



**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**MASTERS OF BUSINESS ADMINISTRATION PROGRAM**

**Perceived Effect of Human Resource Management Practices on Employee Job Satisfaction: The Case of Selected Banks (Commercial Bank of Ethiopia, Dashen Bank and Bank of Abyssinia).**

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**A Thesis Submitted to college of Business and Economics of Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Masters of Art in Business Administration (MBA)**

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**June, 2020**

**Addis Ababa, Ethiopia**

## DECLARATION

I, the undersigned, declare that this thesis entitled “**Perceived Effect of Human Resource Management Practices on Employee Job Satisfaction: The Case of Selected Banks (Commercial Bank of Ethiopia, Dashen Bank and Bank of Abyssinia)**” is my original work and has not been presented for a degree in any other university or organization, and that all sources of materials used for the thesis have been duly acknowledged.

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**DECLARATION**

This thesis, written by **Biniyam Abera**, and entitled “**Perceived Effect of Human Resource Management Practices on Employee Job Satisfaction: The Case of Selected Banks (Commercial Bank of Ethiopia, Dashen Bank and Bank of Abyssinia)**” and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration specialized in Management complies with the regulation of the University and meets the acceptable standards with respect to originality and quality.

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## **List of Acronyms**

ANOVA: Analysis of Variance

RS: Recruitment and Selection Practices

ER: Employee Relations

TD: Training and Development Practices

PA: Performance appraisal Practices

RC: Reward and Compensation

EJS: Employee Job Satisfaction

CBE: Commercial Bank of Ethiopia

SPSS: Statistical Package for the Social Science

ECB: Ethiopian commercial banks

## **Abstract**

*This study was conducted to examine the relationship between Human Resource Management practices and Employee Job Satisfaction in Ethiopian Banking Industry in the selected three Banks (Commercial Ban of Ethiopia, Dashen Bank and Bank of Abyssinia). Human Resource management practices are considered an essential tool to develop and motivate employees. This cross-sectional survey study was empirical, used explanatory research approach and both primary and secondary data are utilized. The primary data were collected by distributing questionnaires to 370 employees of the selected three Banks. The collected data were entered and analyzed using SPSS version 20.0 to analyze the frequencies, descriptive statistics, one-way ANOVA, Pearson correlation and regression analysis. The ANOVA result showed that, demographic variable; Gender, Age, position, Work experience and Education have no relationship with Job Satisfaction. The regression analysis of the study showed that all human resource management practices investigated in the study have a direct and positive statistically significant effect on Job Satisfaction. Specifically, the findings indicated that Recruitment and Selection Practices, Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation have a positive effect on Job Satisfaction. Therefore, human resource management (HRM) of Ethiopian banks should work to improve the desired competencies of employees in order to promote Job Satisfaction. The overall implication of the study result is that, since the human resource management practice has significant positive association with Job Satisfaction, the Banks management should work on maintaining human resource management practices*

**Keywords:** *Human Resource Management Practices, Employee Job Satisfaction, Recruitment and Selection Practices, Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation.*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Among all the assets of an organization, human resource is the most significant and precious asset which is essential for healthy operation of all other resources of the organization. So, when human resource is satisfied in terms of their jobs, then only productivity level goes up. As Lease (1998) said, it is because that “Employees who have higher job satisfaction are usually less absent, less likely to leave, more productive, more likely to display organizational commitment and more likely to be satisfied with their lives”.

As being a competitive market development day by day it’s very difficult to enhance sustainable growth for the firms’ side. All researchers and practitioners are aware of the advantages and disadvantages of a competitive work environment and try to find ways for adapting to competitive conditions. These efforts have mostly focused on human resource management practices in the last two decades especially with the emergence of strategic human resource management approach (Rawashdeh & AlAdwan, 2012).

It is a necessity that the strategic approach to human resources issues to be addressed in modern organizations. Changing internal and external environmental conditions and new problems emerging and complex understanding of management-organization is the most important source of competitive advantage must not forget to give strategic importance to man. Into almost every part of the world as a result of globalization, operations, growth, downsizing, mergers, restructuring and corporate responsibility, management is becoming a very big importance and priority (Aldaibat & Irtaimah, 2012). Therefore, human resource management issues to be addressed at the highest level in the organization and management of strategic decisions are required. People in all matters related to the organization as a whole is brought together and integrate in a way compatible with its surroundings. Managers with strategic decisions and practices focus on results and it should reflect the thoughts and actions.

The service industries globally have been facing unprecedented challenges with the wave of privatization and globalization (Aldaibat & Irtameh, 2012). The recent trend of globalized competitive business era focuses on formulation and execution of HRM in consideration of its substantial effect on the financial performance of the organization (Khatoon, Amin & Hossain, 2013). Thus, organizations in the service industry need to adopt strategic marketing approaches to survive and be sustainable in the business arena. Due to the aforementioned reasons and the recent developments where employees have been considered as a very important source of sustained competitive advantage, Ethiopia has commenced basic reforms in public service industries and one of the major service areas which underwent a serious reform in the financial industry is the banking industry. The major issues that have gained attention in the recent reforms are the human resources management. The aim of such strategy is to devise ways of managing people in order to assist in achievement of organizational objectives.

Banks in Ethiopia is highly regulated and closed to foreign competition. They operate within extremely conservative lending policies and require physical collateral for virtually all loans which constrained inclusive growth. Key risks to financial stability and inclusive growth include unpredictable inflation; foreign exchange shortage exacerbated by unstable export performance; lack of skilled manpower in the banking industry; collateral based lending constraining private industry lending and lack of alternative financing mechanism; ineffective ICT infrastructure on account of very weak internet connectivity; regulatory burden and/or tightening of regulations (the 27% NBE bill and entry barrier by increasing the capital requirement can be mentioned); restriction of foreign bank entry; lack of standardized accounting practices; and very weak and poorly organized risk management practices (Getnet, 2012).

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 industry has to rethink its approach on how it uses its most important resource - the people.

There are a lot of definitions of job satisfaction given by different previous researchers. It was found in the paper of Bidisha Lahkar Das and Mukulesh Barua (2013) that job satisfaction is any combination of psychological, physiological and environmental circumstances, which cause a person truthfully, satisfied with his/her job. And also Swarnalatha & Sureshkrishna (2012) said that job satisfaction can be viewed as an emotional state; positive in connotation which is because of the goodness emanating from the job the individual is doing with. Similarly, Feldman & Arnold (2013) have stated job satisfaction as, “the amount of overall positive affect (or feelings) that individuals have towards their jobs”. Job satisfaction is a combination of positive and negative feelings that workers have towards their work. The model of Hulin (1985) proposed that job satisfaction is the function of the balance between work role inputs (e.g., education, time and effort) and the work role outputs (e.g., pay, status, working conditions, wages, fringe benefits, task importance, and intrinsic aspects) of the job. Spector (1997) is also forwarded job satisfaction in terms of how people feel about their jobs and different aspects of their jobs. Hulin & Judge (2003) noted that job satisfaction means multidimensional psychological responses to one's job, and that such responses have cognitive (evaluative), affective (or emotional), and behavioral components. Therefore, Job satisfaction is a general attitude of employees either favorable or unfavorable towards their job.

From the definitions, we found three key dimensions of Job satisfaction. Firstly, job satisfaction is an emotional response to a job situation. As such, it cannot be seen; however, it can only be inferred. Secondly, job satisfaction is often determined by how well outcomes meet or exceed expectations and thirdly, job satisfaction represents several related attitudes. Therefore, job satisfaction is an attitude that people have about their jobs and the organizations in which they perform these jobs (Al Zubi, 2016).

Increased level of job satisfaction of employees is necessary for the success of an organization because the employees who do not have the drive to succeed will have an adverse impact on others at workplace, and this will directly affect the success of the organization. In the context of banking industry, efficient management of human resource leads to success of the entire national

economy. This study aims at creating a good understanding of about how these HRM practices affect the satisfaction level of employees of the three banks. The basic factor to the success of a bank in any country is its satisfied and motivated employees. Banks have been highly involved in creating job satisfaction among employees, because it is highly influential on the overall performance of the banks.

In Ethiopia, there are large numbers of employees working on public organizations and most of them are unsure about their satisfaction towards the HRM practices and with the job. Also it is difficult to get published researches that addressed the effect of human resource management practices on employees' job satisfaction in public organizations. In public or state owned banks, the numbers of employees are not quite stable and some employees look on other competent organizations, specifically private companies with in an expectation of better HRM practices, nice work environment and high satisfaction from the job. Every individual employee wants satisfaction at job but organization is wasting its resources by focusing on wrong HR practices for employee job satisfaction (Muhammad Javed, 2012).

The dependent variable Job satisfaction represents one of the most complex areas facing today's managers when it comes to managing their employees. Many studies have demonstrated an unusually large impact on the job satisfaction on the motivation of workers, while the level of motivation has an impact on productivity, and hence also on performance of business organizations. Unfortunately, in our region, job satisfaction has not still received the proper attention from neither scholars nor managers of various business organizations.

HR practices and job satisfaction has been studied widely in different parts of the world, and it is assumed, that HR practices are closely associated with job satisfaction (Ting, 1997). Many researchers have demonstrated that sound HRM practices resulted in better job satisfaction which ultimately improves organizational performance. (Lamba and Choudhay, 2013) Revealed how HRM practices provide an edge to enhance employee's commitment towards achievement of a firm's goal in the global competitive market. The study concluded that HRM practices such as training and development, compensation and welfare measures have a significant impact on organizational commitment and are associated with superior organizational performance and also help in the retention of knowledgeable and skilled employees.

Therefore, studying of the job satisfaction of those who work in banks is very crucial as their activities highly affect the economy of a given country and also as their satisfaction determine their performance. Furthermore, as the findings of Bekele (2014) explain the banking industry of Ethiopia is experiencing a rapid turnover due to employees' dissatisfaction.

## **1.2. Background of the Organization**

The history of banking in Ethiopia is a journey of more than 100 years back when Emperor Menilik II was attracted by many western developments. The Bank of Abyssinia, established in 1905, was the first bank in the country and it was given a 50-years concession by the Emperor Menelek II. It was owned and managed by the British-owned National Bank of Egypt. This institution was engaged in issuing notes as well as in any kind of commercial banking business. In 1931, the Bank was replaced by the Bank of Ethiopia which was wholly owned by the government and members of the Ethiopian aristocracy, becoming the first 100% African-owned bank on the continent; it was also authorized to issue notes and coins and to act as the government's bank. However, Italian occupation of the country, in 1936, brought the liquidation of the Bank of Ethiopia. After the liberation in 1942, the State Bank of Ethiopia was established.

