

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

**The Effect of Strategic Human Resource Management Practices on
Organizational Performance: A case study of united bank s.c**

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**A Thesis Submitted to Addis Ababa University, College of Business and
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Declaration

I declare that this research paper entitled "The Effect of Strategic Human Resource Practices on Organizational Performance: A case study of united bank s.c " is my original work and has not been used by others for any other requirements in any other university and all sources of information in the study has been appropriately acknowledged.

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Statement of Certification

I certify that Habtamu Jemal 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 united 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.

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Abstract

The aim of this paper was to assess the effect of strategic human resource practices on organizational performance that are being implemented in united bank s.c in Ethiopia. In this regard, vertical integration of HR and the business strategy of the bank, HRM practices consistency and congruence, high quality of staff and internal practices and overall performance of united bank s.c are assessed from varied dimensions. To deliver quality service, understanding of integration of HR with the organization business strategy is required. A number of studies confirm that integration of HR with the organizational business strategy has a great impact on organizational performance. The exploration structure of this investigation is clear and illustrative.

A questionnaire was administered to 330 respondents from head office and beklobet branch of the bank. The questionnaire was a five-point Likert scale. Elucidating insights, for example, standard deviation, mean, recurrence and rate were utilized to investigate the gathered information. Correlation analysis (Karl Pearson) were used to analyze the data.

The main findings of this study indicated that strategic human resource practices have a significant impact on the united bank s.c overall organizational performance. Therefore, the united bank needs to strengthen its strategic human resource practices based on the principles of strategic human resource management to improve the overall performance of the bank

Key words: Strategic human resource management, united bank s.c, performance

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List of Acronyms

%:	Percentage
BSC:	Balanced Score Card
Freq:	Frequency
HR:	Human Resource
SHRM:	Strategic Human Resource Management
S.A:	Strongly Agree
S. D:	Strongly Disagree
STD:	Standard Deviation
S.C	Share Company

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Recently it has become a common belief that organizational Human Resource (HR) is the source of sustainable competitive advantage and success, provided that human resources management (HRM) policies and practices are integrated with and/or derived from the overall organizational strategies and goals (AlTarawneh and Aldhyatt, 2011). Key Human Resources Management (SHRM) stresses the significance of the reconciliation between (HRM) polices and systems and the general association technique. However, (HRM) has been challenged to demonstrate the value of its functions in proving its impact on an organization profit, minimizing cost and maximizing the added value in components of an organization strategy and customer satisfaction (Ulrich, 1997).

Many research studies have been conducted to establish links between (HRM) functions and organizational performance, such as training (Russel et al., 1985), selection (Terpasticea and Rozell, 1993), appraisals (Borman, 1991) and compensation (Milkovich, 1992) in relating to the organization performance. Huselid's (1995) work links an index of (HR) practices to both financial performance and market outcomes. MacDuffie's (1995) study links bundles of HR practices to productivity and quality exemplified a progression toward examining the link between systems of HR practices and performance. The popular management literature, which examines the impact of (SHRM) practices on organizational effectiveness and performance, is most controversial one (Worsfold, 1999). Whereas some people argue that there is a positive relationship between (HRM) interventions and organisational performance, others argue for the lack of evidence linking (HRM) with improved performance. For example, Guest and Hoque (1994) examined the impact of HRM practices and the presence of HRM strategy on outcomes in manufacturing companies; they found higher levels of positive (HRM) and employee relations' outcomes, but there was no correlation with performance, in terms of productivity or quality. In contrast, an increasing body of research has demonstrated a relationship between the use of specific HRM practices and improved financial performance (Russell et al., 1985). Moreover, it can be argued that (HRM) which has been

developed to (SHRM) by researchers seeking to emphasize the importance of the concept to the effective functioning of organizations.

To this end, many authors have maintained that (SHRM) is straightforwardly linked to organizational performance and there is a conflicting opinion that high-performing work organizations adopt particular (HRM) policies and linking these to the strategies of their organizations. However, regardless of the rising popularity of (SHRM), there have been very few systematic evaluations of the claims that it is linked to performance and doubts remain as to its theoretical foundations. In addition, in the emerging markets, little has been researched or reported to produce a clear picture about the adoption of (SHRM) (Altarawneh, 2010).

Therefore, this study will be conducted in Ethiopia to explore the effect of SHRM on the organizational performance in banking industry. It specifically aims to extend the above line of research by examining the SHRM-firm performance relationship of United bank in Ethiopia. In addition, to explore the extent to which do united bank adopt (SHRM) approach when managing their (HR). Also, it aims to shed the light on the most adopted HR practices by the united bank, and to identify the most important barriers facing the implementation of SHRM approach in the bank.

1.2 Statement of the Problem

In today's dynamic business environment organizations must outperform their competitors in order to satisfy the needs of their stakeholders and to maintain survival. To do that they must have skilled, motivated, and engaged people. The banking sector has no exception. United Bank was fused as a Share Company on 10 September 1998 as per the Commercial Code of Ethiopia of 1960 also, the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank got a financial administrations permit from the National Bank of Ethiopia and is enlisted with the Trade, Industry and Tourism Bureau of the Addis Ababa City Administration. However, based on the information obtained from preliminary study the bank HR strategy is a kind of specific HR strategies emphasized on the link between HR practices the bank corporate performance and characterized by inside-out approach. According to the result obtained from the respondents HR strategy significantly integrated with the bank corporate strategy planning process, medium level of employee commitment, high level quality of employees and internal practices, good management-employee relationship, high level of integration of HR policies, with one another and

with other business strategies. Line managers are moderately integrated with HR policy and people are considered as a strategic resource. The purpose of the study will be to see the problem in detail and to answer the research questions.

According to Delery and Doty (1996), the SHRM field has been approached from the perspective of numerous theories, such as resource based view of the firm, contingency theory, human capital theory, resource-dependence theory, and behavioural theory, and there is thus a lack of emphasis on the differences within such theories.

Scholars argue that the process of value creation in the SHRM-firm performance relationship or the intervening link is still unexplored or black boxed and hence gains less credibility in practice (Becker & Huselid, 1999; Boselie, Dietz, & Boon, 2005; Guest, 2011; Katou, 2011; Paul & Anantharaman, 2003; Priem & Butler, 2001).

Most of the research conducted in Ethiopia in SHRM area focused on the assessment of SHRM practices. Only few studies are conducted on the impact of SHRM practices on firm's performance. This study aimed at to fill this gap.

1.3 Research Questions

The understudy researcher structures the accompanying fundamental research questions:

- To what level do the United Bank business strategy is linked with the bank SHRM practices?
- To what level do the united bank HR policies, procedures and practices integrated to each other and coherent with other work units in the organization?
- Does united bank have the capability to have an able, qualified and skilful workforce to produce high-quality services and products?
- Does the implementation of SHRM principles impact the overall performance of the organization?

1.4. Objectives

The major objective of the study is to assess the effect of SHRM practices on organizational performance of united bank in Ethiopia and provide recommendations for effective and efficient organizational performance.

The specific objectives are to: -

- To see the vertical integration of HR with the united bank business strategy.
- To assess the HRM practices consistency and congruence.
- To assess the influence of high-quality staff and internal practices.

1.5 Significance of the Study

SHRM practices are recognized to assume a focal job in expanding human asset commitment, and henceforth upgrading hierarchical execution. As indicated by writing, there is a positive connection between the more prominent appropriation of SHRM practices and organizational performance (Caliskan, 2010; Singh, 2004). This examination looks to decide the effect of SHRM on the authoritative execution of United bank in Ethiopia. The result of the investigation will thusly give data on the degree to which SHRM is polished at United bank in Ethiopia. Additionally, the connection among SHRM and hierarchical execution will be set up. Subsequently, United bank in Ethiopia will have the option to utilize data from this investigation to assess the need to either create or refine SHRM practices and execute them with an end goal to increment hierarchical execution. This study most probably attracts other researchers to undertake further study in the area and also may be a background to improve policy from the organization side and will give insight for future research.

1.6. Scope of the Study

This study covers employees working in the head quarter and beklobet branch of united bank located in Addis Ababa and target group of employees who are working at expert, supervisory and managerial level. The study considered only permanent employees and does not include employees whose employment contract is made for temporary period of time.

1.7 Operational Definition of Terms

Strategic Human Resource Management is a procedure that includes the utilization of general ways to deal with the improvement of HR techniques, which are incorporated vertically with the business methodology and on a level plane with one another. (Armstrong 2006, p, 30).

United bank s.c a private bank consolidated as an offer organization on 10 September 1998 as per the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision.

