

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



**THE ROLE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON THE
PERFORMANCE OF BANKING SECTOR ACASE OF COMMERCIAL BANK
OF ETHIOPIA:**

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Declaration

I, Dagnachew Tsegaye, hereby declare that the thesis entitled The Role of Human Resource Management Practices on the performance of Banking Sector a case of Commercial Bank of Ethiopia is the outcome of my own effort and that all sources of materials used for the study have been duly acknowledged. This research study is being submitted in partial fulfillment of the requirement for Master of Human Resource.

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ABBREVIATIONS AND ACRONYMS

ATM Automated Teller Machine

CBE- Commercial Bank of Ethiopia

CEO Chief Executive Officer

EPCBs Ethiopian Private Commercial Banks

HR Human Resource

HRM Human Resources Management

RBV Resource Based View theory

HRM Human Resources Management

SPSS Statistical Package for Social Sciences

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ABSTRACT

The purpose of this study was to examine the role of human resource management practices on the performance of Banking sector CBE as the case study. To achieve this the study was guided by the following objectives; to analyze the influence of recruitment practice to the performance on the Bank, to determine the effect of training and development on the performance of the Bank, to ascertain the contribution of team building practice on the performance of the Bank and to determine the influence of rewards and compensation on the performance of the Bank.

The study adopted an explanatory research design. Stratified random sampling was used to determine the sample size. The study targeted CBE HR management totaling to 55 people, the sample size was 40 respondents. The study used both primary and secondary data, where questionnaires, interview and annual reports of CBE were used. Primary data for the study was collected using structured questionnaires that were administered to the respondents. Quantitative data obtained from close ended questions were analyzed by using descriptive statistics. Narrative data obtained from interviews and open ended questions in the questionnaire were analyzed using qualitative approaches. Data collected was analyzed through SPSS version 26. Data analysis involved statistical computations for averages, percentages, and correlation and regression analysis.

From the study, it is concluded that there is a positive perception of overall human resource management practices in the bank. Training programs, participative work settings, impartial recruitment and incentive arrangements provide proper motivation and combine to enhance organizational goals' achievement in terms of greater quality services, productivity and innovation, reduces turnover employees, lower customer complaints. It is recommended that commercial bank of Ethiopia should develop and document human resource management strategies that are linked with the overall banks strategy.

Key Words: *Human Resource Management, Commercial Bank of Ethiopia*

CHAPTER ONE

1.1 INTRODUCTION

The study of human resource management practice has been an important and critical area in management and organizational performance from last several years especially in the banking industry. Armstrong (2009) defines Human Resource Management (HRM) as a strategic and coherent approach to the management of an organization's most valued assets; that is, the people working there who individually and collectively contribute to the achievement of its objectives. Moreover, Human resource management practices can be defined as a set of organizational activities that aims at managing a pool of human capital and ensuring that this capital is employed towards the achievement of organizational objectives (Wright, Boswell, 2002).

According to Zerayehu (2015), the adoption of financial innovation and usage of technological advances are narrower in scope in the Ethiopian banking system though some rudimentary developments in ATM, VISA card payment system and telephone banking services for balance enquiry, and broadband local money transfer-using internet are observed. In general, banks in Ethiopian case are competing in terms of service quality and efficiency (including use of technological advances), branch network expansions, advertising and prices, put in the order of their significance. Under such competitive environments bank employees should have a lot of pressure to try and come up with creative ideas and products that enable them survive in such an extremely turbulent environment. In order to motivate employees to remain creative and innovative the banking sector has to rethink its approach on how it uses its most important resource the people.

It links HR practices with the management process of the firm vertically and horizontally, it emphasizes that HR practices are integrated and support each other. According to Werbel and DeMarie (2005), HRM creates procedures that constitute the building of employees' knowledge and skills throughout the organization to promote valued and unique organizational competencies which support competitive advantage.

Therefore, the study examines the contribution of Human Resource Management (HRM) on performance of commercial bank in Ethiopia using CBE as the case study. HR Management was analyzed using HR resourcing, training and development, teams building and reward and

compensation, information sharing and incentives on HR performance while firm performance was analyzed using non-financial performance measures (i.e. greater quality services, productivity and innovation, reduces turn over employees and lower customer complaints.)

1.2 Back ground of the organization

Commercial Bank of Ethiopia was legally established as a share company in 1963 to take over the commercial bank activities of the State Bank of Ethiopia, which was founded in 1942 with twin objective of performing the duties of both commercial bank and central banking. During the 1974 revolution Commercial Bank of Ethiopia got its strength by merging with the owned Addis Ababa Bank. Since then, it has been playing a significant role in the development endeavors of the country.

The bank has been playing a pivotal role in advancing economic development of the country for 75 years now. This role can be maintained only when it is able to keep-up its good image by providing service that are most demanded by customers in the way they like it. To attain this, it has to continue improving the way it does business i.e. the way it provides service to its customers and the image it creates in the eyes of stakeholders have to go on improving. This is possible only when the bank is proactive and is able to perfect its strategies when surrounding dynamics change.

The commercial bank of Ethiopia still dominates the market in terms of asset, deposit, capital, and customer base and branch network. Despite the growing competition from private banks, CBE become powerful in all rounded banking business especially on technological advancement strategy. This makes it one of the most reliable and strong commercial banks in country and the region. Its strong capital base , for the last seven decades of rich experience in the market and wide branch network throughout the country have enabled the bank to accommodate the large demand for its service and increase its overall revenue on sustainable basis. The bank with its employee and management has aspiration to promote sound liquidity management framework which enables the bank bring itself to standard of modern international business practice and be competent enough in the national and international market.

Today, more than ever before, CBE aggressively expanded its presence in all directions of the country. Despite the flourishing of private commercial banks in the country, CBE has remained potent and is in the lead in terms of assets, deposits, capital, and customer base.

The Commercial Bank of Ethiopia, which is striving to become a world class bank, is rendering state of art and reliable service to its millions of customers both at home and abroad. The business strategy of the bank focus on the interest of the public it serves. As of June 30 2020 its deposit stood at birr 593.7 billion; while total asset and capital of the bank reached birr 813.84 billion and 49.8 billion, respectively (CBE, annual report June, 2020).The bank also has more than 1700 branches across the country and 37,183 permanents employees and managers also 25,892 outsources staff, whom as its key asset.

Accordingly, Commercial Bank of Ethiopia envisions ‘becoming world class commercial bank by the year 2025. In its document too, it is clearly stated that the bank values both its customers and employees as not only important but also essential actors in all its endeavors’ of fulfilling public expectations.

1.3 Statement of the problem

In this increasing competitive world, human resource management department are expected to contribute to organizational performance and many organization now believe that the accomplishments of HRM process mainly depends on the extent to which HR function is included. Attracting and keeping talented and skilled employees is one of the most important challenges of the bank face.

The rapid entry and growth of commercial banks in Ethiopia, increase in environmental variability and degree of competition, acute shortage of skilled labor and the corresponding increase in labor turnover and costs of employee replacement have forced firms including commercial banks to aggressively compete for employees. These industry issues and problems demand that commercial banks continually align their human resource capabilities with their organizational strategies if they are to remain competitive.

Available studies, to the best knowledge of the researcher, do not adequately investigate exactly how banks align their corporate strategy with their respective HRM practices; and assessed the

overall nature of the human resource practices in Ethiopian banking sector. Without clearly defined and described empirical results in Ethiopian banking sector context, scholars could not adequately validate the applicability and relevance of such human resource management strategies and practices to provide useful suggestions to practitioners. There is, therefore, a great need for additional evidence to support the HRM practices from banking sectors and contexts. Based on this background the study is conducted to investigate the practices of human resource management of commercial bank of Ethiopia(CBE).

1.4 Research questions

This study will guide by the following research questions:

1. What are the influences of recruitment and selection on the performance of Banking sector in case of commercial bank of Ethiopia?
2. Is there any effect of training and development on the performance of Banking sector in case of commercial bank of Ethiopia?
3. How is the contribution of team building practice on the performance of Banking sector in case of commercial bank of Ethiopia?
4. What is the influence of reward and compensation practices on the performance of banking sector in case of commercial bank of Ethiopia?

1.5 Objectives of the study

1.5.1 General objective

To investigate the role of human resource management practices to the performance of banking sector a case study of Commercial Banks in Ethiopia (CBE).

1.5.2 Specific objectives

The study was guided by the following specific objectives:

- i. To analyze the role of recruitment and selection on the performance of banking industry in case of commercial bank of Ethiopia.
- ii. To determine the effect of training and development on the performance of banking industry in case of commercial bank of Ethiopia.
- iii. To ascertain the contribution of team building practice on the performance of banking industry in case of commercial bank of Ethiopia.
- iv. To determine the influence of reward and compensation practices on the performance of banking industry in case of commercial bank of Ethiopia.

1.6 Significance of the Study

The findings of the study are believed to be primarily significant to Commercial Bank of Ethiopia. The results will enable the management to establish the effects of human resource strategies on employee performance aspects identified where improvements can be done. It will also help the management in planning for the development and implementation of effective and efficient human resource strategies that will lead to improved performance of the bank. Besides, the recommendations based on the conclusions of the research findings will help the organization either maintain or amend the existing HR approach. On the other hand, the overall output of this research contributes to other governmental or nongovernmental organizations as a tool to customize the suggested models in to organizational context to improve their HR related gaps. It might also help other researchers working in related topics as a reference.

1.7 Scope of the Study

The study focused on the competitive advantage of selected HR practices on the Bank. The purpose of the data to be made is to answer the principal research questions of how aspects of human resources Management can derive competitive advantage from their relevant activities. The findings of the study were generalized from this rather specific sample of firms to the entire population of the bank to that the top, senior and Middle level HR managers, in the CBE and incorporate Human Resources Departments as a strategic partner in their organizational chart.

1.8 Organization of the paper

The paper is organized into five chapters. Chapter one discusses the introductory part which comprises Background of the Study, Statement of the Problem, Research Questions, Objectives of the Study, Significance of the Study, Scope of the Study. Chapter two presents a review of available literature related to the study. Chapter three describes the methods of the study. Chapter four is for the analysis and interpretation of the research results/ findings and discussion of those results and finally chapter five refers to the conclusion of the research findings and recommendations which are aimed at addressing the research questions posed based on the statement of the problem.

CHAPTER TWO

2.LITERATURE REVIEW

This chapter presents theoretical and empirical reviews of literature relevant to the variables of study. Literature review also discusses various authors that have carried out studies on HR planning and firm performance. This enables the researcher appreciate what they have found out and the methodology used (Kombo & Tromp, 2006). Review of the available literature is very important for this study because it helps in clarifying the research problem, specifying research questions, focusing on research design and ultimately answering the research problem.

2.1 Theoretical framework

Four specific theories for planning and development of HR strategies were defined by Barney (2001) as the resource-based theory. Boxall (1994) also defined the remaining three as the "universalistic", the "contingency" and the "configurational". Dyer and Reeves (2003) redefined the "universalistic", and the "contingency" theories as best practice and best fit, and retained the word "configurational", meaning the use of "bundles", as the fourth theory. Guest, et al. (2000; 2003) refers to fit as an ideal set of practices, fit as contingency, and fit as "bundles". These theories are discussed below.