In 1963, a new banking law split the functions of the State Bank of Ethiopia into central and commercial banking as the National Bank of Ethiopia and the Commercial Bank of Ethiopia respectively. Both were government-owned. (Harvey and Brownbridge, 1998) In 1994, for the first time after the downfall of the Derg regime, the government legalized domestic private investment in the banking industry.

According to NBE 2017/18 report, Banks, insurance companies and microfinance institutions are the major financial institutions operating in Ethiopia. The number of banks remained 18, of which 16 are private and 2 are state-owned. In the reporting period, banks opened 500 new branches, raising the total number of branches from 4257 to 4757. From total branches in Ethiopia, about 35.3 percent of the total bank branches were located in Addis Ababa. Cepheus (2019) reported the banking industry alone employed more than 90,000 staff and contributed Birr 13bn in yearly taxes to the government (equivalent to roughly one-fifth of annual income tax receipts in recent years).

Commercial bank of Ethiopia (CBE) is one of the two government commercial banks and the leading bank in Ethiopia with more than 1,340 branches serving millions of employees with more than 34,000 staffs. The bank can be grouped in to the first generation banks, celebrating its 75<sup>th</sup> year anniversary last year.

Dashen Bank, established in 1995, is among the first few banks established following the financial reform that allow functioning of private banks in 1994. Headquartered in Addis Ababa, the Bank is among the biggest private Banks in Ethiopia. It operates through a network of more than 400 Branches employing more than 8,900 staff.

Abyssinia bank established on February 15, 1996(90 years to the day after the first but defunct private bank was established in 1906 during Emperor Menelik II) in according with 1960 Ethiopian commercial code. Headquartered in Addis Ababa, the Bank is among the biggest private Banks in Ethiopia. It operates through a network of more than 337 Branches employing more than 5,700 staff.

### **1.3. Statement of the Problem**

The Ethiopian banking industry can be characterized as highly profitable, concentrated and moderately competitive (Zerayehu, 2015). In most cases, the dominant bank, Commercial Bank of Ethiopia, still seizes quasi-monopoly power. In terms of contestability, the banking industry can also be considered as incontestable as entry in the industry is difficult due to legal, technological, economic and other related factors. In general, banks in the 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.

Recently it has become a common belief that organizational Human Resources (HR) is the source of sustainable competitive advantage and success, provided that Human Resources Management (HRM) policies and practices are integrated with and/or derived from the overall organizational strategies and goals (Altarawneh & Aldhyatt, 2011). Strategic Human Resources Management (SHRM) emphasizes the importance of the integration between HRM polices and strategies and the overall organization strategy.



A common phrase implied in the corporate world is that satisfied employees increase customer satisfaction and loyalty. Customer retention is highly dependent on how employees deal with customers. Satisfied employees are more likely to be friendly, upbeat, and responsive which the customers appreciate. Dissatisfied employees can also increase customer dissatisfaction. Since there is a tremendous competition among various banks to increase the market share and get most of the business from the market, dissatisfying a customer can be very handy for a bank. There is a supposition that the less satisfied workers have a tendency to leave the organization while the satisfied employees remain and grow in the job. Findings on these assumptions advocate that companies ought to keep in mind the key determinants affecting employee job satisfaction to overcome the issues of absenteeism, low morale and turn over in organizations (Oshagbem, 2017).

The study revealed that most of the employees are dissatisfied with the compensation package followed by reward and motivation, career growth, training and development, management style, and job design and responsibilities. (Goyal and Shrivastava, 2012) Found that appropriate HR practices of an organization can improve the job satisfaction level of the employees and strengthen their commitment towards their organization. (Martin, 2011) Conducted a study to find out the influence of HRM practices on job satisfaction, organizational commitment and intention to quit. HRM practices included recruitment and hiring, compensation and benefits, training and development, and supervision and evaluation. The result of the study found a significant relationship between perceptions of HR practices and intention to quit, mediated by organizational commitment and job satisfaction. (Aswathappa, 2008) Argued that an organization should have sophisticated HR plans to motivate its employees. Sound HR planning can enhance job satisfaction of employees by providing opportunities for employees to participate in planning their careers (Weeratunga, 2003). From the above literature review, it has been found that there exists significant relation of employee satisfaction and productivity with HRM practices thereby organization especially service-oriented ones such as banking organizations should focus on proper HR practices to satisfy and motivate their employees and gain competitive advantages over their rivals.

The purpose this study is conducted to relate the relationship between HRM practices and employee job satisfaction in the banking industry of Ethiopia. The most relevant HRM practices (Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies) will be consider for the study. The reason to select those practices is they are the most relevant HRM practices.

This research provides information about the active practices of HRM in banking industry and their impact on employee job satisfaction. The results of this research will be helpful for HRM professionals of banking industry to increase the employee job satisfaction by implementing proper HRM practices. This study will be helpful in optimizing the abilities of the employees and assigning the tasks accordingly. By implementing the HRM practices, organizations will be able to achieve its goals by making an effective and efficient workforce.

#### **1.4. Research Questions:**

Based on the statement of the problem the study sought to give answer to the following research questions;

1. Do recruitment and selection system have an effect on employee job satisfaction?
2. Dose employee relations have an effect on employee job satisfaction?
3. Do training and development system have an effect on employee job satisfaction?
4. Dose performance appraisals have an effect on employee job satisfaction?
5. Do reward and compensation system have an effect on employee job satisfaction?

#### **1.5. Objectives of the Study**

##### **1.5.1 General Objectives of the Study**

The general objective of this study is to examine the relationship of human resource management practice and employee job satisfaction in the case of selected three banks (commercial bank of Ethiopia, Dashen Bank and Bank of Abyssinia).

### **1.5.2. Specific Objectives**

The specific objectives of the study focused on factors that affect employee job satisfaction

- To examine the relationship between Recruitment and Selection System and employee job satisfaction
- To measure the relationship between Employee Relation and employee job satisfaction
- To examine the relationship between Training and Development and employee job satisfaction
- To explore the relationship between Performance appraisal Practices and employee job satisfaction
- To investigate the relationship between Reward and Compensation and employee job satisfaction

### **1.6. Significance of the Study**

The findings and results of this research can be of potential value to the banking industry in Ethiopia to have practical significance in helping the banks in developing best- employee job satisfaction and enable the researcher to be exposed with the real environment for exercising his research preparation knowledge, to equip with the researcher with research skills for further research work, to remind the Bank under discussion that human resource management practice is a crucial matter in human capital management and that it demands due consideration to cope up with it, to serve as a base for other researchers who will conduct studies on the same or related topic.

### **1.7. Scope of the Study**

Currently, there are 18 private banks licensed by National Bank of Ethiopia to give commercial banking service in the country. All of them have a wide range of branches throughout the country. However, because of budget and time constraints this study will only cover only three Banks (Commercial bank of Ethiopia, Dashen and Bank of Abyssinia). The rationale behind these banks is that the banks are from different generations as Commercial bank of Ethiopia is one of the oldest, Dashen bank & Bank of Abyssinia in the middle. Furthermore, the study will be delimited to Head Office and main branches of each bank. The logic behind this is that because of time and resource constraint, it is difficult to cover all areas and branches throughout the country.

The conceptual scope of the study will be about the issues related to the factors that are expected to have impact on employee job satisfaction such as Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies. The reason for selecting these factors is that studies have shown they are the major factors that have a direct or indirect influence on employee job satisfaction.

Concerning methodological scope, the study will use quantitative research design. The rationale behind using quantitative approach is the nature of the research questions and the most appropriate method to address the research questions.

### **1.8. Limitation of the Study**

Skepticism of respondents not to be politicized, confidentiality of some business strategies; carelessness and hesitant behavior of respondents could leave their flaws on the completeness of the thesis. Some banks may not be willing to provide data related to their employees' problems and inner details of the banks. Some respondents may also give incorrect information/ responses to the questions asked. Banks that may not actually have the human resource strategies; they may also try to infer that they actually have them. It is very hard to convince them of the intention of the research in a bid to collect information from them based on the sensitivity of the sector. However, with the assistance of friends working in the sector and with the introduction letter from the university the researcher tries to get the opportunity to access the primary data accordingly. Some of the respondents were also co-operative to the questionnaires; this threatens to reduce the response rate.

### **1.9. Organization of the Study**

This research will be organized into five chapters. Chapter one will contains background of the study, statement of the problem, research question, research objectives, significance of the study, limitations and scope of the study.

Chapter two will provides a literature review informing the reader of what is already known in this area of study. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four

is about data analysis and discussion of results. Finally, chapter five will contains summary, conclusions and recommendations.

### **1.10. Definitions of Key Terms**

**Human resource management (HRM):** can be defined as the linking of organizations' human resource management function as a strategic partner to organizational growth in the formulation and implementation of the organization's strategies through human resource activities such as recruiting, selecting, training and rewarding of personnel .

**Job satisfaction:** describes how much extent an individual is pleased, comfortable or satisfied with his or her job. It is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences.

**Recruitment and Selection:** is the process of identifying the need for a job, defining the requirements of the position and the job holder, advertising the position and choosing the most appropriate person for the job.

**Employee relations:** are concerned with generally managing the employment relationship and developing a positive psychological contract. In particular they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice and communicating with employees.

**Training and Development:** is the framework for helping employees to develop there. Personal and organizational skills, knowledge, abilities, and attitude. Globalization and liberalization is pushing organizations towards a steep competition. Organizations are

**Performance appraisal (PA):** refers to the methods and processes used by organizations to assess the level of performance of their employees and to provide them with a feedback. This process can be used for both developmental and administrative.

**Reward & Compensation:** management is a strategic matter. Compensation would include rewards when you offer monetary payment such as incentives, various bonuses and performance bonus. Organizations reward their staff when they attain the goals or targets that they have jointly set with the employees.

## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

#### **2.1 Introduction**

This chapter presents a review of literature on the link between human resource management and employee job satisfaction. The varied views on the relationship between HRM and employee job satisfaction are presented. The concept of HRM underpins the human side of the management and enterprises and employees' relations with their organizations and its purpose is to ensure that the workforce of companies are effectively and efficiently utilized in a way that the employer obtains the greatest possible benefits from their abilities and similarly, the employees obtain both material and psychological rewards from the services rendered. Businesses rely on effective human resource management to ensure that they hire, train and develop good employees and that they are able to respond to the grievances of employees in order to have some satisfaction on their jobs.