Organizational performance is mission fulfilment, accuracy, timeliness and value of service and program delivery, the extent to which an organization adapts to changing conditions and its environment and financial viability. (David Muraga, 2015).

Dependent and Independent variable: - The cause variable, or the one that distinguishes powers or conditions that follow up on something different is the free factor. The variable that is the effect or is the result or outcome of another variable is the dependent variable. (Dr. Abdurezak Mohamed and et al 2014, p,59)

1.8 Organization of the Study

The thesis will be organized into five chapters. Chapter one presents the introduction and background to the study variables which include SHRM practices and organizational performance, it further highlighted the statement of the problem, research objectives, significance of the investigation, and the impediment of the examination. Chapter two present an extensive literature review of the major study variables namely SHRM practices, banking sector culture, HR capabilities and organizational performance. This finished into a reasonable structure demonstrating the connections between the factors under investigation. Chapter three give details on the research methodology, design, research procedures, operationalization of the variables and ethical considerations. Part four presents the aftereffects of information investigation and conversations. Part five presents the outline, ends and strategy suggestions of the investigation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter theoretical literature, empirical literature, research gap and conceptual framework of the study will be presented. The theoretical literature part includes resource-based view, universalistic theory, contingency theory, and configurational theory whereas in the empirical literature part SHRM practices and organizational performance, human resource capabilities and organizational culture will be covered. In the last part of this chapter the conceptual framework of the study will be shown.

2.2 Theoretical Literature Review

2.2.1 The Concept of Strategic Human Resource Management

Strategic human resource defined as a process that involves the use of overarching approaches to the development of HR strategies, which are integrated vertically with the business strategy and horizontally with one another (Armstrong 2006, p, 30).

According to Armstrong 2014 the ultimate aim of strategic HRM is to make organizational capacity by ensuring that the organization has the skilled, engaged, committed and well-motivated employee it needs to achieve sustained competitive advantage.

SHRM has three fundamental goals: first to accomplish combination – the vertical arrangement of HR practices with business systems furthermore, the level combination of HR strategy. The subsequent goal is to give an ability to read a compass in a regularly fierce condition with the goal that the business needs of the organization and the individual and the aggregate needs of its employees can be met by the turn of events and usage of cognizant and functional HR approaches and projects. The third goal is to add to the plan of business technique by causing to notice manners by which the business can exploit the favorable circumstances gave by the strengths of its human resources.

Strategic human resource management centers around human asset programs with long haul destinations. Rather than concentrating on inner human asset issues, the attention is on tending to and taking care of issues that impact individuals the executives' programs over the long term.

There are five approaches to strategic HRM. These comprises of resource- based approach, accomplishing strategic fit, superior administration, high duty the executives and high involvement the management.

The resource-based approach: - a central point of a resource- based methodology HR strategy, as Barney (1991) shows, is to create vital ability accomplishing vital fit among assets and openings and acquiring added value from the effective deployment of resource.

Strategic fit: - the HR strategy ought to be adjusted to the business technique. Even better, HR technique ought to be a vital piece of the business methodology, adding to business arranging process as it occurs.

Horizontal integration with other aspect of HR strategy is required so that its different elements fit together. The plan to accomplish a reasonable way to deal with overseeing individuals in which the different practices are commonly steady.

High performance management: - It aims to make an impact on the performance of the firm through its people in such area as productivity, quality, level of customer service, growth, profits and, at last, the conveyance of expanded investor esteem. High-responsibility the executives:- high duty the board has been depicted by wood (1996) as a type of the executives which is planned for inspiring a dedication so conduct is essentially self-directed instead of constrained by authorizations and weights outer to the individual, and relations inside the association depend on elevated level of trust.

High- involvement of the management: - this methodology includes regarding employees as accomplices in the undertaking whose intrigue are regarded and who have a voice on issues that worry them. It is worried about correspondence and association. The point is to make an atmosphere where a proceeding with discourse among chiefs and individuals from their groups happens so as to characterize desires and offer data on association's crucial, and goals.

2.2.2 Resource Based View

Resource-based theory first originated by Edith Penrose's (1959) work, explored the relationship between firm resources and firm growth. According to this theory different firms possess different bundles of resources and capabilities that enable them to perform certain activities better than the others, and the resource differences among firms can be less mobile due to rarity and difficult in acquiring or imitating those resources and capabilities. This underlying articulation of the hypothesis filled in as the establishment that was stretched out by others. However, Barney's (1991) specification of the characteristics necessary for a sustainable competitive advantage seemed to be a seminal article in popularizing the theory within the strategy and other literatures. In this article he noted that resources which are rare, valuable, inimitable, and non-substitutable, can provide sources of sustainable competitive advantages.

The RBV cares with the connection between internal resources, strategy and therefore the performance of the organization. It focuses on the encouragement of sustained competitive advantage through the event of human capital instead of just aligning human resources to current strategic goals (Torrington, 2005).

Prahalad and Hamel (1990) argued that competitive advantage steams, over long run, from building core competencies in a firm which are superior to those of rivals. They assert that it is a firm's ability to learn faster and apply its learning more effectively than its rivals that gives it competitive advantage. The theory argues that firm posses' resources, a subset of which enables them to achieve competitive advantage, and a subset of those lead to superior long-term performance.

2.2.3 Universalistic Theory

The universalistic perspective of SHRM states that some human resources practices are better than others and all organizations should adopt these best practices. According to this perspective, there is a universal relationship between individual 'best' human resource practice and organizational performance, thus also called 'best practice approach'. Human resource practices are universal in the sense that they are best in any situation.

Proponents of the best practice argued that a single high-performance human resource strategy enhances effectiveness regardless of organizational goals, work systems, or context. Within the area of SHRM, there are significant researches that support that the notion that certain human resource practices are linked to organizational performance. For Pfeffer (1994) the best human resource practices applicable to all organizations in any situation are employment security, selective hiring, self-managed teams, high compensation contingent on performance, training to provide a skilled and motivated work force, reduction of status differentials, and sharing information. Guest (1999) listed out careful selection, training, job design that ensure flexibility, commitment and motivation, communication, and employee share ownership programs as best HR practices. Moreover, Delery and Doty (1996) identified seven strategic HR practices, namely: the use of internal career ladders, formal training systems, results-orientated appraisal, performance-based compensation, employment security, employee voice and broadly defined jobs.

2.2.4 Contingency Theory

The contingency theory states that, in order to be effective, an organization's HR policies must be consistent with other aspects of the organization. The relationship between the HR policies and practices and the organization's performance varies depending on other third variable, named contingency variables. These factors moderate the link between HRM and organizational performance. The primary contingency factor is the organization's strategy. Contingency theory is associated with the notion of fit – the need to achieve congruence between an organization's HR strategies, policies and practices and its business strategies within the context of its external and internal environment (Armstrong, 2014).

The best fit model is in accordance with possibility hypothesis. It stresses that HR strategies should be congruent with the context and circumstances of the organization. The best fit model includes life cycle model, competitive strategy and strategic configuration.

2.2.4.1 Life Cycle Model

This model states that HR strategy should be consistent with the product development life cycle stages such as start-up, growth, maturity and decline.

2.2.4.2 Competitive Strategy

According to this model HR strategy should be fit with three competitive strategy which are identified by Porter (1985) such as innovation, quality and cost leadership strategy.

2.2.4.3 Strategic Configuration

The model states that HR strategy should be fit with four types of organizations identified by Mills and Snow (1978) namely prospectors, defenders, analyzers, and reactors.

2.2.5 Configurational Theory

The configurational point of view sets a synchronous inner and outer fit between an association's outside condition, business system and HR strategy, inferring that business methodologies and HRM approaches cooperate, as indicated by organizational context in determining business performance. Proponents of the contextual perspective argue that it is necessary to expand the concept of SHRM so as to offer a complex explanation, not only of its internal working and how it can reinforce the achievement of business goals, but also of its influence on the external and organizational context in which managerial decisions are made. Contemporary management practices indicate that many leading companies have recognized the strategic importance of HR and have adopted an investment perspective toward these resources. The configuration approach is employed within the study to point out why it's important for organizations to realize both vertical and horizontal fit through their HR practices, so on increase an organization's competitive advantage and consequently be deemed strategic.

2.2.6 Principles of Strategic HRM

The major principles of SHRM are integration of HR to strategy, consistency of HRM practices, development of HRM to line management, high employee-commitment, high quality staff and internal practices.