2.1.1 Resource Based View

RBV argues that Human Resource is one of the organization's resources, a subset of which enable them to achieve a competitive advantage, and a subset of those that lead to superior long-term performance (Barney, 1986; 1991). HRM policies may play an important role in building the organization's human capital pool by developing its rare, inimitable and non-substitutable internal resources (resource-based view). According to the resource-based view, HRM policies have a direct impact on employee attributes such as skills, attitudes and behavior, the so-called HRM outcomes, which are subsequently translated into improved organizational performance (Boxal and Steeneveld, 1999)

2.1.2 Universalistic Theory

It is also referred to as the best practice model, which is based on the assumption that there is a set of superior/best HRM practices, and that adopting them will inevitably lead to superior organizational performance (Luthans and Summer, 2005). The notion of best practice was identified initially in the early US models of HRM, many of which mooted the idea that the adoption of certain "best" human resource practices would result in enhanced organizational

performance, manifested in improved employee attitudes and behaviors, lower levels of absenteeism and turnover, higher levels of skills and therefore higher productivity, enhanced quality and efficiency and of course increased profitability (Marchington and Wilkinson, 2008). Here, it is argued that all organizations will benefit and see improvements in organizational performance if they can identify, gain commitment to and implement a set of best HRM practices. Thus, universalistic perspective maintains that firms will see performance gains by identifying and implementing best practice irrespective of the product market situation, industry or location of the firm (Pfeffer, 1998). However, the notion of a single set of best HRM practices has been overstated. There are examples in every industry of firms that have very distinctive management practices, distinctive human resources practices which shape the core competences that determine how firms compete. What works well in one organization will not necessarily work well in another because it may not fit its strategy, technology or working practices. According to Becker et al (2001), organizational high performance work systems are highly idiosyncratic and must be tailored carefully to each firm's individual situation and specific context in order to provide maximum performance. These high performance work practices will only have a impact therefore, if they are aligned and integrated with each other and if the total HRM system supports key business priorities. This approach therefore ignores potentially significant differences between organizations, industries, sectors and countries.

2.1.3 Expectancy Theory

Vroom (1974) developed this theory on the assertion that tendency to act in a certain way depends on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. There are three variables here: Attractiveness; importance that individual employee attaches to the potential outcome or reward that goes with the achievement of that job. Performance reward linkage is the degree to which the individual believes that performing at that level will lead to attainment of a particular desired outcome. Effort performance linkage is the perceive probability by the individual that exerting a given amount of effort will lead to performance. The expectancy theory recognizes that there is no universal principle that explains what can motivate everyone. However the county management can motivate staff for good performance with the reward that employee's desire. They should

also facilitate an atmosphere of good performance and good employee/employer relationship. This theory actually forms the theoretical framework of this seminar. For the contingency theory, there are no universal prescription of HR policies and practices. It is all contingent on the organization's context, culture and its business strategy (Wright and Snell, 2005).

2.1.4 The configurationally approach (bundling)

The configurational theory (bundling) is explained by Delery and Doty (2000) and Robinson, Pearce and Mital (2008) who maintain that a strategy's success turns on combining "vertical" or external fit and "horizontal" or internal fit. They conclude that a firm with bundles of HR practices should have a higher level of performance, providing it also achieves high levels of fit with its competitive strategy. Emphasis is given to the importance of 'bundling' the development and implementation of several HR practices together so that they are interrelated and therefore complement and reinforce each other. This is the process of horizontal integration, which is also referred to as the use of 'complementarities' (MacDuffie, 2005) or as the adoption of a 'configurational mode' (Delany & Huselid, 1996). MacDuffie (2005) also explained the concept of bundling by noting that implicit in the notion of a "bundle" is the idea that practices within bundles are interrelated and internally consistent, and that "more is better" with respect to the impact on performance, because of the overlapping and mutually reinforcing effect of multiple practices.

Dyer and Reeves (1995) note that the logic in favor of bundling is supported by the fact that since employee performance is a function of both ability and motivation, it makes sense to have practices aimed at enhancing both. Thus there are several ways in which employees can acquire needed skills (such as careful selection and training) and multiple incentives to enhance motivation (different forms of financial and non-financial rewards). The research by MacDuffie (2005) indicated that plants using flexible production systems that bundle human resource practices into a system that is integrated with production/business strategy outperform plants using more traditional mass production systems in both productivity and quality.

The aim of bundling is to achieve coherence, which is one of the four 'meanings' of HRM defined by Armstrong (2006). Coherence exists when a mutually reinforcing set of HR policies and practices have been developed that jointly contribute to the attainment of the organization's

strategies for matching resources to organizational needs, improving performance and quality and, in commercial enterprises, achieving competitive advantage.

The process of bundling HR strategies is an important aspect of the concept of HRM. In a sense, HRM is holistic; it is concerned with the organization as a total entity and addresses what needs to be done across the organization as a whole in order to enable it to achieve its corporate objectives. It is not interested in isolated programmed and techniques, or in the ad hoc development of HR practices.

2.2 Empirical literature

2.2.1 Recruitment and selection

Armstrong (2008) gives the overall aim of recruitment as to obtain at minimum cost and quality of employees required to satisfy the human resource needs of the company and involves defining requirements (preparation of job description and specifications) and attracting candidates through reviewing and evaluating alternative sources of application inside and outside the company. Boxall (2000) gives a competency based approach to recruitment that where competencies for a role are delivered and are used as the framework for the selection process. He says that a competency approach to recruitment as person-based rather than job-based. Wright (2004) points out that recruitment and selection are processes concerned with identifying, attracting and securing suitable people to meet and organizational human resource needs. Recruitment is concerned with identifying and attracting suitable candidates.

Porter (2008) says that recruitment and selection provides the conduit for staffing and resourcing the organization. An increasingly competitive and globalized business environment, coupled with need for quality and customer service has enhanced the importance of recruiting and selecting the right people. Boxall and Porcell (2000) highlights that in comparison with the physical tangible assets, an organization have will to determine its competitive advantage. Sisson and Storey (2000) gives that recruitment and selection strategy should form part of a wider resourcing strategy linked to organizational goals. Scholes (2002) gives that recruitment and selection is a systematic process and that the psychometric approach to it is closely aligned with

that or rational decision making where decision are made on the basis of some kind of assessment about the suitability of individuals who might fill a vacancy.

According to Porter (2008) recruitment and selection is a systematic process which involves the following steps: HR planning, job analysis, job description, application form, advertisement, short listing, selection and finally decision making and offers. The methods of job analysis by Ahmad (2001) includes observation of the person doing the job, getting job holders to record their activities in work diaries, interviewing the jobholders, questionnaires/checklists critical incidents and repertory grid techniques. CIPD(2005) notes that the most frequent response to employers to recruitment difficulties was recruiting people who have the potential to grow but don't currently have all that is required.

Porter (2008) describes recruitment methods as a process of attracting a pool of applicants from which to begin the selection process. The type of recruitment method will depend on type of vacancy and the organization concerned and it can either be internal or external. Taylor (2002) argues that an organization may be out to attract a large number of people or a small group of people from which to select from and thus the kind of advertisement will be different. Recruitment can either be internal (intranet, notice board, team meeting or staff meeting) or external (newspapers, recruitment agency, website, specialist journal, job center plus, word of mouth, employee referral scheme, college/university links, radio, TV advertisements) Porter 2008.

Armstrong (2002) defines e-recruitment or online recruitment as the use of web-based tools such as firms' public internet site or its own intranet to recruit staff and it consists of attracting, screening and tracking applicants, selecting and offering jobs or rejecting candidates. Wilkinson (2005) gives the advantages of e-recruitment as: reduced costs, improved corporate image, reduced administration, wide pool of applicants shortened recruitment cycle and easier for applicants. He gives the disadvantages as shortage of applicants, expense, technical problems and too many unsuitable applications. Chan (2008) points out that the goals of recruiting should not be forgotten simply because of the use of technology and it is in the best interest of the organization to provide as much job description information as possible so that the unqualified do not apply.

Organizations which plan to do a lot of internet recruitment often develop dedicated sites specifically designed for recruitment and also give their values and organizational information. According to Armstrong (2002), the main types of online recruitment sites are: job sites (which are operated by specialized firms and pay to have their jobs listed on these sites), agency sites (run by established recruitment agencies where candidates register online but may be expected to discuss their details in person before their details are forwarded to potential employers and media sites which contain a copy of an advertisement appearing in the press but may include an internal description of the vacancy and the company and provide a link to the company website).

2.2.2 Training and Development

According to Armstrong (2008) companies can apply these different methods of training and development to any number of subjects to ensure the skills needed for various positions are instilled. Companies gear training and development programs towards both specific and general skills, including technical training, training, clerical training, computer training, communications training, organizational development, career development, supervisory development, and management development. Rees (2006) describes training as a learning experience that improves job performance. This involves changing skills, knowledge, attitudes or behavior. Thus it is changing what employees know how they work, or their attitudes towards their jobs, co-workers, managers and the organization. Training is more present day oriented and focuses on individuals current jobs enhancing those specific skills and abilities needed to immediately perform their jobs. Training needs need to be determined by checking what the goals of the organization are, what tasks must be completed to achieve its goals, what behaviors are necessary for each job incumbent to complete his or her arranged tasks and finally what deficiencies if any do incumbents have in the skills, knowledge, or abilities required to exhibit the necessary job behaviors. Various signals can warn a manager when training may be necessary like decline in job performance through production decrease, lower quality, more accidents and higher rejection rates. Porter (2008) highlights that training is learning directly towards job performance and can modify knowledge, skills and attitudes. Training focuses upon implementation – doing things to the required standards, improvement doing things to a new standard and innovation – doing new things. To succeed, training must be the appropriate solution to the problem, have the support of the management and the individual, meet correctly identified needs and be carried out in an

environment favorable to learning. Systematic approach to training involves;- examining or identifying the training needs at the organizational, team and individual /levels, planning the training to meet the needs, implementing the training plan effectively and reviewing/assessing the results of the training.

According to Purcell (2003), there are other important functions of effective training than just conducting training sessions and these are mentoring which is helping to design and implement organizational change strategies through coaching in the workplace, leadership, managerial and administrative aspects of preparing the entire training programmed. Tansley (2002) argues that a key role of the training function is the support of knowledge management initiatives and social capital construction. The building of social capital, a widening client base and the support of knowledge management all imply a shift from the role of training providers to one of the learning facilitators.

Capelli (2001) gives that there are two types of training methods: on the job training and off the job training. On the job training methods include job rotation, apprenticeship(combining classroom instruction) and working alongside a seasoned veteran and internship (structured or unstructured) off the job training methods include:- classroom lectures, multimedia learning e.g. Videos and DVDs, simulations (learning the job by actually performing the work) and vestibule training through use of same equipment that one actually will use on the job but in a simulated work environment. Armstrong (2008)gives the role of training as an endeavor to ensure trainees acquire new knowledge, or skills in various fields according to organizational needs. Managers and supervisors need to be trained on basic leadership skills in order to enable them to function effectively in their positions. The design of training programmes covers the planning and creation of training and development programmes through the use of systematic models, methods and processes of instruction system design. According to Taylor (2002), training has a complementary role to play in accelerating learning and conditional training model has a tendency to emphasize subject – specific knowledge, rather than trying to build core learning abilities.

Pollard (2001) defines e-learning as the delivery and administration of learning opportunities and support via computer, networked and web-based technology to help individual performance and development. It enhances learning by extending and supplementing face-to-face learning rather

than replacing it. He gives the types of e-learning as self-paced e-learning where the learner is using technology but is not connected to instructors or other learners at the same time, live e-learning in which by use of technology the instructor and the learner are together at the same time but indifferent locations and collaborative e-learning which supports learning through the exchange and sharing of information and knowledge amongst learners by means of discussion forums and communities of practice. Hillage (2001) gives the objective of e Learning as to provide for learning that is just in time, just enough and just for you. It enables learning to take place when it is most needed and when it is most convenient.

According to Batt (2002), self-paced e-learning can be taken any time and is therefore a just-in-time approach. E-learning can take place at any place and this eliminates travel needs and costs. Skill acquisition and knowledge development will take place at any place and any path, as the learning experience is solely driven by the participant and therefore very personalized. Armstrong (2008) gives the steps in developing an e-learning processes as initial analysis of the human resource development strategy, identification of the overall scope for developing e-learning system, development programmes (by developing and defining specification on learning need, how e-learning will meet the need, learning system to be used and how e-learning will blend with other forms of training), implementation of the e-learning and finally evaluation of the performance and the impact of e-learning.