A division of HRM engages in training of its staff in order to encourage workers satisfaction on the job (Laursen, & Foss, 2003). Similarly, Human Resource Administrators implement and manage compensation plans and benefits packages for employees. Essentially, this aspect has been argued to be part of the substantive issues link with employees' dissatisfaction, if not timely and adequately addressed.

HRM is a combination of multiple factors and these factors are practices, policies, and system which influence the behavior, attitude, and performance of the employee towards an organization in a positive way. HRM Practices are linked with the management of human resources, activities necessary for staffing the organization and sustaining high employee performance. According to Yeganeh and Su, (2008) the most common HRM Practices are recruitment, selection, training and development, compensation, rewards and recognition. Delaney and Huselid (1996) agreed that, HRM best practices are aimed to improve the overall performance of employees within the organization, ultimately resulting in increased employee job satisfaction through job satisfaction.

## **2.2 Human Resource Management**

human resource management (HRM) can be defined as the linking of organizations' human resource management function as a strategic partner to organizational growth in the formulation and implementation of the organization's strategies through human resource activities such as recruiting, selecting, training and rewarding of personnel .

Employees will be motivated and satisfied if the firm has better Human Resource plans. When the firms use specific HRM practices, employees gain a higher grade of job satisfaction, gain trust at their job place and strengthen their commitment level with the organization. This results in the increase of employee job satisfaction. The application of HRM practices leads towards the achievement of organizational objectives through increased employee satisfaction, commitment and competency. HRM practices are associated with business strategies (cost, quality and innovation), which affects the performance of the organization through employees' skills, attitudes and behaviors. Sense of security, effective communication, organizational commitment and training programs are contributing in the retention of knowledgeable and skilled employees (Jeet and Sayeeduzzafar 2014).

Another definition for HRM by Boxall et al. (2007) to be as ongoing efforts to align an organization's personnel policies and practices within business strategy. The interest in HRM as a concept reflects a growing awareness that HR are the key to success in organizations. In spite of this, the relevance of HRM for many organizations is far from clear. Moreover, HRM is largely about integration and adaptation. Its concern is to ensure that: 1) human resources management is fully integrated with the strategy and the strategic needs of the organization; 2) HR policies fit together both across policy areas and across hierarchies; and 3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work (Altarawneh and Aldehayyat,2011).

A key issue to be resolved is how (if at all). HRM plays a part in influencing the direction and shape of the evolving strategy. Further, if HRM is considered an integral part of the process of strategic choice, how is its influence affected? As with business strategy, it might be that

strategic HRM is seen as contributing to strategic choice within the organization by either maintaining viability or producing a sustained advantage.

HRM thus emphasizes the need for Human Resource (HR) plans to be formulated within the context of overall organizational strategies and objectives, and to be responsive to the changing nature of the organization's external environment. It is a model, which, like all models, requires interpretation and adaptation by practitioners to ensure the most suitable fit between HR and business strategies and plans. Thus the overall themes of Human Resource Management (HRM) are the integration of all HRM functions, adherence to broad organizational goals and responsiveness to the external environment.

Therefore, for the purpose of this study the following Human Resource Management practice are considered: Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies.

### **2.2.1. Recruitment and Selection Practices**

“Recruitment is the process of locating individuals who might join and encouraging them to apply for existing or anticipated job openings”. Recruitment is the development of a pool of job candidates in accordance with the human resource plan. Further it can be explained as the process of locating, identifying and attracting capable applicants. During this process, efforts are made to inform the applicants fully about the qualifications required to perform the job and the career opportunities the organization can offer its employees.

Selection is the process of choosing individuals who have relevant qualification to fill existing or projected job openings. It is the process of assessing candidates and appointing a post holder to ensure that the most appropriate candidates are hired. Successful employee hiring decisions are the foundation of any organizations' success. Most managers and senior executives would agree that the task of hiring can be one of the responsibilities with the impact in their organization. There is no doubt; hiring mistakes are quite costly to the organizations, regardless of the size of the organization. Hiring mistakes cause disruption in the workplace. People who do not perform up to desired standard cause a drain on other staff resources, making that staff far less



productive, costing real dollars. In addition, management must devote time to attempt corrective actions. This takes away time from other duties for managers.

It was also found that those employees are satisfied with hiring process and development programs. The study suggested that companies should adopt a proficient and right system of forecasting the human resource demand and supply so that a proper estimation of external supply could be made and the demand becomes match able with the supply of human resource.

### **2.2.2. Employee Relations Strategies**

The employment relationship is referred as an economic, social and political relationship in which employees provide manual and mental labor in exchange for rewards by employers . Due to increased global competition over the last three decades, organizations have emphasized on labor efficiency and cost control. This has called for effective employee relations strategies that enable the employees to dedicate their energy to the achievement of organizational goals. The term employee relation has been used synonymously with industrial relations and employment relations. According to him, Industrial Relations are associated with the declining “Smokestack” industries and blue collar workers and the accompanying emphasis upon Collective Bargaining Agreements between employers and Trade Unions (Perkins & Shortland, 2006).

Employee Relations suggests a wider employment canvas being covered with equal importance attached to non-union employment arrangements and white collar jobs. It is concerned with the social economic relationship that forms and revolves around a contract between the parties to perform work in return for employment benefits such as remuneration (Perkins, 2006). The emphasis on both employee relations and industrial relations is on participation, process and practices (Sorab, 2006). Employee relation shows the existence of a psychological contract that is different from any other relationships. There is a non-formalized kind of contract which is based on what each party expects from the other and is different from the normal written and legal expectations of the parties from each other. He argues that the socio-political relations around employment are not static hence it is important to consider the future of the bipartite and/or tripartite employment systems context for determining the employment relations performances.

Firms actively seek good employee relations whether or not they are bound by union contracts. Proactive steps in anticipation of employee needs and expectations are therefore characteristic of strategic managers. Organizations should strive to satisfy their employees with good pay, good supervision and good stimulating work. Employee satisfaction is related to employee satisfaction. Managers believe that productivity is linked to loyalty and to appreciation of manager's interests in employee welfare. There are many national characteristics that influence the way in which firms are organized and managed, for example, as put forward by Porter; attitudes towards authority, norms of interpersonal relationships, social norms of individual or group behavior, and professional standards. Porter places special emphasis on labor management relationships because he believes they are central to the ability of the firm to improve and innovate.

### **2.2.3.. Training and Development Practices**

To meet the challenges inherent in 21st century work careers and organizations, employees required to continuously update their knowledge, skills and work habits and the organizations to invest highly in the development of their human capital. Researchers indicate investments in training employees result in beneficial firm level. Training is the acquisition of knowledge skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to the specific useful competencies.

The purpose of training and management development programs is to improve employee capabilities and organizational capabilities. The knowledge and skills of its employees, the investment is returned in the form of more Productive and effective employees. Training and development programs may be focused on individual performance or team performance. The creation and implementation of training and management development programs should be based on training and management.

Investing in human resources through training and management development improves individual employee capabilities and organizational capabilities. But investing in people is not the same as investing in equipment or machinery. When an organization invests in new computers, for example, the cost can be depreciated over multiple years; but when an organization invests in management development, it is a cost for that year and cannot be depreciated. So from an accounting point of view, dollar for dollar, it is better to invest in the

equipment that employees use than it is to invest in the employees using that equipment. If an organization invests in new equipment, it is expected that the equipment will pay for itself in faster production, less waste, lower maintenance costs, and so forth. But if an organization invests in improving the knowledge and skills of its employees, there should be some benefit to the organizations.

There are many different training and development methods on job training namely; informal training, classroom training, internal training courses, external training courses, skills training, product training just to mention but a few, all these are some of the available to use and apply to individual training needs and organizational training needs.

A training and development program is not only improving skills but also a method for sharing the culture of the organization. It not only provides excellence in one's job skills, but also supports the factors such as understanding of workplace skills, leadership development, innovative thinking and problem Training is a principal component for the successful achievement of the organizational goals. Training builds confidence among the individuals and teams and improves services. The program allows employees to receive more excellent competencies that are required to effectively perform their duties.

#### **2.2.4. Performance Appraisal Practices**

Effective performance management system enables the organization to objectively and systemically rate employee performance while providing tool necessary to take that performance level and equate it to compensation actions. The core of any organization is its staff. How effectively organization maintains a quality of employees is linked to its ability to manage its staff and recognize the contribution of each player. Employees have always expressed the desire for open feedback regarding their performance. More and more companies embracing the pay for the pay concept and it's the compensation. A well-executed performance plan enables the organization to achieve critical goals. Performance critical goals are as follows; recognize the efforts and contribution of the current staff, reward staff with compensation directly linked to performance, motivate staff and improve performance, orient staff toward goal achievement retain key employees through the use of competitive compensation program, and to attract quality employees with effective performance management system.

The performance evaluation is conducted between employee and his or her supervisor, in which the supervisor evaluates the performance of the employee. The supervisor provides the feedback to the employee regarding his or her performance and areas of concern. The evaluated performance during the evaluation will be used to justifying personnel actions relative to promotion, transfer, and salary adjustments. It is the intent of the organization to make salary increases and related personnel actions based on an employee's evaluated performance in his or her assigned position, and the individual's overall contribution. Performance evaluations are to be conducted at the completion of the introductory period, on an as needed basis during the year, and no less than two times every year. It is intended that this should provide adequate feedback, allows for corrective action, and substantiate salary increases and related personnel actions.

The prime consideration in the performance appraisal system is enhancement in overall performance. The process is expected to enhance the development of meaningful communication between the employee and his or her supervisor, which in turn should lead to such improvement in the employee's overall performance. Pay for performance salary programs which provide small increases to most employees based on changes in the labor market, but with large meaningful increases granted to a limited number of exceptional employees. Increases are based on realistic performance evaluations with some employees not receiving any increase. It is an increase tied to productivity and results, rather than length of service; it improves employee's communications and teamwork, and also provides greater job satisfaction. However, it requires considerable effort to install and monitor with an accurate and well accepted performance evaluation system.

As many studies have also concluded that performance evaluation system have a strong and positive impact on employee job satisfaction, thus, it is believed that a positive relationship between these two variables exist. The process has also a positive relation with other HRM practices. It is believed that a better performance evaluation system can have an impact on job satisfaction as it results in pay raises, promotions and rewards systems. Since, typical and traditional kinds of appraisal systems cause dissatisfaction among employees, therefore, organizations should ponder over the adaption of strategic appraisal systems that concentrates on fulfillment of the needs of employees.