2.2.6.1 Integration to Strategy

Integration is conceptualized as the degree to which the HRM issues are considered as part of the formulation of business strategies. It is associated with the notion of fit the need to achieve congruence between an organization's HR strategies, policies and practices and its business

strategies within the context of its external and internal environment (Armstrong, 2014). The consistency principle of SHRM involves designing and implementing a set of internally consistent policies and practices to ensure that firm HR contributes to achieving business objectives. Internal consistency of HR practices refers to the degree to which all HR practices of a SHRM system are consistent and complementary.

2.2.6.2 Development of HRM to line management

The locus of responsibility for HRM no longer resides with specialist manager but is now assumed by senior line management. Development is the degree to which HRM practices involve and give responsibility to line managers rather than HR specialist. It is about the extent to which line managers are involved in and have primary responsibility to certain HR practices.

2.2.6.3 High Employee-Commitment

SHRM is concerned with high employee commitment to the goals and practices of the organization. It is about gaining the ‘hearts and minds’ of employees through involvement, communications and other methods of developing a high commitment, high-trust organization.

2.2.6.4 High Quality Staff and Internal Practices

SHRM is concerned with acquiring, developing, and maintaining high-quality staff and internal practices to achieve high quality products. It is a comprehensive managerial activities and tasks related to developing and maintaining a qualified workforce.

2.2.7 Organizational Performance and Balanced Score Card

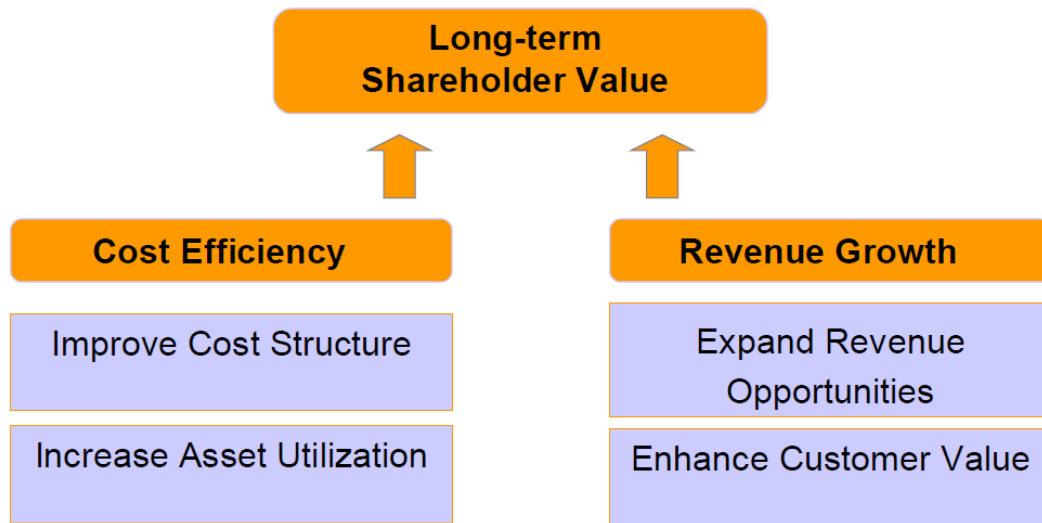
Balanced Scorecard is an administration instrument that gives partners a far-reaching proportion of how the association is advancing towards the accomplishment of its key objectives.

2.2.7.1 Perspectives in Balanced Scorecard

2.2.7.1.1 Financial Perspective

In private companies, the financial perspective is the main objective without having to sacrifice the interest’s other relevant stakeholders (community, environment, government, etc.)

In the financial perspective, the strategic goal is the long-term shareholders value. This goal is driven by two elements, to be specific income development and cost effectiveness.



Source :(www.ExploreHR.org)

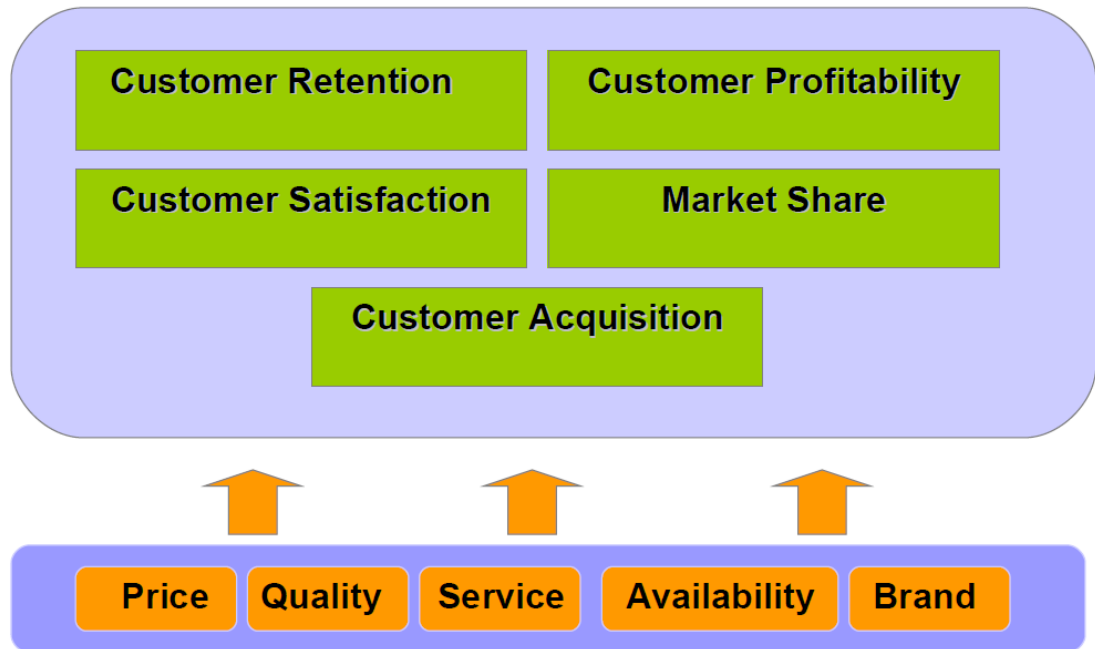
Figure 2.1 Strategic objective in financial perspective

2.2.7.1.2 Customer Perspective

This point of view is extremely instrumental, in light of the fact that without clients, in what manner can an organization endure?

Customer perspective covers the following elements

- ❖ Customer acquisition
- ❖ Customer retention
- ❖ Customer profitability
- ❖ Market share
- ❖ Customer satisfaction



Source:(www.ExploreHR.org)

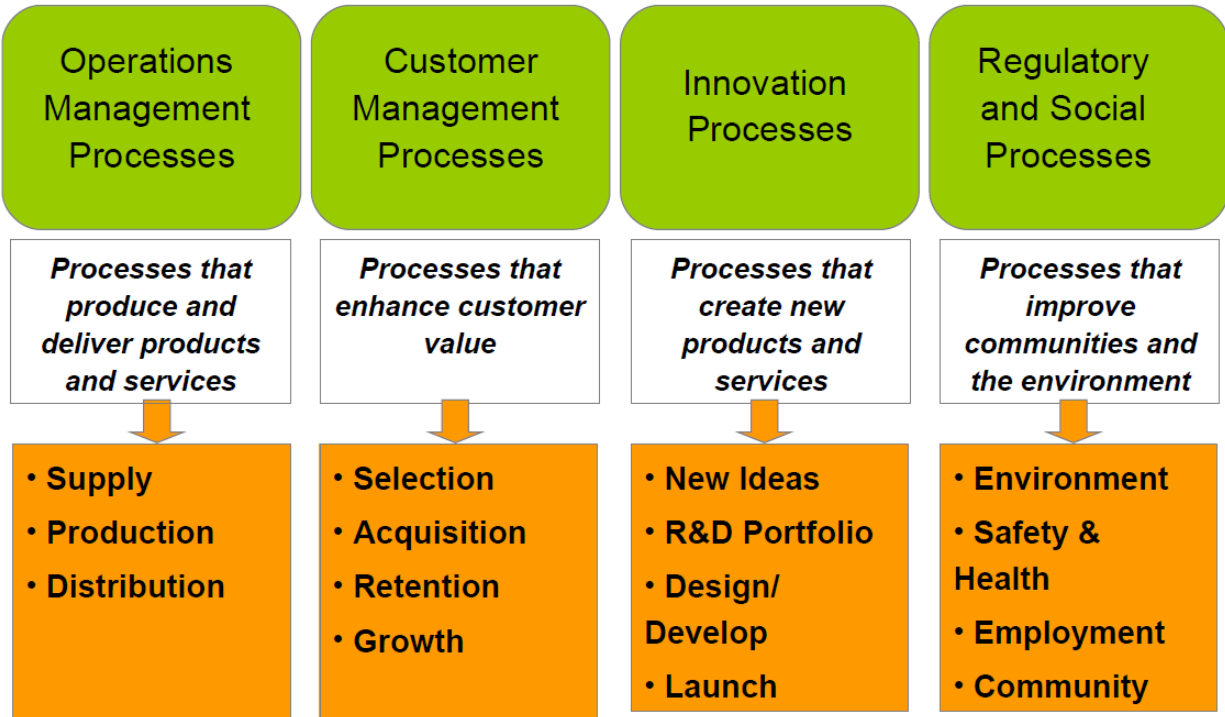
Figure 2.2 Strategic objective in customer perspective

2.2.7.2 Internal Process Perspective

This perspective reflects the process in key business that should be operationalized in order to meet the needs of the customers.