2.2.3 Team building

Employee motivation brings about commitment which is a driving force for the success of any organization. Guest (1987) asserts that committed employees are more satisfied, productive and adaptable. Beer et al. (1985) also identifies motivation as a key dimension because “it can result not only in more loyalty and better performance for the organization, but also in self-worth, dignity, psychological involvement, and identity for the individual.” (Wasti, 1998) reveal that the meaning of work differs from one culture to another. Thus, it is natural for employees with different cultural, social, economic and political backgrounds to have different expectations from their jobs and to consider different aspects of their work to be inspiring. In order to identify employees' expectations from their jobs in a firm, Wasti (1998) argues that, in their high uncertainty-avoidance culture, learning new things in the workplace is highly motivating for firm's employees.

Employee commitment is seen as an important way of securing human resource management practice. This is a difficult challenge, given the increasing job insecurity in many countries and industries. It requires the development of new psychological (as opposed to employment) contracts: The important thing is that they are believed by the employee to be part of the relationship with the employer. (Robinson and Rousseau, 1994) Some studies (Wasti, 1998) reveal that the meaning of work differs from one culture to another. Thus, it is natural for employees with different cultural, social, economic and political backgrounds to have different levels of motivations depending on expectations from their jobs and how different aspects of their work to be inspiring. In order to identify employees' expectations from their jobs in a firm, Wasti (1998) argues that, in their high uncertainty-avoidance culture, learning new things in the workplace is highly motivating for firm's employees. Employee participation is a driver to employee motivation in that there is ownership of the outcome of the decisions made

2.2.4 Reward Management and Compensation

Reward Management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly equitably and consistently in accordance with their value to the organization (Michael A.2004). A reward system expresses what the organization values and is prepared to pay for. It is governed by the need to reward the right things to get the right message across about what is important. It is a well-established principle that salary assessments should occur well after performance and reviews have been completed. Today, the lion's share of corporate value nearly three-quarters by some estimates comes from an organization's people and their ideas, innovation and performance. Towers Perrin (2007) Competitive advantage is increasingly being achieved through investments in people and skills rather than expenditures on capital for physical assets. For an effective reward system one needs to connect with the business strategy to create a high-performing culture. An organization becomes what it rewards and too many companies fail to grasp the connection between poor performance and a misaligned reward strategy. In order to support the "employment brand," organizations need to design, implement and communicate rewards in a way that addresses employees' sense of fairness and their need to clearly understand "the deal." Organizations can't afford to make investment decisions without a very clear understanding of the return they want on the investment. Armstrong, (1993)

Basic pay is determined mainly at the company and individual level, National agreements are seldom used by firms. Achievement of group objectives and individual performance are found to be the two most important dimensions in deciding salary levels for firms. Wolf (1999) states that traditional characteristics, such as employee training level and experience as well as seniority, are still considered more important in firms; their level of importance is clearly diminishing. On the other hand, collective agreements support seniority and this is in contrast to performance related compensation practice that many firms want to introduce. At the same time, seniority is also considered to be important in labor laws for deciding the level of certain employee benefits. Compensation should be legal and ethical, adequate, motivating, fair and equitable, cost-effective, and able to provide employment security. In the ideal situation, employees feel they are paid what they are worth, are rewarded with sufficient benefits, and receive some intrinsic satisfaction (good work environment, interesting work, etc. Compensation programs must be internally equitable, externally equitable and be personally motivating to employees, (Wolf 1999).

2.2.5 Organizational Performance

Organizational performance refers to both short term and long term measurable outcomes which contribute to the sustainability of the organization. These outcomes could include financial, human/social and environmental outcomes. However, the emphasis is on the way these outcomes contribute to the long term financial survival and adaptation of the organization. A study done by (Anastasia,2008) on Measuring the impact of HRM on organizational performance, observes that there is a serious limitation that recent reviews of the literature points out is that the link between HRM and organizational performance is considered. i.e. lack of clarity regarding “what exactly leads to what?”

The HRM policies (or systems) may influence organizational performance indirectly through HRM outcomes. However, a direct effect of HRM policies on organizational performance may also be present (Katou and Budhwar, 2007), implicitly accepting the arguments of Huselid and Becker (1996), who support that a causal relationship exists from HRM policies to organizational performance, and of Delery and Doty (1996), who further assume that the relationship between HRM policies and organizational performance is linear, thus implying that there is no synergic

interdependence of the different HRM policies, but the effect of the HRM policies on organizational performance is additive (Becker and Gerhart, 1996).

2.3 HRM Models

This section reviews some of the HRM models which have been recognized as sources in adopting HRM practices which could be linked with aspects of organizational performance.

- The Harvard Business School HRM Model;
- The Gust HR Comparative Model

2.3.1 HARVARD MODEL

This framework acknowledges the fact that there are different types of stakeholders in an organization. This includes different types of employees, shareholders, the government and the community at large. The Harvard framework recognizes the legitimate interests of various groups of people both inside and outside of the organization. This model sees employees as very essential resources in the organization (Rollinson D. And Dundon T., 2007). It stresses on people as human resources. Employees cannot be managed like how other resources are managed like time and capital. This approach recognizes a component of mutuality in all endeavors of the organization. Employees are essential stakeholders in the organization. Universalism actually looks at the human or soft side of Human Resource Management. It does not exploit employees, but rather it sees employees and their representatives as important stakeholders. Due to this recognition, this framework was accepted by a larger group of people in the United Kingdom. Although some people criticized the model as it is 'interest'. That is, the organization is aiming towards a common purpose, often the success of the organization. Due to how important stakeholders are to this model, it is regarded as a neo-pluralist model. Universalism is focused on four human resource policies. These are human resource flows, reward system, work systems and employee influence. Human resource flows is how people are recruited, selected, placed, promoted, appraised, assessed and terminated (Dowling P. and Welch D., 2004). The reward system is concerned with how employees are remunerated and motivated. The work systems are how work is designed and people are aligned in the work place. These four policies lead to the 'four C's' of an organization which has to be achieved. These are commitment, congruence, competence and cost effectiveness. The organization influences employees by motivating them in the form of incentives and developing an organizational culture which is established on

teamwork and mutual trust (Robbins et al, 2011). This builds their commitment. A good analysis of the Harvard framework indicates that it is profoundly rooted in human relations tradition. It is therefore significant to observe that the Harvard model is premised on the opinion that it is the organization's human resources that yield competitive advantage through treating them as assets and not cost.

2.3.2 THE GUEST MODEL

The model was developed on the theory that HRM essentially varies from traditional personnel management and entrenched in management. HRM is an overture to the management of human resources that offers a framework to support long-term goals and objectives (Guest et al, 2003). Most researchers term this model as a prescriptive model. It embodies the assumption that basic elements of the HRM approach, for instance the Universalism, which builds commitment of employees have a direct relationship with esteemed business results.

Nonetheless, Guest has acknowledged that the idea of commitment is not easy to understand and that relationship between employees' commitment and high performance of the business is difficult to prove. It uses a 'flow' approach, establishing the fact that the strategy is a corroborated practice, contributing to a variety of desired effects (Storey J., 2007). The fundamental conjecture of this model is that if an incorporated type of HRM practices is used in a consistent fashion, with the aim of attaining the normative goals, then superior individual performance will be the outcome. This will also lead to superior organizational performance. The model is a combination of hard and soft approach of HRM. Guest argued that HRM policies should be designed and practiced to accomplish four primary results. These are employee commitment, integration, which consists of planning and implementation, flexibility and adaptability and quality workforce (Wall T. And Wood S., 2005). Employee commitment pertains to the need to have behavioral commitment and attitudinal commitment. Behavioral commitment is the ability of an employee to go an extra mile whilst attitudinal commitment shown by strong recognition by the organization.

integration implies ensuring that the organization's business plans are implemented by using befittingly designed human resource policies and practices. HRM strategy should be combined with the business strategy. This is the harder side of the Guest model. This shows the hard

approach of HRM because employees are managed in the same way as other resources in order to achieve business objectives (Storey J. 2007).

Flexibility is related to the ability of the organization and its human resource to adapt to the changing work and business environment. It is also the ability to manage change and innovation. Flexibility can be functional, pay, numeric, and distancing. Flexibility is a combination of both hard and soft HRM. Numeric flexibility is when labor is employed for production only when it is needed and dismissed when their services are no longer needed. It does not consider only the organizational goals, but it is also concerned with the treatment of employees as fairly as possible.

The model is based on the assumption that quality production of goods and services is due to quality work force.

2.3.3 Difference and Similarities between The Harvard frame work and the Guest Model

Guest et al (2003) the Guest model is concerned with the survival of the employees whilst the welfare of employees is essential to the Harvard framework. In the Guest model, employers assume that the survival of the employees in the organization will lead to the achievement of the organization's business objectives. Meanwhile, the Harvard framework assumes that if the welfare of employees are taken into consideration, the business objectives will be achieved.

It is also assumed in the Harvard model that if the welfare of employees is considered, the organization will achieve employee commitment, congruence, competence and cost effectiveness. However, the Guest model argues that HRM policies should be designed and practiced to accomplish employee commitment, integration, flexibility and adaptability and quality workforce (Storey J., 2007).

Another difference is that, the Harvard framework acknowledges the various stakeholders in an organization such as employees, shareholders, the government, and the community at large. On the other hand, the Guest model recognizes only employees in the organization.

Furthermore, Universalism uses a soft approach to HRM whilst the Guest model is a combination of both hard and soft approaches to HRM. In the numeric flexibility of the Guest

model, labor is employed when it is needed and terminated after it services but in the Harvard model, employees are employed on a long term contract.

Again, the Harvard framework is premised on the opinion that it is the organization's human resource that yields competitive advantage through treating them as assets and not cost. Meanwhile, the Guest model assumes that quality production of goods and services is due to the high quality workforce (Robbins et al, 2011).

The similarity between these two models is that, they both have employees at heart, even though the Harvard framework considers other stakeholders. They both use the soft approach of HRM but the Guest model is a combination of both hard and soft HRM. Another similarity is that they both aim towards the achievement of the business objectives of the organization (Grossman R., 2007).

2.3.4 CONCEPTUAL FRAMEWORK

As Sammy (2013) asserts, a conceptual framework refers to a group of concepts that are systematically organized in providing a focus, rationale and a tool for interpretation and integration of information (Balachander and Soy, 2003). This is usually achieved in pictorial illustrations. A Conceptual Framework in this class identifies both independent variables and dependent variable. The independent variables refer to the conceptualized factors or variables that may influence the outcome in the dependent variable. In this study, organization performance is hypothesized to be affected by recruitment and selection, training and development, team buildings, reward and compensations.