### **2.2.5. Reward and Compensation Practices**

One of important attributes of work organization is the ability to give reward to their members. Pay, promotions, fringe benefits, and status symbols are perhaps the 25 most important rewards. Because these rewards are important, the ways they are distributed have a profound effect on the quality of work life as well as on the effectiveness of organization. Organization typically rely to do four things namely; Motivate employees to perform effectively, motivate employee to join the organization, Motivate employee to come to work, and Motivate individuals by indicating their position in the organization structure. There are several principles for setting up an effective reward system in an organization; Give value to reward system, employees must have preference for the type of rewards being offered, many employees prefer cash reward and plaques. Some employees like to see their name in company newsletter, others like the public recognition surrounding award ceremony, make the reward system simple to understand, and elaborate procedures for evaluating performance, filling out forms, and review by several levels of management lead to conclusion (Lewis, 2003).

The objectives of employee benefits are; get increase the commitment of employees to the organization, to demonstrate that the organization cares for the needs of its employees and to meet the personal security and personal needs of the employees. Also to ensure, that the benefits are cost-effective in terms of commitment, and improvement in retention rate. Benefits represent a large share of total compensation and therefore, have a great potential to influence the employee, unit, and employee job satisfaction variables. The empirical literature indicates that benefits do indeed have effect on employee attitude, retention, and perhaps job choice. Statutory and Voluntary Benefits are given to the employees by the organization regardless of whether it wants to or not for example, social security benefits, insurance, provident fund. Voluntary benefits as provided by organization are vacations, holydays, special leave, sick leave, health insurance, educational assistance, and employee discounts.

Financial reward systems are designed to provide direct motivation, do this and you will get that. Financial rewards provide a tangible form of recognition and can therefore serve as indirect motivators, as long as people expect that further achievement will produce worthwhile results. It aims to motivate people to achieve their objectives, improve their performance on enhance their competence or skills by focusing on specific priorities and targets. Financial rewards provide

financial recognition to employees for their achievement in the shape of attaining or exceeding their performance targets or reaching the level of competence skill. Achievement bonus, team based lump sum payment are examples of financial rewards. A shop floor payment-by-result scheme or sales representative's commissions are examples of financial incentive.

Employees who are highly compensated are more satisfied and committed with their jobs and organizations respectively, as compared to those with less compensated employees. Besides this, compensation plays a dynamic role to attract, retain and motive employees. Employees get motivated when they are provided with monetary rewards. Compensation is considered to be the most important component of job satisfaction, as it helps to accomplish needs and desires of employees.

### **2.3 Employee Job Satisfaction**

Employee job satisfaction can be defined as how satisfied an employee is with his or her job. Employee behavior at the workplace depends upon the level of contentedness towards their particular jobs. Job satisfaction is the prevailing attitude of an employee regarding an individual's job. Job satisfaction has a main role to play in the work life of employees. It has great influence over various factors such as performance, work efficiency, work motivation and mental health. It is that pleasant emotional condition which can be obtained in the form of results from work assessment and experience. It can be identified at workplaces through observing work attitudes which help in the evaluation of events, people and events. This process plays a critical role in developing a human personality. The nature of an employee's job affects his or her total quality of life. Job satisfaction can also be explained in a way that it is a personal evaluation of an individual about all those factors that are most common and preferable in the job. Therefore, the assessment is conclusively done on the basis of factors which they consider important to them (Khanna and Sehgal 2016).

If the employees are not satisfied with their jobs, they will display non-cooperative behavior with other coworkers and supervisor, leading to reduced performance. This will also result in their non-involvement in participative decision making and problem solving process, which will eventually lead to their separation from the organization. Job satisfaction is closely linked with

factor of motivation like compensation packages, growth opportunities, working conditions, nature of tasks etc. which are the main determinants of job satisfaction. A motivated workforce has a strong organizational commitment, low absenteeism and low turnover rate. In order to increase the productivity, it is crucial for all the organizations to find out what makes their employees satisfied with their job. The recent researches also reveal that high motivation level and strong organizational commitment may have a significant positive impact on organization's output.

#### **2.4. HRM Practices and Employee Job Satisfaction**

As the world of global business is getting competitive and unpredictable, organizations are pursuing to obtain competitive advantage and are turning to more innovative strategies through HRM practices. HRM practices have been defined in a number of different forms. These HRM practices are specific formal policies and activities that are formulated and designed to attract, motivate, develop and retain the firm's valuable asset i.e. human capital and to guarantee the employees' effective performance and success of the organization.

Employees will be motivated and satisfied if the firm has better Human Resource plans. When the firms use specific HRM practices, employees gain a higher grade of job satisfaction, gain trust at their job place and strengthen their commitment level with the organization. This results in the increase of employee job satisfaction. The application of HRM practices leads towards the achievement of organizational objectives through increased employee satisfaction, commitment and competency. HRM practices are associated with business strategies (cost, quality and innovation), which affects the performance of the organization through employees' skills, attitudes and behaviors. Sense of security, effective communication, organizational commitment and training programs are contributing in the retention of knowledgeable and skilled employees (Jeet and Sayeeduzzafar 2014).

Research findings of previous studies were mixed, for instance, Gürbüz (2009) examined the impact of HRM on job satisfaction and data was gathered from 480 blue collar employees of the 35 large firms of Istanbul, Turkey. Different variables were used which are empowerment, team work, Job rotation, participation and contingent compensation. Empirical result showed that

dominant variable for the job satisfaction of employees is participation of the employees in decision making.

The impact of HR practices on job satisfaction in corporate industry of Punjab- Pakistan. They discovered that supervisor role has strong positive effect on job satisfaction while compensation policy and participation in decision making have no significant effect on job satisfaction. Syed and Yah (2012) also examined the impact of high performance HRM practices on employee job satisfaction in China. They found that empowerment, job rotation, employee participation, merit-based promotion and performance based pay and grievance handling procedures were positively correlated with employee's job satisfaction. In the same line, Asta and Zivile, (2011) examined the HRM linkage with organizational commitment and job satisfaction. Empirical result indicated that skill enhancing, motivation enhancing, and engagement enhancing HRM practices have a positive relations with effective human resource reaction i.e. job satisfaction.

The impact of HRM practices on employee job satisfaction in Public industry of Pakistan. They make use of these practices; training and development, reward and recognition and their findings showed that recognition and training and development are a key source of employee job satisfaction in Public industry of Pakistan, while reward did not have any significant impact upon employee job satisfaction. Masoodul et al, (2013) also investigated the impact of HRM practices on employee satisfaction and employee loyalty among government owned public industry banks of Pakistan. Three HRM practices were used such as compensation, empowerment, and appraisal system. Their findings indicated that employee compensation is most important factor for creating satisfaction among employees, while employee empowerment found to be significant factor for developing employee loyalty. Delaney and Huselid (1995) also studied eleven practices that are personnel selection, performance appraisal, incentive compensation, job design, empower of decision, information sharing, attitude assessment, labor management participation, recruitment efforts, employee training and promotion criteria. They found that four HR practices that are Compensation Practices, Promotion Practices, Performance Evaluation Practices and Empowerment Practices were predictors of job satisfaction in Pakistan. Taseem and Soeters (2006) studied about eight HR practices and their relation with job satisfaction. These HR practices are recruitment and selection practices, placement practices, training practices,



compensation practices, employee performance evaluation practices, promotion practices, empowerment and social security or pension and each has significant effect on job satisfaction.

Taseem and Soeters (2006), who affirmed that each of eight HRM practices has significant effect on job satisfaction,. They investigated the impact of HRM practices on job satisfaction of University teachers in Pakistan Universities. Their result showed that compensation practices, employee performance evaluation practices, promotion practices and empowerment practices were not predict job satisfaction but other factors predict job satisfaction.

## **2.5. Empirical Studies**

According to Noe (2008) strategy refers to a company's decision regarding where to find employees, how to select them and the mix of employee skills and statuses (temporary, full time etc.). Researchers and scholars argue that excellent management of people is crucial to maintain a foothold in the market. People should be placed in positions that fit them best, this is based on believe that failure to properly allocate employees would result in forfeiture of the company's competitive position. Successful firms have ability and willingness to dismiss employees who engage in counterproductive behavior. This ensures that productive employees are not made miserable by supervisors or coworkers who engage in unproductive, disruptive or dangerous behavior. Thus as explained job satisfaction and retention are significantly related to employee recruitment and selection practices of the given organization.

The overall reward system needs to be multifaceted. Because all people are different, managers must provide a range of rewards—pay, time off, recognition, or promotion (Rewards demonstrate to employees that their behavior is appropriate and should be repeated. Different scholars have spoken strongly on the use of team incentives, for example, Dessler (2007) says that firms that rely on teams to manage their work must develop incentive plans that encourage teamwork and focus team member's attention on performance. Performance related pay is an effective motivator and conveys a clear message that high levels of performance are expected and will be rewarded. However, they should not be distributed on the basis of narrow definition of the output of each individual, but also on the basis of appraisals of how well the individual contributes to the performance of the team, unit or company as a whole depending on the

company structure. According to Scholes and Whittington (2006) planning of rewards should take on board the reality of more team working in delivering strategy.

Establishing meaningful incentives for performance is a difficult task because individuals are unique and maintain different value systems. Financial incentives and rewards can be true motivators, but only when balanced against the potential drawbacks and packaged with ongoing verbal recognition, encouragement and support. How targets, budgets and rewards are structured will affect the way in which managers and other people behave and pursue the organizational objectives (Scholes and Whittington, 2006). It is also important to consider non-financial rewards which vary according to the nature of the employment relationship and also the personal characteristics of the employee. The following are non-financial rewards: feeling part of a community, a sense of personal achievement, social recognition and social and societal responsibility.

Therefore it could be conclude that this research will examines the impact of HRM practices on employee job satisfaction in Ethiopia banks based on five of the HR dimension with employee job satisfaction.