There are four primary topics in this point of view, in particular

- ❖ Operations management process
- ❖ Customer management process
- ❖ Innovation process
- ❖ Regulatory and social process



Source: (www.ExploreHR.org)

Figure 2.3 Strategic objectives in internal process perspective

2.2.7.3 Learning and Growth Perspective

This perspective reflects the capability that good human resource development system, organizational system, and information system forms a solid foundation for improving company performance.



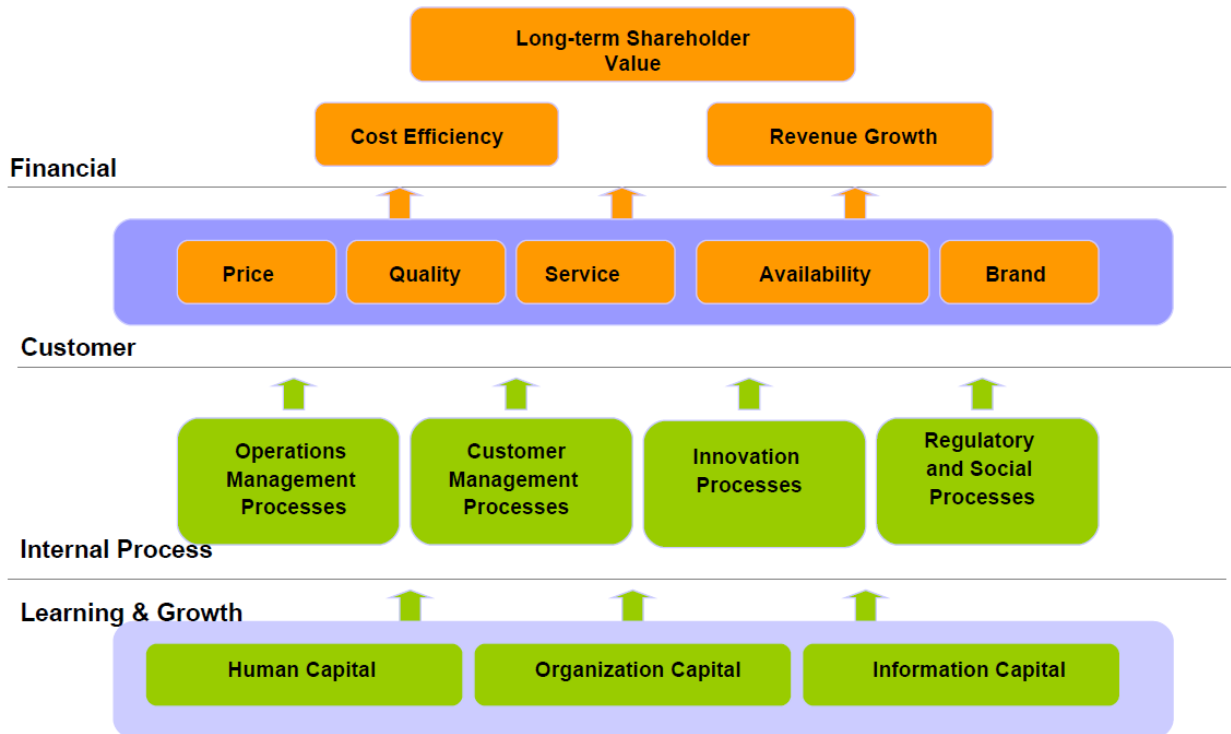
Source: (www.ExploreHR.org)

Figure 2.4 Strategic objectives in learning and growth perspective.

2.2.7.4 Strategy map framework

The strategy map framework is presented in Figure 2.5

This structure depicts the sorts of key objective that ought to be introduced in every point of view, to be specific the budgetary point of view, clients, inside business procedure, and learning and development viewpoint.



Source: (www.ExploreHR.org)

Figure 2.5 Strategy map framework

2.3. Empirical Study

2.3.1 SHRM Practices and Organizational Performance

All organizations need to perform well in order to satisfy their stakeholders and stay competitive in the business environment. To achieve this, they depend on the quality, dedication, enthusiasm, expertise and skills of the people working in them at every level. Gust (1997: 269) contended: 'The particular component of HRM is its presumption that improved execution is accomplished through the individuals in the organization.' If, along these lines, suitable HR approaches and practices are presented, it can additionally be expected that HRM will affect on firm execution. West et al (2002) investigate led in 61 UK medical clinics acquiring data on HR technique, arrangement and strategies from CEOs and HR Directors and ethical quality rates.

The result of this study indicated that there is an association between certain HR practices and lower morality was identified. As supported by West: 'On the off chance that you have HR rehearses that concentrate on exertion and aptitude; build up relationship building abilities'; empower participation, cooperation, advancement and collaboration in groups for most, if not all workers, the entire framework works and performs better. An investigation of the effect of superior work practices, for example, teamworking, evaluation, work pivot, broad banded level structures and sharing of business data in UK aviation foundations directed by Thompson (2002) the outcome demonstrated that the quantity of HR rehearses and the extent of the workforce secured showed up to be the key separating factor among more and less effective firms. Many researches examiners are directed to decide joins between HRM capacities and hierarchical execution, such as preparing (Russel et al., 1985), choice (Terpasticea and Rozell,1993), examinations (Borman,1991) and compensation (Milkovich, 1992) in concerning the organization performance.

2.3.2 Human Resource Capabilities

HR capabilities are frequently characterized on the grounds that the schedules installed inside the unsaid and verifiable information on individuals from a partnership working to aggregate create, sustain, send, and redeploy HR during a dynamic, serious condition (Boxall, 1998). HR capacity might be a wellspring of upper hand since it is inserted inside the aggregate information on firm individuals that is incomparable, is created after some time, is uncommon and important (Wright, 2004). The RBV of the firm recommends that if a partnership uses assets that are important and uncommon it increases upper hand, which progressively brings about its better execution.

2.3.2.1 Value

As per Barney (2002) an ability or asset is viable if it's the possibility to encourage a firm to constrict costs as well as respond to natural chances and dangers. an enterprise will increase upper hand if it's able to do viably sending such an asset or capacity. Consequently, an associations' upper hand is chosen by how important its assets and capacities are. This recommends, associations with capacities and assets that are insignificantly esteemed will at the best accomplish just negligible upper hands. Anyway, as contended by Wright (2004), firms that are blessed with incredible abilities and assets are probably going to accomplish

generally increasingly upper hands. this may imply that the association has the intensity of abusing its abilities and assets; in light of the fact that solitary important capacities and assets that have potential are adequately used can a firm accomplish upper hands.

Penrose (1959) contends that the administrations coming about because of resource are a component of the path during which they're used. To be prepared to viably convey, or money in of an asset, an enterprise should utilize the satisfactory abilities implying that a firm ought to have ability to send assets. Henceforth, though a specific resource perhaps will have the idle to offer ascent to an important assistance, that administration will stay potential anticipating being used through a proper method (Amit and Schoemaker 2003).

Assets and abilities are generally joined at the same time to help achieve upper hand. Penrose (1959) further contends that assets or abilities can't be of any utilization independent from anyone else; for them to be proficient they should be used in potential blends with different resources or capacities. Makadok (2001) recommends that organizations may increase a serious edge by picking preferable assets over contending firms and furthermore by using them all the more viably with the correct capacities. Makadok further contends but the firm's abilities are extraordinary, they couldn't create income if the firm doesn't acquire the assets whose efficiency would be improved by its capacities. Thus, notwithstanding the very actuality that an asset or ability may require noteworthy dormant worth, that worth can simply be acknowledged when it's pooled with a similar capacity or asset. for whatever length of time that assets and abilities aren't beneficial in disconnection the way to achieving an upper hand isn't only the utilization of a significant asset or an important capacity, but instead the utilization of a significant asset capacity blend. Moreover, the more important the company's asset ability blends, the more prominent the bit of leeway it'll infer because of their usage (Makadok, 2001).