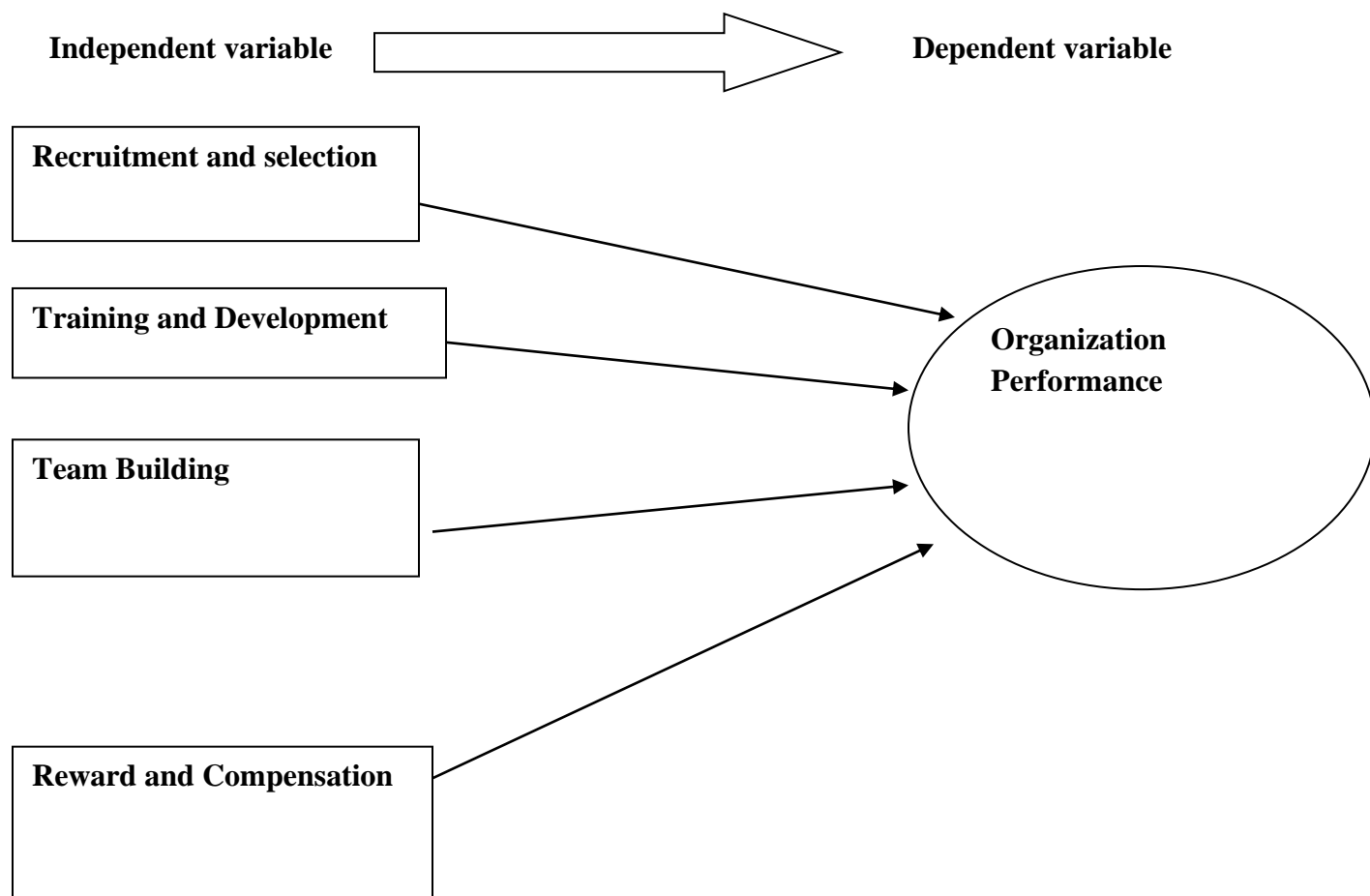


Figure 1; Conceptual frame work of the study

Source; Armstrong; 2010

- H1. Employee recruitment and selection practice has no significant effect on the Bank performance*
- H2. Employee training and development practice has no significant effect on the Bank performance.*
- H3. Employee team building practice has no significant effect on the bank performance.*
- H4. Employee reward and compensation practices have no significant effect on the Bank performance*

CHAPTER THREE

3.RESEARCH METHODOLOGY

This chapter described the methodology that was use in the study. It has to be contains the research design, target population, sample size and sampling procedure, data collection instruments , validity and reliability of the study.

3.1 Research design

This study was adopted explanatory research design. An explanatory study is a study concerned with describing the characteristics of a particular individual or of a group (Kothari, 2004).The study would see to establish the role of human resource management practices on the performance of banking sector a case study of CBE. It was adopted a case study survey. A case study involves careful and complete observation and analysis of a unit in its relationship to any other unit in the group (Kothari, 2004). A survey design would associate with a guide and quick collection, analysis and interpretation of observation (Mugenda& Mugenda, 1999).

3.2 Target population

The target population of this study comprised of 55 HR managers of CBE, out of that 40 target groups distributes, these include four directors, fifteen senior managers, and twenty four middle managers at H.O. and district offices of CBE concerned HR department. The study is prefer to use managers, because the ones who participate in the decisions of HR practices in commercial bank of Ethiopia.

3.3 Sample size and sampling procedure

A sample size of 40 respondents was determined from a total 55 HR manager, top level ,middle level and senior manager. Stratified random sampling technique used to select the managers. Stratified random sampling technique ensures that different groups of a population are adequately represented in the sample. Stratified sampling divides the population into homogeneous groups such that the elements within each group are more alike than the elements in the population as a whole (Nachimas & Nachimas 2008). In this section of sampling design the researcher mainly strategies related to sampling techniques for easy access to right data from respondents.

3.4 Data collection methods

The study was used to both primary and secondary data to collect data to answer the specific objectives regarding the role of human resource management practices on the performance of banking sector as case study of CBE. Primary data collected through schedule interviews with the identified target managers in CBE. There are also the use of email respondent 's to fit into the need for convenience for the busy managers. A structure questionnaire with both closed ended and open ended questions used to guide the interview. However, all questionnaires are number to ensure the responses are tracked carefully. Secondary data obtained from a desk top analysis that was review published reports, newspapers, financial journals, industry regulatory laws and investor briefing reports.

3.5 Validity

Validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested, (Kothari, 2004). In other words, Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In order to ensure the quality of the research design content and construct validity of the research were checked. According to Kothari (2004) ,content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the questionnaires are contains a representative sample of the study ,the content validity either good or not good. Whereas Construct validity refers to the necessity of ensuring that the thing or things being examined in a study are valid proxies for the concepts that are the subject of the research question. In this study, that means the object identified in the research process are valid proxies of the actions and intentions of senior managers with regard to corporate strategy and its relationship to HRM. These principles shall address when writing the survey items. To provide additional content validity of the survey instrument, I, the study were conducted one expert in the field of HRM and three senior managerial staffs of commercial banks to provide input and suggestive feedback on survey items.

3.6 Reliability

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to be measured. As stated by Yen (2003), the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one-dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0 - 1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003).

Table 3.1 Reliability Analysis of the Variables

HRM Dimensions	No. of Items	Cronbach's Alpha Coefficient
Recruitment & Selection	11	0.853
Training & Development	12	0.869
Team Building	9	0.701
Reward & Compensation	10	0.839
Organizational performance	4	0.873
Total	46	0.822

Source: Own Survey,2021

3.7 Ethical Consideration

According to McNamara (1994), ethical concerns in research deal with voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, and analysis and reporting. To help eliminate or control any ethical concerns the researchers made sure that participation was completely voluntary but this can sometimes lead to low response rate which can in turn introduce response bias. To avoid possible harm such as embarrassment or

feeling uncomfortable about questions to respondents, the study did not include sensitive questions that could cause embarrassment or uncomfortable feelings.

Harm could also arise in data analysis or in the survey results. Anonymity and confidentiality was exercised to protect a respondent's identity. A survey is anonymous when a respondent cannot be identified on the basis of a response (Kotheri, 2004). Participant identification was kept confidential and was only used in determining who had not responded for follow-up purposes. All prospective respondents knew the purpose of the survey. A cover letter was used to explain that the results of the study would be used in a thesis as partial fulfillment for a Master degree. Since advancements in academic fields come through honesty and openness, the researcher assumed the responsibility to report problems and weaknesses experienced as well as the positive results of the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

This chapter describes the analysis of data followed by a discussion of the research findings. The findings relate to the research questions and objectives that guided the study. Data were analyzed to identify and describe the overall Human resources management practices of commercial bank of Ethiopia as well as to identify the related factors that affect the implementation of HRM in the sector.

4.1 Data Analysis and Presentation of Findings

4.1.1 Response Rate Result

Data were obtained using a semi structured interview and a self-administered questionnaire from 4 directors 12 senior managers (corporate and HR from the bank) and 24 middle level managers targeted respondents respectively. Out of 40 targeted respondents the bank, are all questionnaires were found to be usable for this study and met the required inclusion criteria. This represented the response rate by the individual Managers. This means that the data gathered from the 40 respondents demonstrated the true nature of the HRM practices in commercial bank of Ethiopia under study. Therefore, the response rate was adequate for the researcher to proceed with data analysis and interpretation.

4.1.2 Reliability Test Result

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to be measured. As stated by Yen (2003), the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one-dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0 - 1 and the higher values reflects a higher degree of internal consistency.

Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003). The result of the Cronbach's alpha for this study's instrument was found to be in the acceptance range i.e. > 0.70 . Thus, showing as indication of acceptability of the scale for further analysis since all the four independent dimensions of HRM (Recruitment and Selection, Training and Development, Team building; and Reward and Compensation) and one dependent variable were found to be above 0.7. The Cronbach's alpha coefficient of the five dimensions of HRM. There is, therefore, each field value of Cronbach's Alpha is in the range between 0.701 - 0.873. This range is considered as high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.822 for the entire questionnaire which indicates very good reliability. So, based on the test the results are reliable.

4.1.3 Demographic Characteristics

Demographic information of the respondents was based on gender, age bracket, and duration in the bank and the department where they work.

4.1.4 Gender of the Respondents

The study sought to determine the gender of the respondent and therefore requested the respondents to indicate their gender. The study found that majority of the respondent as shown by 70% were male whereas 30% of the respondent were female, this is an indication that both genders were involved in this study and thus the finding of the study did not suffer from gender bias.

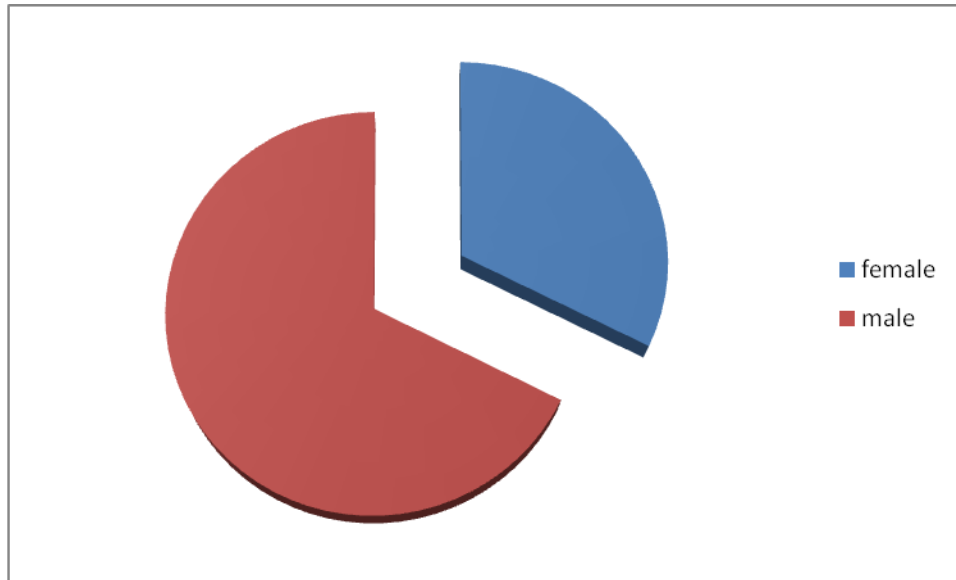


Figure 2: Classification of respondents by gender

4.1.5 Age of the respondents

The study sought to determine the distribution of age among the study respondents.

Table 4.1: Age of respondents

	Frequency	Percentage
<25	0	0
26-35	20	50.0
36-45	12	30.0
>45	8	20.0
Total	40	100

The study requested the respondent to indicate their age category, from the findings, it was found that most of the respondents as shown by 50 % of the respondents were aged between 26-35 years, that implies that youngest and 30% of the of the respondent were aged between 36 to 45 years, and finally 20% of the respondents indicated that they were aged over 45years.This is an indication that respondents were well distributed in terms of their age.

4.1.6 Education level of respondents

The study further sought to determine the distribution of education qualifications among the respondents.