## **2.6. Conceptual Framework**

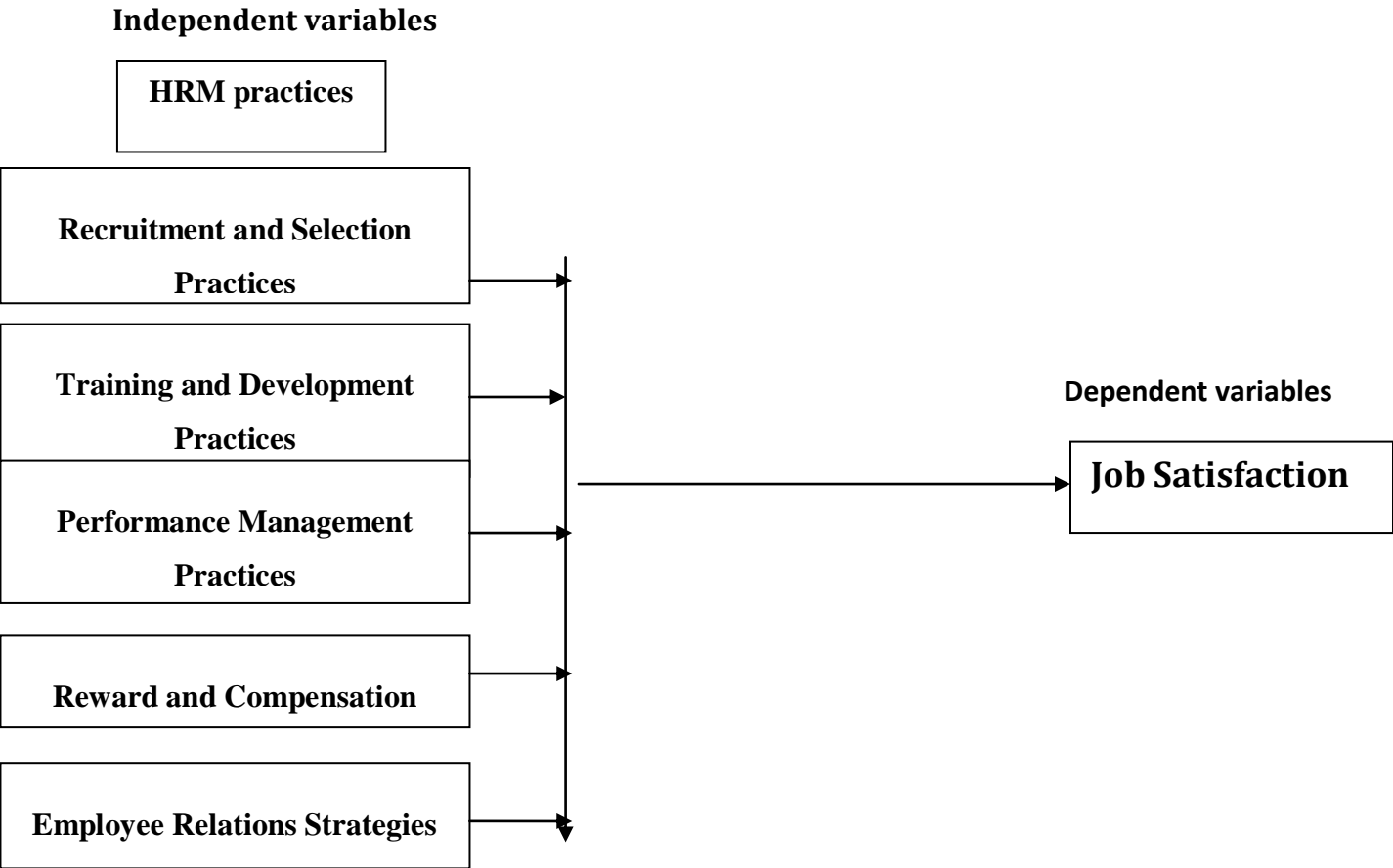
The present conceptual framework was developed with objective to assess the overall HRM practices of private commercial banks in Ethiopia based on five dimensions such as recruitment and selection; training and development; performance appraisal; reward and compensation and employee relations. The stated dimensions should be linked to the strategy of the organization to achieve the intended or desired short- and long-term objectives. The conceptual framework is supported by three basic concepts namely resource-based and HRM practices.

First, the core of the Resource Based View is the proposition that if an enterprise utilizes a resource that is valuable and rare, it will enjoy a competitive advantage over other enterprises; and that if that resource is hard for competitors to imitate or find a substitute for, and then the competitive advantage is likely to be sustained for some considerable time. In this regard, the human resource represents the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. Second, a business-oriented and business-integrated approach in the HRM emphasizes that the way an organization manages its

employee should match the strategy it pursues. The term "HRM" is often used to refer to this strategically oriented HRM practice. This emphasis on the integration of HRM practices and policies with strategy has been described as a paradigm shift from a tactical to a strategic orientation. Third, acquiring employees' services, developing their skills, motivating them to high levels of performance, and ensuring their continuing maintenance and commitment to the organization are essential to achieving organizational goals.

Decision making can be defined as choosing between alternatives (Moorhead and Griffin, 2004). Employee participation has an important influence in decision making for organizational effectiveness. If they have participation in this fact, the employees will feel that they are valued in the enterprise. Wagner, 1994 stated that participation may have statistically significant effects on employee performance and satisfaction. Employees are more interested to take part in decision-making, goal setting or problem solving activities that subsequently increase the employee performance (Busck, Knudsen & Lind, 2015). James, Debra and Laurie (2006) described that participation in workplace decision making may affect positively on employees' attitudes toward their work but it has little impact on employee performance. Emran M.A (2001) showed that the scope of workers' participation in the public industry industries is still limited. Moorhead and GrifCin, 2004 mentioned that when employees are involved in decision making process then their absenteeism is reduced, organizational commitment is increased, performance is improved, turnover is reduced and greater job satisfaction. After analysis of the literature review, we can develop the conceptual framework of the study as follows:

**Figure 1: Linking HRM and Employee Job Satisfaction**



Source: Author, 2020

# CHAPTER THREE

## METHODOLOGY

### INTRODUCTION

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

#### 3.1. Research Design

The general objective of this study is to examine the perceived effect of HRM on employee job satisfaction in Ethiopian banking industry in the selected three banks. In order to answer the statement of the problem and meet the research objectives, the design of the study were both descriptive and explanatory type. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. The main characteristic of this method is that the researcher has no control over the variables; he/she can only report what has happened or what is happening (Kothari, 2004).Therefore, this study were describing human resource practice and job satisfaction.

Explanatory designs try to establish cause-and-effect relationships. The primary purpose of explanatory research design is to determine how events occur and which ones may influence particular performances. Explanatory studies are characterized by research hypotheses that specify the nature and direction of the relationships between or among variables being studied. (Kothari, 2004). Therefore, this study were used both descriptive and explanatory method in order to explain the factors affecting employee job satisfaction in Ethiopian Banking Industry.

#### 3.2. Research Approach

Concerning the research approach, this study will be empirical research. Empirical studies may be divided into quantitative and qualitative. Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can

be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem (Creswell, 2014).

Mixed methods research is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone (Creswell, 2014).

Therefore, quantitative approach was used to conduct this study. Survey method was used as a strategy to collect data by using closed ended questionnaires.

### **3.3. Study Population**

For a given research population is the full universe of people or things from which the sample is selected , population can be any complete group of people, companies, hospitals, stores, college students or the like that share some set of common characteristics and some homogeneity. For the purposes of this study, the population is employees of CBE, Dashen and Bank of Abyssinia working currently in any position.

As press release report of January 15, 2019 CBE has a total of 34,879 employees working in more than 1,340 branches. Dashen Bank reported 8,950 employees in more than 400 branches on Nov 30, 2018 annual report. Again Bank of Abyssinia report on June 30, 2018 shows the bank has 5,726 employees in its 337 branches. Therefore, the total population size of this research will be 49,555 employees which is all over Ethiopia.

### **3.4. Sample size and technique**

The population of interest for this research is employees of CBE, Dashen and Bank of Abyssinia. The sampling design applied for the research was two-stage sampling. Initially Purposive sampling were used to select bank branches, the reason behind such sampling design is to get highly experienced employee and higher number of employees in a single place within short period of time, (Kothari, 2004) since the type of employees across all branches are assumed to be homogenous.

Accordingly, employees working in head office departments and main branches of each Bank branches where samples were taken. Then simple random sampling was used, each element of the population has an equal probability of getting included in the sample, to select sample respondents from selected branches by way of approaching employees working in the branches and Head office departments.

The sample size was determined with the following Simplified formula.

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

Where:

n - The sample size

N - The population size

e - The acceptable sampling error

The population size of the study is 49,555 and the acceptable sampling error determined to be 5% (0.05) and by using the above formula, the sample size will be 396.

$$n=49,555/1+49,555*(0.05)^2$$

$$n=49,555/1+123.88$$

$$n=\underline{\underline{396}}$$

**Table 1 Sample Distribution**

<b>Bank</b>	<b>CBE</b>	<b>Dashen</b>	<b>Abyssinia</b>
<b>Year of Establishment</b>	<b>1936</b>	<b>1995</b>	<b>1996</b>
<b>No. of Employee – (%)</b>	<b>34,000 (70%)</b>	<b>8,900 (18.00)</b>	<b>5,700 (12)</b>
<b>Sample Size (396* %)</b>	<b>277</b>	<b>71</b>	<b>48</b>

Source: Own Survey, (2020)

### **3.5. Source of Data**

In order to address the research objectives properly and effectively the research works were used primary and secondary data. Secondary data was used mainly to have data about the concept and the banking industry in general and specifically about the selected three banks. Secondary data was collected using different sources such as publications, annual reports, magazines etc. Regarding the primary data, the researcher were used questionnaire as an instrument to collect data from selected Banks sample branches and their employees to gather the information needed for the research.

The collection of data for this research will be held via self-administered structured questionnaires. It is a set of questions used to gather information from employees with close-ended type of questions (Kothari, 2004). An advantage of using questionnaires is that it can cover a large sample at a modest cost and representative of its population.



### **3.6. Variable and Measurement**

The variables used in this study were assessed using multiple items from different studies in the extant literature. All the items were measured using a 5-point Likert-type scale, where the respondents have to indicate their level of conformity with the different statements (1: strongly disagree to 5: strongly agree).

- [1] – Strongly Disagree [SD]
- [2] - Disagree [D]
- [3] - Neither Agree nor Disagree [NAD]
- [4] – Agree [A]
- [5] - Strongly Agree [SA]

(Likert, R. (1961)

### **3.7. Pre Testing**

Before using and applying survey method, it is always advisable to conduct ‘pilot study’ (Pilot Survey) for testing the questionnaires. In a big enquiry the significance of pilot survey is felt very much. Pilot survey is in fact the replica and rehearsal of the main survey. Such a survey, being conducted by experts, brings to the light the weaknesses (if any) of the questionnaires and also of the survey techniques. From the experience gained in this way, improvement can be effected (Kothari, 2004).