2.3.2.2 Rarity

As indicated by Barney (2002) for firms to acknowledge upper hand, they should use advertise opportunity, accomplish a value level or potentially check a danger that their rivals can't. Anyway, associations aren't probably going to accomplish these outcomes if the assets and capacities they use are generally held. As another upper hand must be gotten from the usage

of abilities and assets that are uncommon or controlled by a fundamentally modest number of firms in an industry.

Barney (2002) further states that for rareness to add to upper hand there must be A degree of asset ability blends implying that assets and capacities must be used together, whenever abused exclusively they'll not yield rareness. This backings the paradigm that selectiveness applies to asset packs, implying that on the off chance that a chose heap of assets and capacities is far reaching, at that point an outsized quantities of associations will be fit for actualizing the subsequent system, along these lines decreasing the preferred position to be earned from it by each firm.

Beardwell and Claydon (2007) anyway contend that associations must not really have assets and capacities that are uncommon so with respect to them to accomplish upper hand. for instance, if an organization has the force that no other firm likes a protected compound change it's a bit much for it to have similarly uncommon assets in order to interpret that capability's idle an incentive into an upper hand. The simple indisputable truth this protected procedure is intended to impact broadly realistic crude materials like clearly happening synthetic intensifies, the firm should appreciate an upper hand very its rivals as long as its uncommon ability permits it to exploit normal assets uniquely in contrast to different firms.

2.3.2.3 Inimitability

As indicated by Beardwell and Claydon (2007) if an organization's HR include esteem and are uncommon, they will give upper hand inside the present moment, yet on the off chance that different firms can impersonate these attributes, at that point after some time upper hand could likewise be lost and supplanted with serious equality. HR ought to along these lines create and sustain qualities that can't be effectively imitated by the organization's contenders.

As indicated by Barney and Wright (2008) in the event that an asset itself, or its advantage, are frequently imitated across firms, at that point it must be a wellspring of serious equality, not upper hand. They further perceive the significance of socially complex marvels, similar to an organization's interesting history and culture, which might be wont to recognize one of a kind practices and practices which empower associations to jump their rivals. steady with Cardeal and Antonio (2012) Resources will in general be harder to impersonate in the event

that: they're way reliant; there's an uncertain connection between the assets that upgrades upper hand; they're socially unpredictable, for example , in the event that they're past the intensity of firms to oversee and control them during a deliberate path ; there are legitimate property rights, as inside the instance of licenses and if the strategy for their impersonation by different organizations is long, for example on account of the time expected to mentor representatives or to absorb the information important to ace the asset.

2.3.2.4 Organization

Organizations found a workable pace that they're composed all together that they will amplify, including worth, irregularity and supremacy. this proposes consideration on even mix, or coordinated, sound frameworks of HR rehearse rather than singular practices, that empower representatives to prevail in their latent capacity (Gratton, 1999). This needs associations to ensure that their strategies and practices inside the HR utilitarian territories are composed and coherent, and not contradictory.

Cardeal and Antonio (2012) contends that upper hand comes from the manner in which firms work and interrelate their key and non-vital assets, misusing hierarchical procedures, to supply what are regularly viewed as halfway items between essential assets and subsequently the company's last items.

2.4 Research Gap

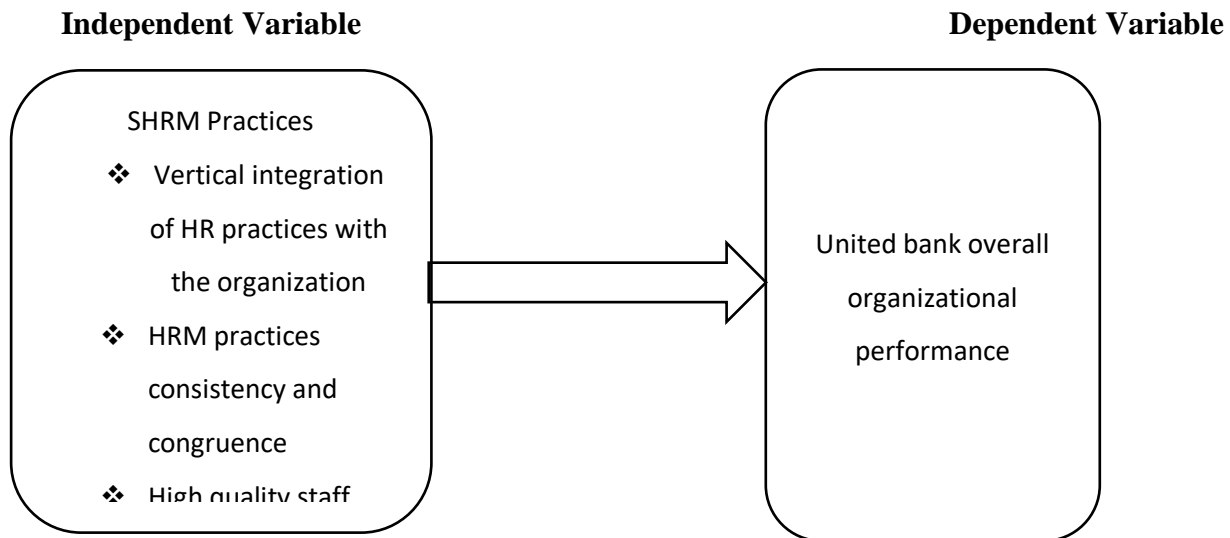
A few investigates have built up that the use of SHRM practices and its impact to both operational and financial related execution are undisputable (Delaney and Huselid, 1996; Singh, 2004 and Okara and Pamela, 2008). Studies concerning the connection between firm performance and SHRM practices have been analyzed mostly in Europe.

In any case, lion's share of the investigations completed in Africa concentrated on manufacturing firms (Dimba, 2009, Oladipo and Abdulkadir, 2011), public (Tessema and Soeters, 2006) and corporate firms overall (Waiganjo et al., 2012) rather than firms in the administration business. Furthermore, greater part of the investigations utilized money related builds to gauge execution. Therefore, this has revealed constrained insight into the SHRM practices on: vertical integration of HR and business strategy, consistency and congruence of HR practices, high quality of staff and internal practices has on firm performance in the service sector while incorporating non-financial measures and this case the bank industry.

2.5 Conceptual Framework

As cited by Njenga (2018) and stated by Mugenda and Mugenda (2010) conceptual framework is an aspect of research in which a precise idea is described as a quantifiable incident which provides a coherent interpretation of the notion. The independent variables and the dependent variable as shown in figure 2.1 Figure 2. 1: Conceptual Framework.

Figure 2. 6: Conceptual Framework



Source: Researcher (2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study aimed at establishing the connection between firm performance and SHRM practices in the united bank in Ethiopia. This chapter therefore elaborates on the methods and instruments to be used in the quest of answering the research questions. Chapter three is divided into research design, the population of the study, data collection instruments, data validity and reliability and ethical considerations.

3.2 Research Design

A study configuration is "an arrangement for driving an examination with most noteworthy order over factors that may intrude with the authenticity of the revelations" (Burns and Grove, 2003).

Polit et al. (2001) characterizes it as "the analyst's general arrangement for addressing the study question or testing the exploration speculation" and Collis and Hussey (2003) characterizes it as a science or specialty of arranging techniques for leading investigations in order to get the most legitimate discoveries.

This study will use a qualitative and quantitative research design using the descriptive statistics and explanatory method. Data were collected through questionnaire, interviews and internal documents and newspaper articles. Open-ended questionnaires and targeted questions were used to collect information. A guided way to deal with content examination was utilized to analyse the information. Show the difference between research approach and design.

3.3 Population, Sample Size and Sampling Technique

The population of the study comprise 330 head office and beklobet branch staff members of united bank in Ethiopia right from directors' managers, officers. 330 questionnaires were distributed to 330 staff members and 234 of them are returned. Among the probability sampling techniques, simple random sampling technique will be selected.

3.4 Types of Data Collection

The study was use both primary as well as secondary data source. The primary data refers to data that was gathered from the respondents through interview and questionnaire and the secondary data will be the data that will be collected from past records like brochures, books, magazines and journals that deal about strategic HRM and performance of united bank in Ethiopia.

3.5 Methods of Data Collection

The primary data was gathered through distributing the questionnaires to head office and beklobet branch of united bank in Ethiopia, by arranging focus group discussion, interviews with managers or team leaders. While secondary data will be collected from related articles, books, reliable websites, publications and stakeholders' records such as National Bank of Ethiopia and United Bank in Ethiopia.