Table 4.2: Education level of respondents

	Frequency	Percentage
Diploma	0	0
Undergraduate	4	10.0
Postgraduate	36	90.0
Total	40	100.0

The study results reveal that 90% of the respondents indicated that they had acquired postgraduate; highest level of education. while 10% had acquired bachelor degree level of education. These results imply that majority of the respondents had at least an undergraduate degree and hence understood the information sought by this study.

The findings further imply that all the respondents were academically qualified and also familiar with their duties and could dispense them effectively in terms of professional work ability and performance.

4.1.7 Duration of working banking sector

The study further sought to determine the duration which the respondents had worked in banking sector

Table 4.3: Duration of working in the banking sector

Service years	Frequency	Percentage
<5	3	7.5
5-10	12	30.0
10-15	11	27.5
>15	14	35.0
Total	40	100

One's experience depends on the number of years of service in the sector involved (Randoy et al,2006). It is assumed that the longer one worked in an organization, the more they understand the organization and hence the higher the ability to articulate issues pertaining to the organization(Afande, 2013). During this study, length of working experience was tabulated and respondents were asked to tick the relevant option provided. Majority of the respondents have worked in their respective organization for a period of 15 years. This category was characterized by a proportion of more than half of the respondents. Those who have worked for less than five years were 7.5% of the respondents while a proportion of 92.5% indicated that they have worked for a period of more than 5 years. The length of working reveals the experience respondents have based on study phenomena. Therefore, from the study findings, it can be deduced that respondents had experience on leadership and were well versed with the level of performance in their respective departments, and that they knew the relationship between human resource strategies and performance in the bank.

4.2 Empirical analysis

4.2.1 Recruitment and selection

The study sought the view of the respondents in regard to recruitment and selection of new staff. Respondents' opinion on recruitment and selection of new staff with regard to Banks performance was captured using 1-Strongly disagree; 2 – Disagree; 3 – Indifferent; 4 – Agree; 5 –Strongly agree. The statements, respondents' opinions and their percentages are as shown below

Table 4.4: Respondents views on recruitment and selection

INDICATOR	Response					Overall agreement
	5	4	3	2	1	
The employees are placed on job basing on their competence	5 (12.5%)	17 (42.5%)	11 (27.5%)	4 (10%)	3 (7.5%)	22 (55%)
In the bank, line managers and HR managers participate in selection.	3 (7.5%)	19 (52.6%)	8 (20%)	8 (20%)	2 (5%)	22 (55%)
Valid and standardized tests are used when required in the selection process.	4 (10%)	15 (37.5%)	8 (20%)	12 (30%)	1 (2.5%)	19 (47.5%)
Selection systems in the bank select those having the desired knowledge, skills and attitudes.	5 (12.5%)	14 (35%)	7 (17.5%)	12 (30%)	2 (5%)	19 (47.5%)
The bank has competitive selection system and processes that attract competent people.	5 (12.5%)	16 (40%)	7 (17.5%)	10 (25%)	2 (5%)	21 (52.5%)
The bank recruitment process ensures that very qualified candidates are attracted	3 (7.5%)	16 (40%)	9 (22.5%)	11 (29.7%)	2 (5%)	19 (47.5%)
To be selected in this bank you must know someone	3 (7.5%)	14 (35%)	6 (15%)	11 (27.5%)	6 (15%)	17 (42.5%)
Qualification and experience are the main factors considered during selection	3 (7.5%)	13 (32.5%)	6 (15%)	16 (40%)	2 (5%)	16 (40%)
The bank takes measures to attract good quality employees	3 (7.5%)	14 (35%)	11 (27.5%)	9 (22.5%)	3 (7.5%)	17 (42.5%)
The bank always selects only the highest quality employees	3 (7.5%)	11 (27.5%)	10 (25%)	14 (35%)	2 (5%)	14 (35%)

Analysis of the responses to the statement that the employees are placed on job basing on their competence it was found that 12.5% of the respondents strongly agreed, 42.5% agreed, 27.5% were neutral, 10% disagreed and 7.5% strongly disagree, while overall agreement 55%. This revealed that majority of the respondents agreed that in the bank employees are placed on job basing on their competence.

Analysis of the statement that line managers and human resource manager participate in the selection process was also done and it was found that, 7.5% of the respondents strongly agreed, 52.6% agreed, 20% both were neutral and disagreed and 5% strongly disagree while 55% of overall agreement. This revealed that majority of the respondents agreed line managers and human resource manager participate in the selection process.

When the responses to the statement that valid and standardized tests are used when required in the selection process were analyzed, it was found that 10% of the respondents strongly agreed, 37.5% agreed, 20% were neutral, 30% disagreed and 2.5% strongly disagree, while overall agreement 47.5% agreed.

Analysis of the statement that the selection systems in the bank select those having the desired knowledge, skills and attitudes was also done. From the analysis, it was found that 12.5% of the respondents strongly agreed with the statement, 35% agreed, 17.5% were neutral, 30% disagreed while 5% strongly disagreed.

When the responses to the statement that the bank recruitment process ensures that very qualified candidates are attracted were analyzed, it was found that 7.5% strongly agreed, 40%, agreed, 22.5% were neutral, 27.5% disagreed while 5% strongly disagreed.

Analysis of the statement that the bank retains high quality employees revealed that 50% of the respondents strongly agreed, 43% agreed, 7% were neutral while none disagreed or strongly disagreed with the statement.

Analysis of the responses to the statement that to be selected in this bank you must know someone revealed that 7.5% of the respondents strongly agreed, 25%, agreed, 15% were neutral, 27.5% disagreed while 15% strongly disagreed.

When the responses to the statement that qualification and experience are the main factors considered during selection were analyzed it was found that 7.5% of the respondents strongly agreed, 32.5% agreed, 15% were neutral, 40% disagreed while 5% strongly disagreed.

Regarding the bank takes measures to attract good quality employees it was found that 7.5% of the respondents strongly agreed, 35% agreed, 27.5% were neutral, 22.5% disagreed while 7.5% strongly disagreed. Analysis of the responses to the statement that the bank takes measures to attract good quality employees revealed that 7.5% of the respondents strongly agreed, 27.5%, agreed, 25% were neutral, 35% disagreed and 5% strongly disagree, while 35% overall agreement level..

4.2.2 Training and development

Team building as a human resource strategy that is perceived to affect institution performance. Respondents' opinions against the statements were recorded using the scale shown below: 1- Strongly disagree; 2 – Disagree; 3 – Indifferent; 4 – Agree; 5 –Strongly agree.

Table 4.5: Respondents views on Training and development

INDICATOR	Response					Overall agreement
	5	4	3	2	1	
Employees in each job will normally go through training programs every year.	5 (12.5%)	18 (45%)	9 (22.5%)	6 (15%)	2 (5%)	23 (57.5%)
Training needs are identified through a formal performance appraisal mechanism.	3 (7.5%)	13 (32.5%)	14 (35%)	8 (20%)	2 (5%)	17 (42.5%)
Training needs are discussed with employees	2 (5%)	15 (40.5%)	10 (25%)	11 (27.5%)	2 (5%)	17 (42.5%)
The bank conducts extensive training programs for its employees in all aspects of quality.	2 (5%)	19 (47.5%)	7 (17.5%)	9 (22.5%)	3 (7.5)	21 (52.5%)
There are formal training programs to teach new employees the skills they need to perform their jobs.	5 (12.5%)	21 (52.5%)	5 (12.5%)	9 (22.5%)		26 (65%)
New knowledge and skills are imparted to employees periodically to work in	3 (7.5%)	21 (52.5%)	5 (12.5%)	10 (25%)	1 (2.5%)	24 (60%)

teams.						
Training needs identified are realistic, useful and based on the business strategy of the organization.	5 (12.5%)	20 (50%)	5 (12.5%)	9 (22.5%)	1 (2.5%)	25 (62.5%)
Training employees affects the market share by attracting customers	4 (10%)	20 (50%)	5 (12.5%)	9 (22.5%)	2 (5%)	24 (60%)
Employees are trained to take up more responsibilities and other jobs in the future	4 (10%)	22 (55%)	0	11 (27.5%)	3 (7.5%)	26 (65%)
The bank has a training budget every year	7 (17.5%)	21 (52.5%)	3 (7.5%)	10 (25%)		28 (70%)
The bank ensures that employees have the skills required to perform their duties	6 (15%)	19 (47.5%)	4 (10%)	8 (20%)	3 (7.5%)	25 (62.5%)

When the responses to the statement that the bank has a training budget every year were analyzed it was found that 17.5% of the respondents strongly agreed, 52.5%, agreed, 7.5% were neutral, 25%disagreed while none of the respondent strongly disagreed. Therefore Commercial Bank of Ethiopia have set budgets for trainings and this shows the seriousness with which training is treated in bank.

Analysis of the responses to the statement that the bank ensures that employees have the skills required to perform their duties revealed that 15% of the respondents strongly agreed, 47.5%, agreed, 10% were neutral, 20% disagreed and 7.5% strongly disagree, while overall agreements of the respondents 62.5%.

When the responses to the statement that the employees are trained to take up more responsibilities and other jobs in future were analyzed it was found that 10% of the respondents strongly agreed, 55% agreed, 27.5% disagreed while 7.5% strongly disagreed. This means that the training offered by CBE a future/ approach.

Analysis of the responses to the statement that training needs identified are realistic, useful and based on the business strategy of the organization revealed that 12.5% of the respondents

strongly agreed, 50%, agreed, 12.5% were neutral, 22.5% disagreed while 2.5% strongly disagreed. This means that there is a good link between the training and the business strategy of the bank.

Analysis of the responses to the statement that there are formal training programs to teach new employees the skills they need to perform their jobs, revealed that 12.5% of the respondents strongly agreed, 52.5%, agreed, 12.5% were neutral, 22.5% disagreed while none strongly disagreed. 65% overall that means that there are formal training programs in bank.

When the responses to the statement that new knowledge and skills are imparted to employees periodically to work in teams were analyzed it was found that, 7.5% of the respondents strongly agreed, 52.5%, agreed, 12.5% were neutral, 25% disagreed and 2.5% strongly disagree, while overall agreed 59.5%. This means that new knowledge is imparted to help employees do their work.

Analysis of the responses to the statement that training employees affects the market share by attracting customers revealed that 10% of the respondents strongly agreed, 50%, agreed, 12.5% were neutral, 22.5% disagreed and 5% strongly while overall agreement has been 60%.

Analysis of the responses to the statement that Employees are trained to take up more responsibilities and other jobs in the future revealed that 10% strongly agreed, 55% agreed, 27.5% disagree, 7.5% strongly disagree. This implies that 65% of the respondents agreement the training strategies make it more duties and responsibility.

When the responses to the statement that the bank conducts extensive training programs for its employees in all aspects of quality were analyzed, it was found that 5% of the respondents strongly agreed, 47.5%, agreed, 17.5% were neutral, 22.5% disagreed while 7.5% strongly disagree of the respondents. This shows that CBE was conducting extensive trainings.

Analysis of the responses to the statement that employees in each job will normally go through training programs every year, revealed that 45%, agreed, 12.5% of the respondents strongly agreed, , 22.5% were neutral, 15% disagreed and 5% strongly disagreed. This implies that CBE offer training programs every year.

When the responses to the statement that the training needs are identified through a formal performance appraisal mechanism were analyzed it was found that 7.5% of the respondents

strongly agreed, 32.5%, agreed, 35% were neutral, 20% disagreed while 5% strongly disagreed. This means that training needs are identified before training is done.

4.2.3 Team building

Team building as a human resource strategy that is perceived to affect institution performance. Respondents' opinions against the statements were recorded using the scale shown below: 1- Strongly disagree; 2 – Disagree; 3 – Indifferent; 4 – Agree; 5 –Strongly agree.