Therefore, before taking the questionnaire to the real sample respondents the proposed questionnaire of this study were tested by employees of other branches, friends and professional researchers. After completion of the pilot testing the questions will be revised by analyzing the feedbacks and comments obtained from the pilot samples and research advisors, the clarity and wordings were enhanced to eliminate the non-sampling error.

### **3.8. Methods of Data Analysis**

Before processing the data, the completed questionnaires were sorted, checked and edited for completeness and consistency. The data was then be coded to enable the responses to be grouped into various categories. The data processing were have two consecutive phases: First data cleanup in which the collected raw data was edited to detect errors and omissions in response and for checking that the questions are answered accurately and uniformly. The next phase is the process of assigning numerical values i.e., 5 for strongly agree ... 1 for strongly disagree.

As Kothari (2004) explains it Data analysis is the computation of certain measures along with searching for patterns of relationship that exist among the data group. Since the research is based on survey strategy, the analysis would involve descriptive and inferential analyses.

All questionnaire responses were entered into a database using SPSS software. If the answer to a question is uncertain it was coded as 'missing'. The findings were then be extracted from SPSS using simple frequency distributions and cross-tabs. The collected data was processed and organized for statistical analysis. During the process age, gender, service year, position and academic awards will treat as control variables and were therefore test to establish how they affect HRM practices. Data analysis involves first coding the responses; tabulating the data; and performing statistical computations (i.e. averages, frequencies and percentages). To begin the data analysis process, descriptive statistics were calculated on the dimensions of HRM practices to summarize and describe the data were collected. This help in determining the extent of adoption of HRM strategies in the banks. The gather data were analyzed using SPSS version 20 and the results of quantitative data was described in terms of frequency, percent, mean, SD and tabulation.

### **3.9. Validity and Reliability test**

#### **Validity**

Before the questioner was distributed to the respondent, the validity of the instrument was checked by the advisor as to whether it measures what it purported to measure. Accordingly based on the approval obtained from the advisor the questioner was used considering that, they are valid. Validity was concerned with the degree to which the designed questioner items fairly

and accurately represented the main variable (dependent and independent) discussion in literature review.

### **Reliability test**

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.

A general accepted rule is that alpha of 0.6-0.7 indicates an acceptable level of reliability, and 0.7 or greater a very good level. However, value higher than 0.95 are not necessarily good, since they might be an indication of redundancy (Hulin, Netemeyer, and Cudeck, 2001). The result of the Cronbach's alpha for this study's instrument was found to be in the acceptance range. Thus, showing as indication of acceptability of the scale for further analysis since all the five dimensions of HRM (Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies) were found to be above 0.7. The Cronbach's alpha coefficient of the five dimensions of HRM is shown in table 3 below.

**Table 2** Reliability Analysis Cronbach's alpha result

<b>HRM Dimensions</b>	<b>No. of Items</b>	<b>Cronbach's Alpha Coefficient</b>
<b>Recruitment &amp; Selection</b>	4	0.714
<b>Employee Relation</b>	6	0.769
<b>Training &amp; Development</b>	5	0.753
<b>Performance Appraisal</b>	5	0.816

<b>Reward &amp; Compensation</b>	5	0.764
<b>Job Satisfaction</b>	10	0.725

Source: Own survey, (2020)

As it can be seen from the Table, for each field value of Cronbach's Alpha is in the range between 0.714 - 0.816. This range is considered as a good; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.756 for the entire questionnaire which indicates very good reliability. So, based on the test the results are reliable.

### **3.10. Ethical Consideration**

Ethical clearance was primarily obtained from Addis Ababa University and then permission from each target organization. Finally informed written and verbal consent were asked from the study subjects and data collection were undertaken on the basis of their voluntarily participation. Participating respondents was ensured that information obtained were strictly confidential.

## **CHAPTER FOUR**

### **DATA ANALYSIS, INTERPRETATION AND DISCUSSION**

#### **Introduction**

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 and employee job satisfaction.

The sample size determined while designing the research methodology was 396. In order to get 396 sample sizes, a total of 410 questionnaires were distributed to employees of selected banks found in Addis Ababa. The reason behind such sampling design is to get higher number of employees in a single place within short period of time, (Kothari, 2004) since the type of employees across all branches are assumed to be homogenous and 370 (93%) usable questionnaires were obtained and used for further analysis. The data collected were entered and analyzed using SPSS software version 20.

The estimated sample size is determined to be a total of 370 respondents (a total of 380 calculated sample size plus 7% of non-response rate). Sampling was done using the stratified sampling methods.

#### **4.1. Demographic Characteristics**

In this section the selected demographic characteristics of the study respondents such as gender, age, position, work experience and educational qualification are presented. Descriptive statistics using frequencies was used to analyze the demographic characteristics of the respondents and hence the result of the analysis is described in detail here under.

**Table 3 Demographic profile of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>GENDER</b>	FEMALE	129	34.9	34.9	34.9
	MALE	241	65.1	65.1	100.0
	Total	370	100.0	100.0	
<b>AGE</b>	Less than< 25	99	26.8	26.8	26.8
	26-35	175	47.2	47.3	74.1
	36-45	61	16.5	16.5	90.5
	>46	35	9.5	9.5	100.0
	Total	370	100.0	100.0	
<b>POSITION</b>	STRATEGIC LEVEL	63	17	17	17
	TACTICAL LEVEL	46	12.4	12.4	29.5
	OPERATIONAL LEVE	124	33.5	33.5	63
	NON MANAGERIAL LE	137	37	37	100
	Total	370	100	100	
<b>WORK EXPERIENCE</b>	<5 YEARS	136	36.8	36.8	36.8
	6-10 YEARS	89	24.1	24.1	60.8
	11-20 YEARS	127	34.3	34.3	95.1
	>20 YEARS	18	4.9	4.9	100.0
	Total	370	100.0	100.0	
<b>EDUCATIONAL QUALIFICATION</b>	DIPLOMA	33	8.9	8.9	8.9
	DEGEREE	207	55.9	55.9	64.9
	MASTERS	130	35.2	35.2	100.0
	PHD	0	0	0	
	Total	370	100.0	100.0	

Source: Own Survey, (2020)

From the total respondents of the survey 34.9% were female and 65.1% were male. With regard to the age group, the study results showed 47.2% of the respondents were belong to 26 to 35 years of age group and 26.8% of the respondents reported belong to less than 25 years of age group. The remaining 16.5% and 9.5% of the respondents reported they belong to 36 to 45 and above 46 years of age groups respectively. The result indicates that respondents were well distributed in terms of their age group. Therefore, again with regard to age, the study did not suffer from age group bias.

Another important demographic variable is the work experience which was defined as years of service an employee have worked. In this regard, the study result showed that 36.8% have worked less than 5 years, 24.1% have an between 6 to 10 years , 34.3% have an experience of 11 to 20 years, 4.9% worked for more than 20 years.

The study result also showed that 55.9% of the respondent highest level of educational qualification was first degree, 35.2% of the respondent reported their highest level of educational qualification were second degree, and the remaining 8.9% of the respondents also reported their highest level of educational qualification is diploma. In this study none of the respondents were less than diploma and more than masters.

#### 4.2. Relationship between demographic variables and employee satisfaction

A one-way ANOVA was conducted in this study to examine the significance and mean difference that exist due to differences in gender, age, marital status, work experience, and educational qualification on the dependent variable employee satisfaction in this study.

**Table 4 ANOVA result for the demographic variables**

		Sum of Squares	Df	Mean Square	F	Sig.
EJS*Gender	Between Groups	.003	1	.003	.018	<b>.892</b>
	Within Groups	56.636	369	.154		
	Total	56.639	370			
EJS*Age	Between Groups	.938	3	.313	2.055	<b>.106</b>
	Within Groups	55.701	367	.152		
	Total	56.639	370			
EJS*Position	Between Groups	.490	3	.163	1.065	<b>.364</b>
	Within Groups	56.149	367	.153		
	Total	56.639	370			
EJS*Work Exp.	Between Groups	.128	3	.043	.277	<b>.842</b>
	Within Groups	56.511	367	.154		
	Total	56.639	370			
EJS*Edu. Qual.	Between Groups	.021	3	.011	.069	<b>.933</b>
	Within Groups	56.618	367	.154		
	Total	56.639	370			

Source: Own survey, (2020)

As it is shown on the table above one-way ANOVA, the data shows there is insignificant difference on employee job satisfaction all are ( $P > 0.05$ .)

### **4.3. Preliminary tests**

#### **4.3.1. Regression assumptions test**

When comparing two different variables, two questions come to mind: “Is there a relationship between two variables?” and “How strong is that relationship?” These questions can be answered using regression and correlation. Regression answers whether there is a relationship and correlation answers how strong the linear relationship is.

Prior to conducting regression analysis for testing the validity research, basic assumptions of regression analysis such as autocorrelation, multico-linearity, linearity, normality and Homoscedasticity tests were checked to verify if there are any violations.

#### **Autocorrelation Test**

Usually termed as serial correlation, the problem of autocorrelation (serial correlation) is when errors of different observations (lag variables) are correlated. According to Durbin-Watson test for independence (Durbin & Watson, 1951) the required statistics should be 1.5 to 2.5 to be considered non-autocorrelation. In this case, looking at the model summary Durbin-Watson value of 2.004, the assumption of autocorrelation is not violated.

#### **Multico-linearity**

One major assumption that applies in multiple regression analysis is the existence of a very high correlation between two or more independent variables of the study which is termed as Multi-co linearity.

For this study, multico-linearity was checked with tolerance and VIF statistics. A tolerance value less than 0.1 almost certainly indicate a serious co linearity problem and also state that a VIF value greater than 10 is also a concern. In this study, all of the independent variables were found to have a tolerance of more than 0.1 and a VIF value of less than 10, which again indicates that the assumption of Multi-co linearity is not violated.



## **Linearity Test**

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. The mean values of the performance variable for each increment of the predictor(s) lie along a straight line. If the model is a non-linear relationship using a linear model then this obviously limits the generalizability of the findings. To determine whether the relationship between the dependent variables and the independent variables is linear; scatter plots of the regression residuals for each model through SPSS software had been used.

The scatter plot of residuals (see figure 2 below) showed that the points lie in a reasonably straight line from bottom left to top right. This therefore, can show that the assumption of linearity is not violated.

## **Normality Test**

Normality focuses on the extent to which the sample data distributes according to normal distribution. Figure 3 shows the frequency distribution of the standardized residuals compared to a normal distribution. As seen in the figure 3 although there are some residuals (those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histograms are bell shaped which lead to infer that the residuals are normally distributed for all models. Thus, the study has no violations on the assumption of normally distributed error term.