3.6 Methods of Data Analysis

The collected data were analysed and interpreted by using both qualitative and quantitative data analysis techniques. The data collected with focus group discussion and interview responses were analysed qualitatively. Thus, closed ended questionnaires were analysed quantitatively by using tables and percentages. The quantitative information will be investigated utilizing Microsoft Excel.

Hence the data gathered via the Likert scale will be coded, encoded and analysed using Descriptive statistics were computed to describe the characteristics of the variables in the study while Pearson correlation were used to establish the nature and magnitude of the relationships between the independent and dependent variables. Both the qualitative and quantitative data were interpreted using narrations, tables and other statistical methods. Ultimately, recommendation was provided based on the findings and that could add knowledge in the area and be also an insight for other researchers to undertake further researches.

3.7 Data Validity and Reliability

According to Yin (1994) legitimacy is the degree to which inquiries in an instrument effectively measure the factors there in. Legitimacy involves checking the survey fittingness by including the manager and specialists (Cooper and Schindler, 2010). While unwavering quality is the consistency of an estimating instrument (Kabiru and Njenga, 2009).

Cronbach's alpha decides the inner consistency of the study instrument utilized. It is essentially utilized when the examination has various Likert inquiries in a study/poll that structure a scale, like one utilized in the investigation (Mugenda & Mugenda, 2010). The Alpha can take esteem from zero to show absence of inner consistency to one which demonstrates high interior consistency. Cronbach's alpha coefficient of 0.70 or more is sufficient for additional investigation (Hair, Anderson and Tatham, 1998; Gliem and Gliem, 2003). In this investigation, a lower breaking point of 0.64 was acknowledged as a sound and dependable measure. Then again singular things inside the scale were rethought if the scale demonstrated poor unwavering quality. Vertical integration of HR and strategy, HRM practices consistency and Congruence, high quality of staff and internal practices, evaluation of united bank overall performance had alpha values of 0.887, 0.905, 0.770 and 0.886 individually. The outcomes are introduced in Table 3.1.

Table 3.1: Reliability statistics

	Cronbach's alpha	Items
Vertical integration of HR practices with the united bank business strategy	0.887	9
HRM practices consistency and congruence	0.905	8
High quality staff and internal practices	0.770	2
The assessment of the united bank overall performance	0.886	20

3.8 Ethical considerations

According to Kumar (2005) moral issues concerning research subjects are principally security, obscurity, intentional and educated assent. The security of data acquired from the examination respondents just as the obscurity of the exploration subjects was regarded. The members took an interest intentionally and at nobody time were they constrained. The obscurity of the respondents was clung to as no close to home data, for example, names, was gathered. The accessibility of signed letter from the University empowered the HR manager to confide in the analyst and at no point be dubious and question the researcher's believability.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis, interpretation, presentation and discussion of findings. The purpose of this study was to find out the effect of strategic human resource management practices on firm performance of united bank in Ethiopia. The study was organized based on the objectives of the study including impact of vertical integration of HR with business strategy of the bank, the HRM practices consistency and congruence as well as determining the impact of high-quality staff and internal practices on the united bank performance. The responses were analyzed into frequencies, percentages and mean and presented in tables.

4.2 Response Rate

Out of the 330 questionnaires distributed to the respondents, only 236 were returned and qualified for analysis. The respondents involved were top level managers, middle level managers and experts/officers of the bank. The average questionnaire return rate was 71.5% which is above 70% which according to Mugenda and Mugenda (2003) is adequate for analysis.

4.3 Demographical Characteristics

Respondents Gender

Table 4.1 Gender of the respondents

		Gender of the respondents			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Male	136	57.6	58.1	58.1
	Female	98	41.5	41.9	100.0
	Total	234	99.2	100.0	
Total		234	100.0		

(Source: Researcher's Survey 2020)

The above table shows that 234 have participated in providing responses, and 58.1% were male and 41.9% female. Both genders involved in the research and the data show that majority of

respondents are male. This is consistent with the fact that there are generally more men in employment than women and also shows a fair balance where neither gender has occupied all the positions.

Respondent Education

Table 4.2: Education of the respondents

		Education of the respondents			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	50	21.2	21.4	21.4
	Bachelor's Degree	173	73.3	73.9	95.3
	Master's Degree	11	4.7	4.7	100.0
	Total	234	99.2	100.0	
Total		234	100.0		

(Source: Researcher's Survey 2020)

The above table shows that majority of the respondents 73.9 % were bachelor's degree and accordingly 21.4% 1st Diploma, 4.7% were master's degree. It implies the majorities of the respondents first with high qualified and competent enough to answer the questionnaire and had gained rich information and they were knowledgeable with HR Practices in United Bank.

Respondent Year of Service

Table 4:3 Year of Service of Respondents

		Year of Service respondents			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4-5 years	11	4.7	4.7	4.7
	more than 5	223	94.5	95.3	100.0
	Total	234	99.2	100.0	
Total		234	100.0		

(Source: Researcher's Survey 2020)

Table 4:3 implies that majority of the respondent 95.3% working experience in United Bank more than 5 years and 4.7% of the respondents 4.7%. This analysis shows that majority of the respondents stayed in United bank and they contribute enough information for the researches.

Respondent Age

Table 4.4: Age of the respondents

Age of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	35-45 years	171	72.5	73.1	73.1
	41-45 years	51	21.6	21.8	94.9
	more than 45 years	12	5.1	5.1	100.0
	Total	234	99.2	100.0	
Total		234	100.0		

(Source: Researcher's Survey 2020)

The above table clearly shows the age (in year) of the respondents. 73.1% of the respondents were the age between 35-45, 21.8% of the respondents were the age between 41-45 and the 5.1% the respondents were the age more than 45 years. For this analysis concluded that majority of the respondents are matured to answer the question.

Respondent Employee Category

Table 4.5 Employee Categories

		Employee Category			Cumulative Percent
		Frequency	Percent	Valid Percent	
Valid	Top Level Manger	22	9.3	9.4	9.4
	Middle Level Manger	178	75.4	76.1	85.5
	Expert/Officer	34	14.4	14.5	100.0
	Total	234	99.2	100.0	
Total		234	100.0		

(Source: Researcher's Survey 2020)

Table 4.5 indicated that the position of the respondents. Majority of the respondents 76.1% were in Middle Level Manger, 14.5% were Expert/Officer, and 9.4% were Top Level Manger. Majority of the respondents Mangers and they were appropriate and have faced directly the HR activities and challenges, so they were appropriate respondents.

4.4 Vertical Integration of HR practices with the United Bank Business Strategy

The first objective of the study was to see the vertical integration of HR with the united bank business strategy. Respondents were asked to tick on the degree to which they agree or disagree with statements related to vertical integration of HR with the business strategy of the bank. Descriptive statistics was used for analysis. Findings are presented in Table 4.6.

Key: 1-Strongly disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly agree

Table 4.6: Descriptive statistics on Vertical Integration of HR practices

Variables	N	Mean	Std. Deviation
United bank's HRM strategy is aligned with the vision, mission and objectives of the organization	234	4.64	.607
United bank's recruitment and selection Policy is aligned with the vision, mission and objectives of the organization	234	3.75	.443
United bank's human development policy is aligned with the vision, mission and objective of the organization.	234	4.12	.325
United bank's performance management policy is aligned with the vision, mission and objective of the organization	234	3.93	.480
United Banks's compensation management policy is aligned with the vision, mission and objective of the organization.	234	4.87	.335
United bank's recruitment and selection practices are aligned with the vision, mission and objective of the organization	234	3.75	.443
United bank's human development investments are made in line with (compatibly) the company vision, mission and objective	234	4.12	.325
United bank's performance management practices are aligned with the vision, mission and objective of the organization	234	3.93	.480
United bank's compensation management practices are aligned with the vision, mission and objective of the organization	234	4.87	.335
Valid N (List wise)	234		
Aggregate Mean and Standard Deviation		4.22	0.419

(Source: Researcher's Survey 2020)

Based on table 4.6 data the aggregated mean and standard deviation were 4.22 and 0.419 respectively. The high grand mean shows the vertical integrity of HR practices was accurate that is implemented by United bank and the standard deviation shows that it is small value there is small variability in the data. Thus, respondents were agreeing to the same idea. The highest result which is (M4.87 with SD .335) related to the alignment of United bank's compensation management practices with the vision, mission and objective of the organization. The lowest result

which is (M=3.75 with SD 0.443) related to the alignment of united bank's recruitment and selection Policy with the vision, mission and objectives of the organization.