Table 4.6: Respondents views on team building

INDICATOR	Response					Over all agreement
	5	4	3	2	1	
Am satisfied working for this organization	2 (5%)	21 (52.5%)	6 (15%)	9 (22.5%)	2 (5%)	23 (57.5%)
Don't regret working for the organization	5 (12.5%)	21 (52.5%)	5 (12.5%)	8 (20%)	1 (2.5%)	26 (65%)
Proudly tell others about my organization	5 (12.5%)	20 (50%)	4 (10%)	9 (22.5%)	2 (5%)	25 (62.5%)
Feel valued at my organization	4 (10%)	22 (55%)	4 (10%)	7 (17.5%)	3 (7.5%)	26 (65%)
Gain much by staying in the organization	5 (12.5%)	20 (50%)	6 (15%)	7 (17.5%)	2 (5%)	25 (62.5%)
Efforts are appreciated in the organization	5 (12.5%)	16 (40%)	6 (15%)	10 (25%)	3 (7.5%)	21 (52.5%)
Team members lack a common understanding of the teams goals	6 (15%)	12 (30%)	6 (15%)	14 (35%)	2 (5%)	18 (45%)
Team members contributions (information or ideas) are recognized and/ or utilized	3 (7.5%)	18 (45%)	4 (10%)	12 (30%)	3 (7.5%)	21 (52.5%)
Differences in style are not valued.	4 (10%)	13 (32.5%)	9 (22.5%)	14 (35%)		17 (42.5%)

When the responses to the statement that employees are satisfied working for this organization in the bank, were analyzed it was found that 5% of the respondents strongly agreed, 52.5% agreed, 15% were neutral, 22.5% disagreed while 5% strongly disagreed.

Analysis of the responses to the statement that in the bank, employees don't regret working for the organization 12.5% of the respondents strongly agreed, 52.5% agreed, 12.5% were neutral, 20% disagreed while 2.5% strongly disagreed.

Analysis of the responses to the statement that in the bank, employees proudly tell others about my organization 12.5% of the respondents strongly agreed, 50% agreed, 10% were neutral, 22.5% disagreed while 5% strongly disagreed.

When the responses to the statement that employees feel valued at my organization are satisfied working for this organization in the bank, were analyzed it was found that 10% of the respondents strongly agreed, 55% agreed, 10% were neutral, 17.5% disagreed and 7.5% strongly disagreed.

When the responses to the statement that employees gain much by staying in the organization this organization in the bank, were analyzed it was found that 12.5% of the respondents strongly agreed, 50% agreed, 15% were neutral, 17.5% disagreed and 5% while strongly disagreed.

Analysis of the responses to the statement that in the bank, employee's efforts are appreciated in the organization 12.5% of the respondents strongly agreed, 40% agreed, 15% were neutral, 25% disagreed while 7.5% strongly disagreed.

Analysis of the responses to the statement that team members lack a common understanding of the teams goals 5% of the respondents strongly agreed, 52.5% agreed, 15% were neutral, 22.5% disagreed while 5% strongly disagreed. It implies that the bank will make common understanding of the team goals

Analysis of the responses to the statement that team members contributions (information or ideas) are recognition and utilized of revealed that respondents strong agreed 7.5%, agreed 45%, 10% were neutral, 30% disagree and 7.5% strongly disagree.

4.2.4 Reward management and compensation

The respondents were requested to indicate the extent to which they agree on the issues of rewards management and compensation. Respondents' opinions against the statements were

recorded using the scale shown below: 1-Strongly disagree; 2 – Disagree; 3 – Indifferent; 4 – Agree; 5 –Strongly agree.

Table 4.7: Respondents views on reward management and compensation

INDICATOR	Response					Overall agreement
	5	4	3	2	1	
Job performance is an important factor in determining the incentive compensation of employees.	5 (12.5%)	18 (45%)	6 (15%)	6 (15%)	5 (12.5%)	23 (57.5%)
In the bank, compensation is decided on the basis of competence or ability of the employee.	2 (5%)	11 (27.5%)	13 (32.5%)	9 (22.5%)	5 (12.5%)	13 (32.5%)
In the bank, salary and other benefits are comparable to the market.	3 (7.5%)	21 (52.5%)	5 (12.5%)	8 (20%)	3 (7.5%)	24 (60%)
The bank's rewards and compensation practices can attract and retain high quality employees	5 (12.5%)	16 (40%)	5 (12.5%)	10 (25%)	4 (10%)	21 (52.5%)
Employees get incentives such as promotions, loans, awards, bonuses, etc	6 (15%)	18 (45%)	5 (12.5%)	9 (22.5%)	2 (5%)	24 (60%)
Rewards affect the market share of the bank by attracting customers	5 (12.5%)	20 (50%)	3 (7.5%)	11 (27.5%)	1 (2.5%)	25 (62.5%)
In the bank, profit is used as a mechanism to reward higher performance.	4 (10%)	20 (50%)	7 (17.5%)	6 (15%)	3 (7.5%)	24 (60%)
The bank offers competitive salaries and benefits	4 (10%)	19 (47.5%)	3 (7.5%)	11 (27.5%)	3 (7.5%)	23 (57.5%)
The rewards offered by the bank have an effect on employee performance	4 (10%)	25 (62.5%)	1 (2.5%)	8 (20%)	2 (5%)	29 (72.5%)

The rewards offered attract and retain high quality employees	4 (10%)	19 (47.5%)	2 (5%)	13 (32.5%)	2 (5%)	23 (57.5%)
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When the responses to the statement that the rewards offered by the bank have an effect on employee performance were analyzed it was found that 62.5% agreed ,10% of the respondents strongly agreed, , 2.5% were neutral, 20% disagreed while 5% of them strongly disagreed. This means that the majority of the respondents agreed the rewards offered by the bank have an effect on employee performance.

Analysis of the responses to the statement that the employees get incentives such as promotions, loans, awards, bonus etc were revealed that 15% of the respondents strongly agreed, 45% agreed, 12.5% were neutral, 22.5% disagreed while 5% strongly disagreed. This means that the most respondents were agreed get incentives provided by the bank.

When the responses to the statement that the job performance is an important factor in determining the incentive compensation of employees were analyzed it was found that 12.5% of the respondents strongly agreed, 45% agreed, 15% were neutral, 10% disagreed while 12.5% strongly disagreed. This means that the majority of the respondents agreed that job performance is an important factor in determining the incentive compensation of employees in bank.

Analysis of the responses to the statement that in the bank, salary and other benefits are comparable to the market revealed that 7.5% of the respondents strongly agreed, 52.5% agreed, 12.5% were neutral, 20% disagreed while 7.5% strongly disagreed. This means that CBE offer comparatively similar rewards and compensation.

When the responses to the statement that the rewards affect the market share of the banks by attracting customers were analyzed it was found that 12.5% of the respondents strongly agreed, 50% agreed, 7.5% were neutral, 27.5% disagreed while 2.5% of them strongly disagreed. This means that the majority of the respondents agreed that the rewards affect the market share of the banks by attracting customers.

When the responses to the statement that in the bank, profit sharing is used as a mechanism to reward higher performance were analyzed it was found that 10% of the respondents strongly agreed, 50% agreed, 17.5% were neutral, 15% disagreed while 7.5% strongly disagreed. This means that most respondents were sure if the bank uses profit sharing to reward them.

Analysis of the responses to the statement that the bank offers competitive salaries and benefits revealed that 10.8% of the respondents strongly agreed, 51.4% agreed, 8.1% were neutral, 24.3% disagreed while 5.4% strongly disagreed. This means that most respondents were agreed with employees get competitive salaries and benefits.

When the responses to the statement that the bank ensures that its rewards can attract and retain high quality employees were analyzed it was found that 10% of the respondents strongly agreed, 47.5% agreed, 5% were neutral, 32.5% disagreed while 5% strongly disagreed. This means that the majority of the respondents agreed the bank ensure that its rewards can attract and retain high quality employees.

Analysis of the responses to the statement that rewards and compensation practices can attract and retain high quality employees revealed that 12.5% of the respondents strongly agreed, 40% agreed, 12.5% were neutral, 25% disagreed while 10% of them strongly disagreed. This meant that the majority of the respondents agreed that rewards and compensation practices were a strong relation with retain employees.

When the responses to the statement that in the bank, compensation is decided on the basis of competence or ability of the employee were analyzed it was found that 5% of the respondents strongly agreed, 27.5% agreed, 32.5% were neutral, 22.5% disagreed while 12.5% strongly disagreed. This shows that majority of the respondents were not aware of how compensation is determined.

4.2.5 Organization performance

The respondents were requested to indicate the extent to which they agree on the issues of organization performance. Respondents’ opinions against the statements were recorded using the scale shown; below: Where:1= Very High 2= High 3=Neutral 4= Low 5= Very Low

Table 4.8 Respondents views on organization performance

INDICATOR	Response					Total high value
	5	4	3	2	1	
Greater quality services offered the bank has gained large performance	5 (12.5%)	18 (45%)	4 (10 %)	8 (20%)	5 (12.5%)	13 (32.5%)

Productivity and innovation of the bank has been a result of good management practices	4 (10%)	15 (37.5%)	5 (12.5%)	11 (27.5%)	5 (12.5%)	16 (40%)
Reduces turnover employees of the bank has been as a result of good management practices.	5 (12.5%)	16 (40%)	6 (15%)	8 (20%)	5 (12.5%)	13 (32.5%)
Lower customer complaints have be as a result of good management practices.	4 (10%)	18 (45%)	7 (17.5%)	7 (17.5%)	4 (10%)	11 (27.5%)

The respondents were asked to compare the performance of their bank in terms of greater quality services offered, analysis of the responses to this statement established that 12.5% of the respondents felt that the performance of their bank was very high , 20% felt it was high, 12.5% were neutral, 45% felt it was low while 10.8% of the respondents said the performance of their bank was very low. This shows that most respondents did not know offered greater quality service of their banks performance in comparison to the market.

The respondents were asked to compare the performance of their bank in terms of productivity and innovation of the bank has been as a result of good management practices, analysis of the responses to this statement established that 12.5% of the respondents felt that the performance of their bank was very high, 27.5% said it was high, 12.5% were neutral, 37.5% said it was low while 10 % of the respondents said the performance of their bank was very low. This means that the majority of the respondents felt that not aware innovation and productivity in relation to the bank performance.

The respondents were asked to reduced turnover employees of the bank has be as a result of good management practices. Analysis of the responses to this statement established that 8.1% of the respondents felt that the performance of their bank was very high, 20% said it was high, 12.5% were neutral, 40% said it was low while 12.5% of the respondents said the performance of their bank was very low. This means that the majority of the respondents felt that the employees turnover were not directly related with the performance of the bank.

The respondents were asked to lower customer complaints have be as a result of good management practices, analysis of the responses to this statement established that 10% of the respondents felt that the performance of their bank was very high, 17.5% said it was high, 17.5% were neutral, 45% said it was low while 10% of the respondents said the performance of their bank was very low. This meant that the majority of the respondents felt that customer complaints handlings were not the practice of management in the performance of the bank.

4.3 Descriptive Statistics of the Measurement Variables

Table 4.9 Descriptive analysis on organizational performance

Measurement Variables	Mean	Standard Deviation
Recruitment and Selection System	3.17	1.10
Training and Development	3.38	1.02
Team Buildings	3.30	1.08
Rewards and Compensations	3.34	1.12

Sources; own survey (2021)

4.3.1 Recruitment and Selection Strategies and Practices

Regarding recruitment and selection practices in Commercial Bank of Ethiopian, the study on HR level employees (Directors, Senior Manager and Middle managers) managers found out that respondents strongly agreed with the highest mean scored value of 3.43 (Std. Dev., 1.094) that the bank had formulated an active recruitment and selection policy and also agreed that the bank linked their employees are placed on job basing on their competence. Whereas the respondents disagreed with a mean scored value of 2.95 (Std. 1.129) that “Qualification and experience are the main factors considered during selection” and “to be selected in this bank you must know someone”. The overall recruitment and selection practices as per the respondents’ perception were rated with a mean scored value of 3.17 (Std. 1.10) level of agreement.