## **Homoscedasticity test**

Homoscedasticity test was conducted to see a situation in which the error term is the same across all values of the independent variables. The distribution of the point suggests a positive relationship between all independent variables (Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies) and dependent variables (employee job satisfaction). Accordingly, the assumption of homoscedasticity is not violated as seen in figure 4

## **4.4. Descriptive Statistics of Study Variables**

The descriptive statistics of the variables are presented here after; revealing the mean, standard deviation, maximum and minimum of the attributes in each predictor variable. The average score from the 5-point likert scale with 5 as strongly agree and 1 as strongly disagree for all the

variables was computed to show the proportion of the respondents that either strongly agreed or disagreed with the items of the variables.

According to Zaidatol (2009), mean score less than 3.39 is considered as low, the mean score from 3.40 - 3.79 is considered as moderate and mean score more than 3.8 is considered as high as illustrated by comparison bases of mean score of five-point Likert scale instrument.

#### 4.4.1. Recruitment and Selection Strategies

Recruitment and selection is the process of identifying the need for a job, defining the requirements of the position and the job holder, advertising the position and choosing the most appropriate person for the job.

**Table 5 Summary of Respondents' Perception on Recruitment and Selection practices**

<b>Recruitment and Selection Practices</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>1. The organization widely disseminates information about both external and internal recruitment processes</b>	370	<b>4.08</b>	0.604
<b>2. The organization discloses information to applicants regarding the steps and criteria of the selection process</b>	370	<b>4.08</b>	0.572
<b>3. The organization communicates performance results to candidates at the end of the selection process</b>	370	<b>4.13</b>	0.530
<b>4. The organization I work for uses various selection instruments (e.g. interviews, tests, etc.)</b>	370	<b>4.33</b>	0.616
<b>Total</b>	<b>370</b>	<b>4.15</b>	<b>0.581</b>

(Source: Own Survey, 2020)

#### ○ Summary on Recruitment and Selection Practices

Recruitment and selection is one of the major factors which can affect employees' satisfaction. Regarding recruitment and selection practices in Ethiopian private commercial banks, the survey study on operation level employees (supervisors, employee service officer and supporting staffs) other than senior managers found out that respondents agreed with the highest mean scored value of 4.08 (Std. Dev., 0.604) that the bank had formulated a widely disseminates information about

both external and internal recruitment processes. Again with a mean scored value of 4.08 (Std. 0.572) that the organization discloses information to applicants regarding the steps and criteria of the selection process. Meanwhile, respondents revealed their agreement with a mean scored value of 4.13 (Std. 0.530) the organization communicates performance results to candidates at the end of the selection process. With same token, even if respondents strongly agreed (mean, 4.33; Std. 0.616) on ‘The organization I work for uses various selection instruments’ and agreed with the highest mean scored value.

According to the banks’ HR managers revealed that there is evidence of significant improvement of banks’ performance in terms of competency and quality services offered by private commercial banks due to well-established and managed employees’ recruitment and selection strategies. The high-quality services offered by employees made it possible for the banks to attract more employees which in turn led to increased number of branches, sales and profits. The improvement in performance was noted in terms of attaining new employees on daily basis, profits, number of branches as well as market share.

#### **4.4.2. Employee Relation Strategies**

Employee relations are concerned with generally managing the employment relationship and developing a positive psychological contract. In particular they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice and communicating with employees.

**Table 6 Summary of Respondents’ Perception on Employee Relation Practices**

<b>Employee Relation Practices</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>1. The organization treats employees with respect and attention</b>	370	3.83	0.864
<b>2. The organization is concerned with employees well-being</b>	370	3.78	1.231
<b>3. Follows up on the adaptation of employees to their functions</b>	370	3.75	0.841
<b>4. Encourages interaction among its employees (e.g., social gatherings, social events, sports events, etc.)</b>	370	3.45	1.312
<b>5. There is an environment of trust and cooperation among colleagues</b>	370	3.86	0.796

<b>6. Encourages employees' participation in decision- making and problem solving.</b>	370	3.49	1.134
<b>Total</b>	<b>370</b>	<b>3.69</b>	<b>1.029</b>

[Source: Own Survey, 2020]

o **Summary on Employee Relations Practices**

From the study, Table 8, it was found that majority of the respondents expressed their agreement on private commercial banks' concern in regards to their employees' treatment and wellbeing respectfully with mean scored value of 3.83 (Std. Dev. 0.864) and 3.78 (Std. Dev., 1.231) respectively. Similarly, they also agreed mean, 3.75 (Std. Dev. 0.841) on managers/ supervisors' follow up on the adaptation of employees to their functions. It implied that most (almost all) banks now a day are working towards increasing their number of branches as a strategic marketing practices results in increasing their number of employees. Thus, banks set a goal of reaching a pre-specified target in terms of new employees who opened new account; and evaluate their staffs' performances based on their persuasion of new employees considerably.

Employees perceived neutral that banks' weakness in regards to encouraging their respective employees' social interaction (mean, 3.45). Meanwhile, the result also revealed respondents' agreement that managers/ supervisors create a conducive working environment of understanding and confidence between colleagues & encouraging them to participate in problem solving and decision making (mean, 3.86); and developing trust among colleagues (3.49). The overall private commercial banks' employee relation practices were perceived moderate with an average mean scored value of 3.69 of respondent's agreement.

The overall notion of the result, regarding employee relations in private commercial banks, revealed that senior managers perceived as a strategic employee relation is concerned with the formulation and implementation of plans designed to meet the needs of the business for harmonious and productive relationships as well as the needs of employees to be treated justly and well. These plans usually are intended to be based on the organization's policies on how it should relate to employees and their performances. People of this persuasion didn't believe that partnership agreements can work. Scholars, in this regard, advocate a social partnership policy that aims to develop and maintain a positive, productive, cooperative and trusting climate of

employee relations. Besides, they commend the relations policies as an expression of the organization philosophy on what sorts of relationships are wanted between management and employees.

#### 4.4.3. Training and Development Strategies

Training and Development is the framework for helping employees to develop there. Personal and organizational skills, knowledge, abilities, and attitude. Globalization and liberalization is pushing organizations towards a steep competition.

**Table 7 Summary of Respondents’ Perception on Training and Development Practices**

<b>Training and Development Practices</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>1. The organization has a clear training and development plan which is aligned with business strategy</b>	370	3.65	1.162
<b>2. Training and Development programs are designed to support business goals</b>	370	3.96	1.029
<b>3. Training needs are identified periodically Formal and related trainings are provided to employees accordingly</b>	370	3.51	1.188
<b>4. The organization stimulates learning and application of knowledge</b>	370	3.62	0.927
<b>5. Training is evaluated by participants</b>	370	4.02	1.041
<b>Total</b>	<b>370</b>	<b>3.75</b>	<b>1.069</b>

[Source: Own Survey, 2020]

- **Summary on Training and Development Practices**

With regard to the respondents’ reaction, the survey result of training and development practices revealed the degree of their agreement. The respondents revealed that the degree of their agreement with mean score value of 3.65 on whether banks have clear and development plan aligned with business strategy. It implied that the private banks have clear T&D programs in alignment with corporate/ business strategies that revealed that the degree of their agreement

with mean score value of 3.96 may help to improve employees' competency and achieve organizational objectives as desired.

Here, training needs assessment can determine level of optimal performance and standards for excellence, evidence of individuals' actual performance level, attitudes affecting performance and root causes of performance problems. However, in the private banking industry, as the finding implies, the existence of problems with respect to training needs assessment which is a determining factor for human resource development. This shows that much was not done from this perspective in order to realize organizational goals. Similarly, they also agreed (Mean, 3.51) that the banks facilitate the training aids while the courses were conducted either in the bank's premises or outsourced. On top of that, evaluation of conducted training either by line managers or the participants was rated with the mean scored value of 4.02. This shows that respondents revealed their strong agreement on the subject matter.

The overall training and development practices of based on respondents' perception mean scored value of 3.75 and Std. Deviation 1.069, it is possible to infer that the private banking industry is in good track in practicing training and development.

It is unquestionable fact that the organization's productivity is determined by the motivation level and effectiveness of its workforce. Training and development implies to the systematic process of developing the competencies relating to the job of employees for the present and future roles and responsibilities. Today most organizations believe that a competitive success is achieved through people as the skills and performance of people are critical resources. Many organizations spend much money on training, considering that training will improve their employees' performance and productivity. Recruiting, selecting, orienting and then placing employees in jobs do not ensure success.

Referring senior (corporate and HR) managers of respective banks, it was found that engaging in training and development of their employees and have training budgets for the purpose. They also conduct periodic training needs analysis as the main determinant of the training that is required for the employees. The purpose of formal needs assessment is to identify the training targets. This focus is critical for uncovering whether a training program was effective or

ineffective due to characteristics of the program or factors outside the control of the training system. It was found that senior managers deeply believed that the employees in are happy with the training offered by the bank itself and/or in collaboration with Ethiopian Institution Financial Studies (EIFS); and have noted improvement in their individual as well as banks' performance.

It was also found that training and development led to increased skill among the employees which in turn led to improved quality of service to employees. The efficiency and effectiveness of operations were also found to have increased after training. The number of losses due to errors, the cost of overtime and the time taken to serve a employee was found to have reduced when the bank cashiers (Tellers) were trained. This helped to reduce the waiting time by the employees as a result of which more employees were able to open new accounts with the bank.

#### 4.4.4. Performance Appraisal Strategies

Performance appraisal (PA) refers to the methods and processes used by organizations to assess the level of performance of. Their employees and to provide them with a feedback. This process can be used for both developmental and administrative.

