3	2	1
	A. Compensation					
1	The organization makes sure that employees' payments are always paid on the due date.	5	4	3	2	1
2	Every member of the organization is entitled to a fair employee benefits package.	5	4	3	2	1
3	Employee allowances are kindly provided by the organizations	5	4	3	2	1

4	It has been observed that pay-for-performance schemes that are successful positively impact employees' motivation.	5	4	3	2	1
5	Because management in particular receives larger compensation packages than younger employees, pay-for-performance is seen as problematic.	5	4	3	2	1

Part III. Questions related to recruitment and selection

2. To what extent does a recruitment and selection strategy affect organization performance of Zemen Bank?

Very High High Medium Less No effect & please explain?

.....

B, Recruitment and Selection						
1	The strategic recruiting and selection system of the organization aligns human resources with the operational and strategic requirements of the company.	5	4	3	2	1
2	The human resources department of the organization allows me the flexibility to choose how I want to advance my career.	5	4	3	2	1
3	The recruitment strategy for the organization is based on an efficient strategic human resource management policy.	5	4	3	2	1
4	The promotion of employees inside the organization is assigned by merit.	5	4	3	2	1
5	The recruiting and selection procedures used by your organization have earned the complete satisfaction of your workforce.	5	4	3	2	1
6	The Bank's recruitment and selection practices comply with its organizational structure.	5	4	3	2	1

Part IV. Questions related to training and development

3. To what extent does a training and development strategy affect organization performance of Zemen Bank?

Very High High Medium Less No effect & please explain?

.....

C, Training and Development						
1	The organization provides highly skilled human capital through strategic training.	5	4	3	2	1
2	Ongoing education and training improve the organization's performance as a whole.	5	4	3	2	1
3	To enhance worker performance, the organization provides career development initiatives.	5	4	3	2	1
4	Highly experienced employees in my organization coach the less experienced employees	5	4	3	2	1
5	The training provided to employees has the ability to bridge the skills and knowledge gaps among them.	5	4	3	2	1

Part V. Questions related to performance appraisal

4. To what extent does performance appraisal affect organizational performance of Zemen Bank?

Very High High Medium Less No effect & please explain?

.....

D, Performance Appraisal						
1	The Bank evaluates the performance of employees periodically.	5	4	3	2	1
2	The Bank's performance appraisal approach is in line with the organization's strategic objectives.	5	4	3	2	1
3	Line managers are responsible for regulating and appraising employee performance.	5	4	3	2	1
4	I got appropriate feedback on my performance.	5	4	3	2	1
5	The Bank's performance management practice has been integrated with its organizational structure.	5	4	3	2	1
6	Performance objectives are set at realistic levels.	5	4	3	2	1
7	The Bank's performance appraisal approach is interconnected with its strategic human resource management practices.	5	4	3	2	1

Part VI. Questions related to organizational performance

4. To what extent does organizational performance affect organizational performance of Zemen Bank?

Very High High Medium Less No effect & please explain?

.....
.....

	E, Organizational Performance					
1	The organization meets its stated goals.	5	4	3	2	1
2	Every division understands its role in attaining the organization's goals.	5	4	3	2	1
3	Customers' expectations are met throughout the organization.	5	4	3	2	1
4	The resources required to keep the organization running smoothly are always available.	5	4	3	2	1
5	The organization has sufficient human capital to achieve its aims.	5	4	3	2	1