4.3.2 Training and Development Strategies and Practices

With regard to the respondents’ reaction, the study result of CBE’s training and development practices revealed the degree of their agreement. The respondents revealed that the degree of their agreement with mean score value of (strongly agree) 3.65 on CBE has a training budget every year. It implied that the bank have clear T&D programs in corporate/ business strategies

that may help to improve employees' competency and achieve organizational objectives as desired. On the other hand, respondents showed their disagreement with mean scored value of 3.11 (Std. Dev. 0.936) and 3.03 (Std.Dev.0.924) on training needs are identified through a formal performance appraisal mechanism and training needs are discussed with employees accordingly. Within the training context, needs assessment provides a picture of skills and knowledge of the people in an organization. The overall training and development practices of CBE based on respondents' perception mean scored value of 3.38 and Std. Deviation 1.02, it is possible to infer that the bank was not in a good track in practicing training and development. The study conducted to concerning human resource management decentralization because of lack of commitment, lack of managerial capacity, inappropriate selection criteria and insufficient budget.

4.3.3 Team buildings strategies and practices

Team building as a human resource strategy that is perceived to affect organizational performance. Respondents' opinions against the statements were respondents revealed that the degree of their agreement with mean score value of (strongly agree) 3.49 . Don't regret working for the organization and gain much by staying in the organization of Std. Dev. 0.989 and 1.096 respectively. It implied that the bank has a big good will and respective on that the managers are proudly work in the organization. On the other hand, the respondents strongly disagree with the mean score 3.11 and Std.Dev.0.966 and 1.075 of Team members contributions (information or ideas) are recognized and/ or utilized and differences in style are not valued. It implies that the team members in the project interact the knowledge transfer and team contribution were not as such reliable. Also it was observed that high level of employee involvement create the sense of team working and collaboration in problem solving.

4.3.4 Reward and Compensation Strategies and Practices

Based on the empirical findings on Reward and Compensation, it was found that incentives in the form of both financial and non-financial allowances, respondents strongly agreed (mean scored value of 3.54 and Std. Dev., 1.120) that the bank has been providing them with attractive incentives. Similarly, the result revealed the level of respondent's strong agreement with mean scored value of 3.49 and 3.46 on reward and compensation are directly linked to employee's

performance or competency level; and rewards affect the market share of the banks by attracting customers is competent in market share respectively. On summary, the over level of respondents' agreement (average mean, 3.34) on Reward and Compensation practices revealed that both financial and non-financial rewards and compensations were found to be sufficient to motivate employees to perform their work efficiently and effectively. If commercial bank of Ethiopia improve both types of rewards for the employees then they will the opportunity to increase their employees' performance to higher levels.

4.3.5 Organization Performance

From the respondents organizational performance are affected by so many independent variables which have the impact from ordered very high and very low impacts. The respondents, reduces turnover employees of the bank has be as a result of good management practices and greater quality services offered the bank has gained large performance items with mean score 3.30 and 3.27 with its Std.Dev.1.127 and 1.262 in orders, it implies that the bank has strong compliant handlings' from the customer and give a greater quality services be accepted and practiced to gain the organizational performance accordingly. Similarly good management practices more precise and strong applicable in the variables where the bank's achieved goals and business achievements.

4.4 Analysis of Inferential Statistics Results

The studies tried to asses and see the relationship between the four major dimensions of HR practices in the bank, To this end, inferential statistics such, Model summery, ANOVA and multiple regression analysis. The results of such analysis are presented below.

Table 4.10 Multiple Regression result of HRM practices on the performance of the bank.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error
1	.880 ^a	.774	.770	.34732

a. Predictors: (Constant), Recruitment and selection, Training and development, Team buildings and Rewards and compensation.

Table 4.11 ANOVA Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.534	4	21.383	177.259	.000 ^b
	Residual	24.971	36	.121		
	Total	110.505	40			
a. Dependent Variable: Organizational performance						
b. Predictors: (Constant), Recruitment and selection, Training and development, Team buildings and Rewards and compensation.						

Table 4.12 Regression coefficient results

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.455	.231		1.973	.000		
	Recruitment and selection	.016	.009	.444	1.815	.000	0.413	2.419
	Training and development	.182	.050	.231	3.616	.000	0.361	2.773
	Team buildings	.153	.017	.075	3.159	.000	0.281	3.556
	Reward and compensation	.204	.240	.230	0.850	.000	0.366	2.731
a. Dependent Variable: Organizational performance								

Source: Own Survey (2021)

As shown in the model's result above, 77.4% variation in organizational performance was explained by the four dimensions of HR practices. Similarly, the ANOVA table, general test, which indicates the overall significance / acceptability of the model from a statistical perspective implies that the model was significant as the significance value of statistics shows a value 0.000 ($p < 0.05$). The implication of this is that the variation explained by the model.

Table 4.12 reveals that the strength of each independent variable's effect on the dependent variable which could be investigated using standardized beta coefficient. The regression coefficient explains the average amount of change in dependent variable that caused by a unit of change in the independent variable. From the data in the above table the established multiple regression equation was;

$$Y = 0.455 + 0.016 X_1 + 0.182 X_2 + 0.153 X_3 + 0.204 X_4$$

From the above regression equation it was revealed that holding Recruitment and selection, training and development, team building and reward and compensation strategies to a constant zero, non-financial performance would be at 0.455. A unit increase on recruitment and selection would lead to increase in performance by a factor of 0.016, a unit increase in training and development would lead to increase in performance by a factor of 0.182, a unit increase in team building would lead to increase in performance by a factor of 0.153 and unit increase in reward and compensation strategies would lead to increase in performance by a factor of 0.204.

Thus, all the dimensions considered as an independent variable in this study were all statistically significant. The coefficients of all independents were positive and significant. which in turn implies the recruitment and selection, training and development, team buildings and reward and compensation lead to the organizational performance. The coefficient of involvement was higher than others which reveal its contribution in the prediction of organizational performance was high (0.204) and it was statistically significant.

Tolerance is the indicator of how much of the variability of independent variable is not explained by another independent variable. Thus, if the value is less than 0.1 or VIF (which is the inverse of tolerance value) is above 10, it implies possibility of multi- collinearity (Pallant, 2005). As the above table indicates, all tolerance values are greater than 0.1 and VIF is less than 10, there is no possibility of multi co linearity among the variables.

CHAPTER FIVE

5.SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter there a summary of the major findings from the study as presented in the previous chapter. Conclusions are then presented based on the findings of the study. Recommendations are then presented based on the findings and conclusions of the study. The chapter ends with suggested areas in which further research can be undertaken.

5.1 Summary of major Findings

The major findings of this research have been summarized as follows:

Demographic:

- ❖ The commercial banks in Ethiopia are male dominant (70%); adults within age range between 26 – 35 years; MA holders (90 %); with up to 15 years services experience (65%); and majority in HR managerial position.

From this research, it was found that recruitment and selection strategies, training and development strategies, team building strategies and reward and compensation strategies have a positive effect on the performance of the bank.

- ❖ The first objective of the study was to analyze the influence of recruitment and selection to the performance of bank. From this research, it was found that recruitment and selection strategies have a significant effect on the performance of bank. From the obtained data it was also found that there is evidence of a significant effect of gender, age and number of years worked on the perception of employees about the effect of recruitment and selection strategies on the performance of the bank. From the study, it was also found that there is evidence of significant effect of employee recruitment and selection strategies on the quality of services offered by commercial bank of Ethiopia. The high quality services offered by employees made it possible for the CBE to attract more customers which in turn led to increased number of branches, sales and profits. The cost of supervising the new employees was also reduced. Thus from the study it was found that recruitment strategies have a high influence on performance. The improvement in performance was noted in terms of profits, number of branches as well as market share.

- ❖ The second objective was to determine the effect of training and development to the performance of the bank. From the study it was found that there is a positive relationship between training and development and performance of the bank. It was also found that there is a positive effect of training and development strategies and performance of the bank. From the obtained data it was also that there is evidence of a significant effect of gender, age and number of years worked on the perception of employees about the effect of training and development strategies on performance of the bank. From the research, it was found that CBE are engaging in training and development of their employees and have training budgets for the purpose. They also do training needs analysis as the main determinant of the training that is required for the employees. From this research, it was found training and development led to increased skill among the employees which in turn led to improved quality of service to customers. The efficiency and effectiveness of operations were also found to have increased after training. This helped to reduce the waiting time by the customers as a result of which more customers were able to open new accounts with the bank.
- ❖ The third objective of the study was to ascertain the contribution of team building practice to the performance of financial institutions. From this research, it was found that there is a positive correlation between team building and performance of the bank. It was also found that team building strategies have a positive effect on the bank performance. From this research, it was found team building led to increased commitment of employees which in turn led to improved quality of service to customers. The study found out that team building had a major contribution towards realization of increased the bank performance since application of team building helped to improve staff work morale that resulted to improvement of the individual employee performance and hence overall organizational performance.
- ❖ The fourth objective of the study was to determine the influence of reward and compensation practices on the performance of the bank. From the study it was found that there is a positive correlation between employee reward and compensation strategies and performance. It was found that reward and compensation strategies have a positive effect on the performance of the bank. From the obtained data it was also that there is evidence

of a significant effect of gender, age and number of years worked on the perception of employees about the effect of reward and compensation strategies on performance of the organization. This research also found that rewards and compensation offered by the bank affect their ability to attract applicants and retain employees, and also ensure optimal levels of performance in meeting the bank's corporate goals. It was also found that commercial bank of Ethiopia(CBE) offer relatively similar rewards and compensations to their employees. Interviews with human resources managers revealed that the similar rewards were offered to minimize employee turnover to competitors which was likely to expose the affected bank to the risk of having their secrets revealed to competitors by those employees who leave the bank. The employees were more satisfied with their jobs when the rewards and compensation offered were attractive and this enabled them to be more committed to achieve the goals of the bank. The study found out that reward systems had a major contribution towards realization of increased bank performance since application of effective reward strategies helped to improve staff work morale that resulted to improvement of the individual employee performance and hence overall organizational performance.

5.2 Conclusions

- ❖ From the findings of the study, it is concluded that recruitment and selection strategies have a high influence on performance of the bank. From this study it is concluded that employee recruitment and selection strategies affect the performance of commercial bank of Ethiopia to a great extent. The role of HRM is generally seen in ensuring that firms are able to attract, retain, motivate and develop human resources. More recruitment and selection is occurring for those who are professionally trained and qualified bankers in CBE. From the obtained data it is also concluded that there is a significant effect of gender, age and number of years worked on the perception of employees about the effect of recruitment and selection strategies on the performance of the bank.
- ❖ From this study it is concluded that employee training and development strategies affect the performance of the bank to a great extent. From the study, it is concluded that training programs enhance performance of the bank. The findings of this study are in training and development strategies have a very significant contribution to make to

organization success. human resource training and development plan plays a very big role in the achievement of the bank's plan by providing employees with up to date expertise to meet present and future performance demands. Training and development also assumes a vital role in shaping strategy and enabling the bank to take full advantage of emergent business strategies. CBE use training and education programmed in order to create knowledge and understanding among staff of how their attitudes and behavior towards customers form an integral part of the overall service offering. The development of specific skills and core competencies is therefore the key to keep the banking industry viable.

- ❖ From this study it is concluded that reward and compensation strategies affect the performance of the bank to a moderate extent. From this study, it is concluded that there is a general direct/positive relationship between employee rewards and employee performance. The results of correlation matrix have supported the hypothesis that there exists a positive relationship between rewards and employees performance. Based on the findings of this study, it was revealed that reward and compensation strategy affects the motivation of employees which in turn influences the firm's performance. The findings are consistent with Sears et al. (2012) regarding performance based compensation practice of human resource at workplace, proving that organizations should remunerate and maintain internal compensation based equity among various designations. Frye(2004) also examined the relationship between equity based compensation and firm performance and found positive relationship between the two. He argued that for the human capital intensive firms compensation plays a crucial role in attracting and retaining highly skilled employees.