4.5 Human Resource Management (HRM) practices Consistency and Congruence (Horizontal Fit)

The second objective of the study was to assess the HRM practices consistency and congruence. Respondents were asked to tick on the extent to which they agree or disagree with statements related to HRM practices consistency and congruence. Descriptive statistics were used for analysis. Findings are presented in Table 4.7

Key: 1-Strongly disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly agree

Table 4.7: Descriptive statistics on HRM practices consistency and Congruence (Horizontal fit)

Variables	N	Mean	Std. Deviation
HRM policies are interconnected with a company values	234	4.03	.380
HR practices are interdependent and integrated with each other	234	4.15	.396
HR practices focuses on the entire human resource management system	234	3.97	.392
HRM practices are compatible (are aligned) with operational goals of the organization	234	4.06	.341
HRM practices are compatible (are aligned) with the organization structure	234	4.04	.318
HRM practices work together to achieve organizational objectives	234	4.13	.467
HRM practices are business driven	234	4.12	.392
HRM practices are coherent with other departments.	234	4.06	.377
Valid N (list wise)	234		
Aggregate Mean and Standard Deviation		4.07	0.3828

(Source: Researcher's Survey 2020)

According to table 4.7 data the aggregated mean and standard deviation were 4.07 and 0.3828 respectively. The high grand mean shows there is strong level of agreement on HRM practices consistency and congruence and the standard deviation shows that it is small value there is small variability in the data. Thus, respondents were agreeing to consistency and congruence of HRM practices. The maximum result which is (M4.13 with SD0.467) related to HRM practices work together to achieve organizational objectives. The minimum result which is (M3.97 with SD0.392) related to HR practices focuses on the entire human resource management system.

4.6 High Quality Staff and Internal Practices

The third objective of the study was to assess the influence of high-quality staff and internal practices. Respondents were asked to tick on the extent to which they agree or disagree with statements related to influence of high-quality staff and internal practices. Descriptive statistics was used for analysis. Findings are presented in Table 4.4.

Key: 1-Strongly disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly agree

Table 4.8: Descriptive statistics on High Quality Staff and Internal Practices

Variables	N	Mean	Std. Deviation
United bank has the capacity to have an able, qualified and skillful workforce to produce high-quality service and products.	234	4.01	.404
United bank has internal practices related to developing and maintaining a qualified workforce	234	4.09	.346
Valid N (list wise)	2.34		
Aggregate Mean and Standard Deviation		4.05	0.375

(Source: Researcher's Survey 2020)

Based on table 4.8 data the aggregated mean and standard deviation were 4.05 and 0.375 respectively. The high mean shows there is strong level of agreement on the influence of high-quality staff and internal practices and the standard deviation shows that it is small value there is small is small variability of data. The maximum result which is (M4.9 with SD0.346) related to the capacity of united bank in developing and maintaining internal practices and a qualified workforce. The minimum result which is (M4.01 with SD0.404) related to the capacity of united bank to have an able, qualified and skillful workforce to produce high-quality service and products.

4.7 The Assessment of The United Bank's in Ethiopia Overall Performance.

The fourth objective of the study was to measure the impact strategic human resource practices on the overall performance of the united bank. Respondents were asked to tick on the extent to which they agree or disagree with statements related to the impact of SHRM practices on the overall performance of united bank. Descriptive statistics were used for analysis. Findings are presented in table 4.9

Key: 1-Strongly disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly agree

Table 4.9: Descriptive statistics on the assessment of the United Bank in Ethiopia overall performance

Variables	N	Mean	Std. Deviation
Customer perspective			
I have observed that united bank customers are satisfied with united bank services delivery in the past 3 and half years.	234	4.15	.373
I have observed that the united bank customers increased in the past 3 and half years.	234	4.93	.260
The bank's HR result in an increase in revenues	234	4.77	.422
The bank's HR result in a decrease in costs	234	4.23	.422
Finance Perspective			
I have observed that the United bank's revenue increased in the past 3 and half years.	234	4.13	.371
I have observed that the united bank's revenue leakage decreased in the past 3 and half years.	234	4.21	.405
I have observed that the united bank's resource utilization improved in the past 3 and half years.	234	4.18	.392
Internal process perspective			
I have observed that the united bank's service accessibility improved in the past 3 and half years.	234	4.21	.421
I have observed that the united bank's communication and branding activities are improved in the past 3 and half years.	234	4.12	.333
I have observed that the united bank's product and services portfolio increased in in the past 3 and half years	234	4.09	.405
I have observed that the united bank's service quality increased in in the past 3 and half years	234	4.08	.396
I have observed that the united bank's fraud prevention performance has been enhanced in the past 3 and half years	234	4.07	.369
I have observed that the united bank's infrastructure and information systems security has been enhanced in in the past 3 and half years	234	4.83	.373
Learning and development			
I have observed that the united bank's corporate culture has been improved in the past 3 and half years	234	4.17	.399
I have observed that the united bank's employee satisfaction has been improved in in the past 3 and half years	234	4.16	.381
I have observed that the united bank's performance in deployment and utilization latest technologies has been improved in in the past 3 and half years	234	4.25	.433
I have observed that the united bank's organizational process and structures has been improved in in the past 3 and half years	234	4.24	.440
I have observed that the united bank's performance in building the staffs capacity has been improved in in the past 3 and half years	234	4.21	.405
I have observed that the united bank's performance in building the management capacity has been improved in in the past 3 and half years	234	4.22	.427
Valid N (list wise)			
Aggregate Mean and Standard Deviation		4.276	0.391

(Source: Researcher's Survey 2020)

Based on table 4.9 data the aggregated mean and standard deviation were 4.276 and 0.391 respectively. The high mean shows the majority of the respondents agreed that on the impact of SHM practices on the overall organizational performance of the bank and the standard deviation shows that it is small value there is small variability of data. The maximum result which is (M4.93 with SD0.260) related to the respondent response that they observed the increment of united bank customers for the last three years. The minimum result which is (M4.07 with SD0.369)

related to the respondent response that they observed the united bank's fraud prevention performance has been enhanced in the past 3 and half years.

4.8. Relationship between Strategic HRM Practices and overall United Bank S.C Performance

Correlations

A correlation result has appeared from table 4.10 to table 4.12. Relationships among factors are certain. Connection understanding is based on adhering to five old style rules presented by Franzblau (1985) to decipher connection coefficient among various factors,

($r = 0$ to $.20$) demonstrates insignificant or no relationship

($r = .20$ to $.40$) shows positive however low level of connection

($r = .40$ to $.60$) shows positive moderate level of connection

($r = .60$ to $.80$) demonstrates positive and stamped level of relationship

($r = .80$ to $.1.00$) shows positive and high level of connection

All factors are dealt with evenly, two factors are supposed to be associated when they tend to at the same time fluctuate a similar way. In the event that both the factors will in general increment or decline together, the relationship is supposed to be immediate or positive. At the point when one variable will in general increment and different declines, the connection is supposed to be negative.

Table 4:10 Correlation Coefficient

		Overall performance of United Bank S.C	Vertical Integration of HR Practices
Overall Performance of United Bank S.C	Pearson correlation	1	.485
	Sig. (2-tailed)		.186
	N	19	9
Vertical Integration of HR Practices	Pearson correlation	.485	
	Sig. (2-tailed)	.186	
	N	9	
			HRM Practices consistency and congruence
Overall Performance of United Bank S.C	Pearson correlation	1	.036
	Sig. (2-tailed)		.933
	N	19	8
HRM Practices consistency and congruence	Pearson correlation	.036	1
	Sig. (2-tailed)	.933	
	N	8	8
			High quality staff and internal process
Overall Performance of United Bank S.C	Pearson correlation	1	1.000**
	Sig. (2-tailed)		
	N	19	2
High quality staff and internal process	Pearson correlation	1.000**	
	Sig. (2-tailed)		
	N	2	2

Vertical integration of HR practices is significant to overall united bank S.C since its r value was .485 and the p value was >0.01.

HRM practices consistency and congruence is significant to overall united bank S.C as its r value was .036 and the p value was > 0.05.

The correlation between High Quality Staff and Internal Practices and Overall United Bank S.C performance was the strongest depicted by a correlation value of (r=1, p< 0.000).

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

4.9. Multicollinearity Test

To determine whether multicollinearity existed, collinearity test was conducted using, tolerance and variance correlation analysis. The collinearity results are presented in the table 4.11.