5.3 Recommendations

- ❖ From the findings and conclusion, Commercial Bank of Ethiopia has adopted human resource management practices to some extent. The study recommends that organizations should adopt human resources management practices. When these are put in place the people through whom the goals of an organization are accomplished are empowered.
- ❖ The study recommends that recruitment of new staff in human resource need to be improved and that there is a need for the human resource departments in the bank to

improve on their operations in as far as recruitment of the new employees is concerned. The study also recommend that human resources management need to seek more ways of engaging staff in decision making to create a sense of belonging and improve staff performance resulting to better achievement of the organizational goals.

- ❖ The study also recommends that human resources management in the bank in emphasized on training and developing the skills of the employees to a great extent. Human resource management need to continuously engage in training and developing of the staff for better achievement of the human resource units and the overall performance of the organizations. This will ensure that experienced and competent employees are continuously trained to gain skills and knowledge as required by the current job market.
- ❖ The study recommends that the presence of compensation programs motivate staff, promote fairness during promotions as well as provide employment security and good work environment. The study further recommends that generally human resource management practices on performance management and compensation should be improved and motivation of staff should be emphasized so as to ensure employees performs to expectations. This will also ensure competent and experienced staff in the bank are retained and eventually will lead to greater competitive advantage.

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APPENDICES

Appendix 1

Dear respondents:

I, Dagnachew Tsegaye, a graduate student at Addis Ababa University School of Commerce, currently conducting a research for the completion of my master's degree in Human Resource Management. The purpose of this questionnaire is to “The role of Human Resource Management practices of organizational performance as a case of commercial bank in Ethiopia”. Your valuable feedbacks that the researcher will use to determine the current practices of the HRM divisions along with their business strategies and other HR functions. The study is purely for academic purpose and thus does not affect you in any case. Your genuine, frank, timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully and oblige.

If you would like further information about this study, or have problem in completing this questionnaire please contact me via +2519 11352963.

Thank you for your cooperation!

SECTION A: DEMOGRAPHIC INFORMATION (Tick the appropriate answer)

1. Gender: Male Female
2. Please tick your age bracket
25 years or below 26-35 years
36-45 years Above 45 years
3. Please indicate your level of education (please tick your appropriate level)
Diploma Under Graduate Degree Post Graduate Degree
Others (please specify) _____

4. How long have you been employed by the bank?
- Less than 5 Years [] 5-10 Years [] 10-15 Years []
- Over 15 Years []

5. Kindly indicate your department?

SECTION B: HUMAN RESOURCE STRATEGIES

I. RECRUITMENT AND SELECTION

6. State the extent to which you agree with the following statement relating to the adoption of recruitment in the organizations. **Using the scale of 1-5.(Where: 1-Strongly disagree;2-Disagree;3-Indifferent;4-Agree;5-Stronglyagree) Tick appropriately according to the extent which you agree or disagree with the statements.**

INDICATOR	Response				
	5	4	3	2	1
The employees are placed on job basing on their competence					
In the bank, line managers and HR managers participate in selection.					
Valid and standardized tests are used when required in the selection process.					
Selection systems in the bank select those having the desired knowledge, skills and attitudes.					
The bank has competitive selection system and processes that attract competent people					
The bank recruitment process ensures that very qualified candidates are attracted					
To be selected in this bank you must know someone					
Qualification and experience are the main factors considered during selection					
The bank takes measures to attract good quality employees					
The bank always selects only the highest quality employees					

The bank has an employee recruitment policy/procedure					
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II. TRAINING AND DEVELOPMENT

7. State the extent to which you agree with the following statements regarding the use of training and Development in the organization. **Using the key (Where: 1-Strongly disagree;2-Disagree;3-Indifferent;4-Agree;5-Stronglyagree) Tick appropriately according to the extent which you agree or disagree with the statements.**

INDICATOR	Response				
	5	4	3	2	1
Employees in each job will normally go through training programs every year.					
Training needs are identified through a formal performance appraisal mechanism.					
Training needs are discussed with employees					
The bank conducts extensive training programs for its employees in all aspects of quality.					
There are formal training programs to teach new employees the skills they need to perform their jobs.					
New knowledge and skills are imparted to employees periodically to work in teams.					
Training needs identified are realistic, useful and based on the business strategy of the organization.					
Training employees affects the market share by attracting customers					
There is a training strategy and coherent training program					
Employees are trained to take up more responsibilities and other jobs in the future					
The bank has a training budget every year					

The bank ensures that employees have the skills required to perform their duties					
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III. TEAM BUILDING

8. State the extent to which you agree with the following statements regarding team building in the organization. **Using the key(Where: 1-Strongly disagree;2-Disagree;3-Indifferent;4-Agree;5-Stronglyagree) Tick appropriately according to the extent which you agree or disagree with the statements.**

INDICATOR	Response				
	5	4	3	2	1
Am satisfied working for this organization					
Don't regret working for the organization					
Proudly tell others about the organization					
Feel valued at my organization					
Gain much by staying in the organization					
Efforts are appreciated in the organization					
Team members lack a common understanding of the teams goals					
Team members contributions (information or ideas) are recognized and/ or utilized					
Differences in style are not valued.					

IV. REWARD MANAGEMENT AND COMPENSATION

9. State the extent to which you agree with the following statements regarding team building in the organization. **Using the key(Where: 1-Strongly disagree;2-Disagree;3-Indifferent;4-Agree;5-Strongly agree) Tick appropriately according to the extent which you agree or disagree with the statements.**

INDICATOR	Response				
	5	4	3	2	1

Job performance is an important factor in determining the incentive compensation of employees.					
In the bank, compensation is decided on the basis of competence or ability of the employee.					
In the bank, salary and other benefits are comparable to the market.					
The bank's rewards and compensation practices can attract and retain high quality employees					
Employees get incentives such as promotions, loans, awards, bonuses, etc.					
Rewards affect the market share of the banks by attracting customers					
In the bank, profit sharing is used as a mechanism to reward higher performance.					
The bank offers competitive salaries and benefits					
The rewards offered by the bank have an effect on employee performance					
The rewards offered attract and retain high quality employees					

SECTION B: ORGANIZATION PERFORMANCE

10. The following statements relate to practices on organization performance. Using the key (Where:1= Very High 2= High 3=Neutral 4= Low 5= Very Low) Tick appropriately the extent which you rate the performance of your bank on each of the areas in the last five years.

INDICATOR	Response				
	5	4	3	2	1

Greater quality services offered the bank has gained large performance.					
Productivity and innovation of the bank has been as a result of good management practices.					
Reduces turnover employees of the bank has be as a result of good management practices.					
Lower customer complaints have be as a result of good management practices.					

Demographic Characteristic of the Respondents

Characteristics	Category	Frequency	Percent (%)
Sex	Male	28	70
	Female	12	30
	Total	40	100.0
Age	< 25	0	
	26 – 35 years	20	50
	36 – 45 years	12	30
	> 45 years	8	20
	Total	40	100.0
Education	Diploma	0	
	Degree	4	10
	Masters	36	90
	Total	40	100.0
Service Year	< 5years	3	7.5
	5 – 10 years	12	30.0
	11 – 15 years	11	27.5
	>15 years	14	35.0
	Total	40	100.0
Position	Director	4	10.0
	Middle Manager	24	60.0
	Senior Manager	12	30.0
	Total	40	100.0

Appendix 2: Interview guide (for HR managers only)

1. Regarding Recruitment and Selection practices of your organization,
 - a. Can you describe the selection and recruitment procedures and practices?
 - b. Does the procedure help to recruit the right person at the right time?
 - c. What actions could the organization have taken to keep their human resources and attract other applicants?

2. Referring Training and development practices of your organization.
 - a. How would you describe the training programs provided by your company?
 - b. Does your company convert its working experience into improved processes and services systematically?
 - c. Do your training and development programs help in acquiring employees with new skills that assist in retaining new customers for the company?

3. Regarding Team Buildings practices of your organization.
 - a) Can you describe the team building practices in your bank?
 - b) Does your department works by team?

4. Regarding the Reward and Compensation practices, In your opinion,
 - a. How would you rate employees' compensation and benefits in the organization?
 - b. Do job descriptions and performance assessment processes acknowledge the importance of growing, sharing, and re-using knowledge?

No	Items	Mean	SD
	Recruitment and Selection practices		
1	The employees are placed on job basing on their competence	3.43	1.094
2	In the bank, line managers and HR managers participate in selection.	3.32	1.056
3	Valid and standardized tests are used when required in the selection process.	3.22	1.084
4	Selection systems in the bank select those having the desired knowledge, skills and	3.16	1.143
5	The Bank has competitive selection system and processes that attract competent	3.30	1.151
6	The bank recruitment process ensures that very qualified candidates are attracted	3.14	1.084
7	To be selected in this bank you must know someone	2.95	1.268
8	Qualification and experience are the main factors considered during selection	2.95	1.129
9	The bank takes measures to attract good quality employees	3.11	1.100
10	The bank always selects only the highest quality employees	2.97	1.040
11	The bank has an employee recruitment policy	3.38	0.982
	Total	3.17	1.10
	Training and Developments		
1	Employees in each job will normally go through training programs every year.	3.41	1.0
2	Training needs are identified through a formal performance appraisal mechanism.	3.11	0.936
3	Training needs are discussed with employees	3.03	0.924
4	The bank conducts extensive training programs for its employees in all aspects of	3.38	0.924
5	There are formal training programs to teach new employees the skills they need to	3.51	0.932
6	New knowledge and skills are imparted to employees periodically to work in teams	3.32	0.973
7	Training needs identified are realistic, useful and based on the business strategy of the	3.51	1.017
8	Training employees affects the market share by attracting customers	3.32	1.056
9	There is a training strategy and coherent training program	3.38	1.01
10	Employees are trained to take up more responsibilities and other jobs in the future	3.38	1.21
11	The bank has a training budget every year	3.65	1.06
12	The bank ensures that employees have the skills required to perform their duties	3.51	1.193
	Total	3.38	1.02
	Team Buildings		
1	Am satisfied working for this organization	3.35	1.033
2	Don't regret working for the organization	3.49	0.989
3	Proudly tell others about my organization	3.38	1.089
4	Feel valued at my organization	3.38	1.089
5	Gain much by staying in the organization	3.49	1.096
6	Efforts are appreciated in the organization	3.19	1.151
7	Team members lack a common understanding of the teams goals	3.16	1.191
8	Team members contributions (information or ideas) are recognized & utilized	3.11	1.075
9	Differences in style are not valued.	3.11	0.966
	Total	3.30	1.08
	Rewards and Compensations		

1	Job performance is an important factor in determining the incentive compensation of	3.32	1.226
2	In the bank, compensation is decided on the basis of competence or ability	2.86	1.110
3	In the bank, salary and other benefits are comparable to the market.	3.27	1.071
4	The bank's rewards and compensation practices can attract and retain high quality	3.22	1.228
5	Employees get incentives such as promotions, loans, awards, bonuses, etc	3.54	1.120
6	Rewards affect the market share of the bank by attracting customers	3.46	1.070
7	In the bank, profit is used as a mechanism to reward higher performance.	3.43	1.068
8	The bank offers competitive salaries and benefits	3.38	1.139
9	The rewards offered by the bank have an effect on employee performance	3.49	1.044
10	The rewards offered attract and retain high quality employees	3.38	1.114
	Total	3.34	1.119
	Organizational Performance		
1	Greater quality services offered the bank has gained large performance.	3.27	1.262
2	Productivity and innovation of the bank has been as a result of good management	3.08	1.278
3	Reduces turnover employees of the bank has be as a result of good management	3.32	1.203
4	Lower customer complaints have be as a result of good management practices.	3.30	1.127
	Total	3.24	1.22