Table 4.11 Results of Multicollinearity Test

Coefficients		
Independent variable	Collinearity statistics	
	Tolerance	VIF
Vertical integration of HR practices with the organization strategy	0.437	2.288
HRM practices consistency and congruence	0.624	1.602
High quality staff and internal process	0.523	1.912
Dependent variable: Organizational performance		

Source: (Survey data, 2020)

Table 4.11 shows that the VIF for vertical integration of HR practices with the organization strategy =2.288, HRM practices consistency and congruence=1.602 and high-quality staff and internal process=1.912.

Table 4.11 shows that the variables have a VIF that is less than 10 and tolerance value more than 0.1 ruling out the possibility of multicollinearity.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the study focuses on interpretations and implications of the study based on the research questions and objectives. The purpose of this study was to establish the effect of strategic human resource management on firm performance of united bank in Ethiopia. The chapter is structured as follows; discussions of the findings, conclusion, recommendations as well as the limitations of the study and areas of further study.

5.2 Discussion of Findings

This section provides the discussion of findings according to the study objectives.

In the first objective to see the vertical integration of HR with the united bank business strategy, the result of the study shows that vertical integration of HR with the bank business strategy was significant since the value of $M=4.22$ and $S. D=0.419$

In the second objective to assess the HRM practices consistency and congruence, the result of the study reveals that HRM policies consistency and congruence integration was significant since the value of $M=4.07$ and $SD=0.3828$

In line with the third research objective, that is to assess the influence of high-quality staff and internal practices was significant since the value of $M=4.05$ and $S.D=0.375$

In line with the last research objective, that is to measure the impact of strategic human resource practices on the overall performance of the bank, the result of the study shows the strategic human resource practices are positively correlated with the overall performance of the united bank.

5.3 Conclusion

The study revealed that SHRM practices has a significant impact on organizational performance. It has been found that the united bank can be attributed to SHRM practices including vertical integration of HR with the business strategy of the bank, the HRM practices consistency and congruence, high-quality staff and internal practices.

This study consistent with Quresshi et al. (2010), Chen et al.,2009, Khan (2010), Huselid (1995), Rizov and Crocher (2009), Chang and Chen (2002).

Based on the results, the researcher concluded that the effectiveness of implementing SHRM practices in the united bank does indeed have a major impact towards the bank's performance. The finding shows the SHRM practices have an impact on the bank performance. Thus, this form of analysis could help organizations to realize and be more aware of the importance of strategic human resource practices and the need to integrate and align HR into the united bank's strategic plan.

The correlation analysis shows that three main SHRM practices seems to have the highest influence on organizational performance.

1. Integration of HR with business strategy
2. The HRM practices consistency and congruence
3. High-quality of staff and internal practices

5.4 Recommendations

Based on the study findings, the researcher forwarded the following recommendations.

As revealed by the empirical evidences, united bank' HR strategies, policies and practices vertical and horizontal alignment, and high quality of staff and internal process has a positive correlation with the overall performance of the united bank. Therefore, the united bank need to strengthen its strategic human resource practices based on the principles of strategic human resource management to improve the overall performance of the bank

5.5 Areas of Further Research

The Effect of SHRM practices on firm performance was only tested in the service industry in Ethiopia; further studies should be conducted in other industries as well as other nations to see how the results differ from the present study. The study only focused on three practices; other studies should be done focusing on other sets of SHRM practices.

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Appendix I: Questionnaire

This questionnaire is designed to obtain information for purely academic research purposes from directors, managers, officers in charge of human resources and other departments staff members of United Bank Ethiopia. The accuracy of the responses you provide will be crucial to the success of the research project. Kindly respond to all the questions.

PART A: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS Tick (✓) where appropriate

1. Gender

Male [] female []

2. What is your highest level of education

High school certificate [] Diploma [] Bachelor's degree []

Master's degree [] Doctorate [] Others

specify _____

3. Year of service in your current organization.

1-3 years [] 4-5years [] More than 5 years [] small class size

4. Age of respondents

Less than 35 years [] 35- 40 years [] 41- 45 years []

More than 45 years []

5. Indicate your management level. [] Top level Manager [] Middle level Manager [] Expert/Officer

PART B: VERTICAL INTEGRATION OF HR PRACTICES WITH THE UNITED BANK BUSINESS STRATEGY

Please indicate to what extent the following statements are true as relates to integration of HR practices with business strategy of United Bank in Ethiopia. Please tick (√) the box with a number from the scale below that best describes your response. Where 5 = To a very great extent 4 = To a great extent 3 = Not sure 2 = To a little extent 1 = Not at all

To what extent are the following statements accurate or inaccurate on vertical integration HR with the bank business strategy? Please tick (√) the box with a number from the scale below that best describes your response. Where 5 = very accurate 4 = accurate 3 = somewhat accurate 2 = inaccurate 1 = very inaccurate

#	Statement	1	2	3	4	5
6.	United bank’s HRM strategy is aligned with the vision, mission and objective of the organization					
7.	United bank’s recruitment and selection policy is aligned with the vision, mission and objective of the organization.					
8.	United bank’s human development policy is aligned with the vision, mission and objective of the organization.					
9.	United bank’s performance management policy is aligned with the vision, mission and objective of the organization					
10.	United Banks’s compensation management policy is aligned with the vision, mission and objective of the organization.					
11.	United bank’s recruitment and selection practices are aligned with the vision, mission and objective of the organization					
12.	United bank’s human development investments are made in line with (compatibly) the company vision, mission and objective					
13.	United bank’s performance management practices are aligned with the vision, mission and objective of the organization					
14.	United bank’s compensation management practices are aligned with the vision, mission and objective of the organization					

PART C. HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES CONSISTENCY AND CONGRUENCE (HORIZONTAL FIT)

To what extent do you agree with the following statements pertaining internal consistency of HRM practices in your organization. Please tick (√) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Statement	1	2	3	4	5
15.	HRM policies are interconnected with a company values					
16.	HR practices are interdependent and integrated with each other					
17.	HR practices focuses on the entire human resource management system					
18.	HRM practices are compatible (are aligned) with operational goals of the organization					
19.	HRM practices are compatible (are aligned) with the organization structure					
20.	HRM practices work together to achieve organizational objectives					
21.	HRM practices are business driven					
22.	HRM practices are coherent with other departments.					

PART D. HIGH QUALITY STAFF AND INTERNAL PRACTICES

To what extent do you agree with the organization capability in acquiring and securing high quality staff and internal practices in your organization. Please tick (√) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Statement	1	2	3	4	5
23.	United bank has the capacity to have an able, qualified and skillful workforce to produce high-quality service and products.					
24.	United bank has internal practices related to developing and maintaining a qualified workforce					

PART E. QUESTIONS RELATING TO THE ASSESSMENT OF THE UNITED BANKS'S IN ETHIOPIA OVERALL PERFORMANCE.

Please tick (√) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Dimensions	1	2	3	4	5
	<i>Customer perspective</i>					
25.	I have observed that united bank customers are satisfied with united bank services delivery in the past 3 and half years.					
26.	I have observed that the united bank customers increased in the past 3 and half years.					
27.	The bank's HR result in an increase in revenues					
28.	The bank's HR result in a decrease in costs					
	<i>Finance Perspective</i>	1	2	3	4	5
29.	I have observed that the United bank's revenue increased in the past 3 and half years.					
30.	I have observed that the united bank's revenue leakage decreased in the past 3 and half years.					
31.	I have observed that the united bank's resource utilization improved in the past 3 and half years.					
	<i>Internal process perspective</i>	1	2	3	4	5
32.	I have observed that the united bank's service accessibility improved in the past 3 and half years.					
33.	I have observed that the united bank's communication and branding activities are improved in the past 3 and half years.					
34.	I have observed that the united bank's product and services portfolio increased in in the past 3 and half years					
35.	I have observed that the united bank's service quality increased in in the past 3 and half years					

36.	I have observed that the united bank's fraud prevention performance has been enhanced in in the past 3 and half years					
37.	I have observed that the united bank's infrastructure and information systems security has been enhanced in in the past 3 and half years					
	<i>Learning and Development</i>					
38.	I have observed that the united bank's corporate culture has been improved in the past 3 and half years					
39.	I have observed that the united bank's employee satisfaction has been improved in in the past 3 and half years					
40.	I have observed that the united bank's performance in deployment and utilization latest technologies has been improved in in the past 3 and half years					
41.	I have observed that the united bank's organizational process and structures has been improved in in the past 3 and half years					
42.	I have observed that the united bank's performance in building the staffs capacity has been improved in in the past 3 and half years					
43.	I have observed that the united bank's performance in building the management capacity has been improved in in the past 3 and half years					

Thank you!!