**Table 8 Summary of Respondents' Perception on Performance Appraisal Practices**

<b>Dimension: Performance Appraisal</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>1. In the organization, competency-based performance appraisal is the basis for decisions about promotions, development and salary increases</b>	370	3.41	1.095
<b>2. Employees are well aware of their respective division and corporate level priorities</b>	370	3.56	0.960
<b>3. Job description is designed in consistent with organizational priorities</b>	370	3.53	1.024
<b>4. Periodically conducts competency-based performance appraisals</b>	370	3.90	1.221
<b>5. Disseminates competency-based performance appraisal criteria and results to its employees</b>	370	3.93	1.104

**Total**

**370**

**3.66**

**1.080**

[Source: Own Survey, 2020]

○ **Summary on Performance Appraisal Practices**

As it can be clearly understood in the Table 11 competency-based performance appraisal is the basis for decisions about promotions, development and salary increases rated as mean 3.41(Std. 1.095).For good performances' was also rated as level of agreement with mean scored value of 3.56 (Std. Deviation 0.960).the average scored mean for Job description is designed in consistent with organizational priorities somehow agreed with level of mean 3.53(Std. Deviation 1.024).And also respectively Periodically conducts competency-based performance appraisals and Disseminates competency-based performance appraisal criteria and results to its employees respondent agreed with mean scored 3.90(Std. Deviation 1.221) and mean scored 3.93 (Std. Deviation 1.104)

Based on the finding one can conclude that the study areas were in a way taking moderate performance appraisal in relation to competency accordingly, performance appraisal is useful for self-development and individual counseling, remuneration, quality feedback, communication and motivation.

The HR policy manuals of all specify that 'performance feedback, where the manager and employee set aside time for a performance discussion, should occur at three month intervals as a minimum.' The applicability of the performance management and training and development procedures to unionized supervisory, clerical and non-clerical staffs is articulated clearly. While internal documentation makes no distinctions between groups of employees, it was evident from some data that in the performance appraisal procedures are only being implemented in respect of managers and higher-level staff but it has to be based upon the employee review and development tool that has been written for each position.

As the information gathered of relevant reports pertaining performance appraisal in the industry they have used methods like: BSC (Balanced Scorecard) and ROPA (Result Oriented Performance Appraisal) and attempts have been made to assess the scientific nature of the process and its implications on the performance and behavior of the employees. In effect, it was



expected to improve the performance; however, the working environment is not conducive as the findings revealed from the respondents. The reasons for these were lack of incentives and training, lack of human capacity to set targets, lack of objective performance criteria and lack of commitment. The response also illustrated that some employees and department heads were not happy of the result of their performance. Performance appraisal equally gives room for open dialogue but, subjectivity, transparency and continuous follow up is so weak and loose attachment between performance and reward. This was due to lack of participation, inconsistent implementation and lack of resources.

#### 4.4.5. Reward and Compensation Strategies

Compensation management is a strategic matter. Compensation would include rewards when you offer monetary payment such as incentives, various bonuses and performance bonus. Organizations reward their staff when they attain the goals or targets that they have jointly set with the employees.

**Table 9 Summary of Respondents’ Perception on Reward and Compensation Practices**

<b>Dimension: Reward and Compensation</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>1. In the organization, employees get incentives such as promotions, commissioned functions, awards, bonuses, etc.</b>	370	3.84	1.035
<b>2. Considers the expectations and suggestions of its employees when designing a system of employee rewards</b>	370	3.57	0.824
<b>3. Remuneration is offered at the labor market levels</b>	370	3.46	0.877
<b>4. Offers the employees a salary that is compatible with their skills, training, and education</b>	370	3.50	1.107
<b>5. In the organization, employees’ salary is influenced by their results</b>	370	3.43	1.083
<b>Total</b>	<b>370</b>	<b>3.56</b>	<b>0.985</b>

[Source: Own Survey, 2020]

- **Summary on Rewards and Compensations 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 agreed (mean scored value of 3.84 and Std. Dev, 1.035) that their respective banks have been providing them with attractive incentives. Similarly, the result revealed the level of respondent's agreement with mean scored value of 3.57 and 3.46 on Considers the expectations and suggestions of its employees when designing a system of employee rewards and Remuneration is offered at the labor market levels. Respondent on Offers the employees a salary that is compatible with their skills, training, and education agreed (mean scored value of 3.5 and Std. Dev, 1.107). Even though the practice agreed (mean, 3.43) on consideration of employee's In the organization, employees' salary is influenced by their results. On summary, the over level of respondents' agreement (average mean, 3.56) on Reward and Compensation practices revealed that both financial and non-financial rewards and compensations were found to be moderate to motivate employees to perform their work efficiently and effectively. If private commercial banks in Ethiopia improve both types of rewards for the employees then they will the opportunity to increase their employees' performance to higher levels.

Findings show that banks use rewards as a means towards ensuring that they achieve their strategic goals. From this research, it was also found that education level of employees had an influence on the perception of the employees on whether the rewards and compensation offered by the bank is attractive or not. All HR managers unanimously believed that the diploma holders felt that they were well paid and therefore devoted most of their time and energy to the achievement of the goals of the bank. On the contrary, the first and second-degree holders felt that they were poorly paid and hence sought alternative sources of income by engaging in businesses to earn extra income. This greatly affected their commitment to work which in turn affected their output. With the obtained data, there is evidence of formulating private banks' employee reward and compensation strategies in relation to individual employee competency level and related performance. Data revealed that private banks that rewarded their employees felt that their organization performed better than their competitors. They justified that this was because when an employee is well rewarded their motivation to work increases leading to improved commitment towards achieving the goals of the bank.

From this study, it was found that use both financial and non-financial rewards to motivate their employees. The financial rewards offered in terms of salary increases, cash bonuses, commissions and stock options while non-financial rewards included recognition, learning opportunity, career advancement, challenging assignments and expanded responsibilities, praises and commendations from managers, security, status, attention from leaders and opportunities to lead projects. Other instituted packages were personal loans, housing loans, car loans, overtime allowance, car maintenance allowance, fuel allowance, transfer allowance, leave allowance, day trip allowance, refund of fees, and yearly appraisal. Managers to get the extent of knowledge about existing reward systems among the employees revealed that not all staff and managers are abreast with the compensation packages of the banks and some level of ignorance noticed by some senior managers about their reward packages. From this study, it was also found that commercial banks use the same financial and non-financial rewards but at different levels, that means that some offer higher financial rewards as well as better non-financial rewards, thereby making them more competitive

#### **4.5 Correlation Analysis**

The Pearson correlation analysis is a measure of the correlation (linear dependence) between two variables, giving a value between -1 and +1 inclusive. It is widely used in the sciences as a measure of the strength of linear dependence between two variables.

In Pearson correlation analysis the value of strength of relationship ( $r$ ) plays an important role in determining the level of relationships among variables. The significance level,  $p < 0.05$  is also used to establish the relationship. This significance level shows that there is only 5 percent chance that the relationship does not exist and 95 times out of 100, the relationship among variables can be defined as having significant correlation (Sekaran and Bougie, 2016).

In this study, the purpose of this analysis is to explore the significance as well as the direction of the relationship among the variables namely the dependent variables (i.e. Employee Job Satisfaction) and independent variables (i.e. Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies). The researcher used Pearson correlation analysis as it reveals

the magnitude and direction (whether positive or negative) of the variables. The result of correlation analysis is presented as follows:

**Table 10:** Correlation among the study variables

		RS	ER	TD	PA	RC	EJS
Recruitment & Selection (RS)	Pearson	1					
	Correlation						
Employee Relations (ER)	Pearson	.091**	1				
	Correlation						
Training & Development (TD)	Pearson	.056**	.217**	1			
	Correlation						
Performance appraisal (PA)	Pearson	.008**	.144**	.407**	1		
	Correlation						
Reward & Compensation (RC)	Pearson	.090**	.112**	.152**	.136**	1	
	Correlation						
Employee Job Satisfaction (EJS)	Pearson	.307**	.567**	.700**	.677**	.510**	1
	Correlation						

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

Source: Own survey, (2020)

Pearson's correlation coefficient (r) was used to indicate the strength and direction of relationship. According to Cohen et.al. (2007) effect size standards, correlation coefficients  $< \pm 0.28$  are small effects; medium effects range from  $\pm 0.28 - 0.49$ ; and, large effects are greater than  $\pm 0.49$ .

As shown the above table the correlation analysis between Recruitment and Selection Practices and employee job Satisfaction ( $r=0.307$ ,  $p<0.01$ ) shows there is medium, positive and significant relationship between Recruitment and Selection Practices and employee job Satisfaction. Similarly, the other four respectively (Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation) and employee job Satisfaction ( $r=0.567$ ,  $p<0.01$ ) ( $r=0.700$ ,  $p<0.01$ ) ( $r=0.677$ ,  $p<0.01$ ) ( $r=0.510$ ,  $p<0.01$ ) are found to have

strong, positive significant correlation with employee job Satisfaction since two-tailed significance test values are less than 0.01.

Therefore, the study result indicates that Human Resource Management practice (Recruitment and Selection Practices, Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation) have a positive and significant correlation with employee job satisfaction (service quality, employee satisfaction and productivity).

#### 4.6 Regression analysis

When comparing two different variables, two questions come to mind: “Is there a relationship between two variables?” and “How strong is that relationship?” These questions can be answered using regression and correlation. Regression answers whether there is a relationship (again this book will explore linear only) and correlation answers how strong the linear relationship is. To introduce both of these concepts, it is easier to look at a set of data. Regression analyses were used to explore the relationship between the independent and dependent variables. The coefficient of determination (R square value), ANOVA result, the regression coefficient (Beta coefficient) and the p-value for each of the relationships are presented.

**Table 11: Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	1.000 <sup>a</sup>	.999	.999	.010	.999	107797.756	5	364	.000	2.004

a. Predictors: (Constant), RC, RS, P, ER, TD

b. Dependent Variable: EJS

As clearly described in table 11 here above R-square value for the regression model 1 was 0.99.this indicates that human resource management practice (i.e. Recruitment and Selection, Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation) in this study explain about 99% of the variation in the level of employee job satisfaction.

**Table 12: Coefficients**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.000	.006		-.030	.976
1 RS	.201	.001	.219	159.592	.000
ER	.200	.001	.365	259.870	.000
TD	.199	.001	.387	254.581	.000
PA	.200	.001	.419	279.643	.000
RC	.199	.001	.334	239.838	.000

a. Dependent Variable: EJS  
Source: Own survey, (2020)

The regression beta coefficient result indicates the effect of each independent variable on employee job satisfaction. The standardized beta coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. (Cohen, Manion and Morrison, 2007)

As shown the above table the regression result indicated that, all the independent variables; i.e. (Recruitment and Selection Practices, Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation), has positive beta coefficient.

The above table also show that Recruitment and Selection Practices ,Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation also has a significant positive relationship with employee job satisfaction with Beta value of  $b=0.219$ ,  $p<0.05$ ,  $Beta\ b=0.365$ ,  $p<0.05$ ,  $b=0.387$ ,  $p<0.05$ ,  $b=0.419$ ,  $p<0.05$ , and  $b=0.334$ ,  $p<0.05$ , there will be 21.9%,36.5%, 38.7%, 41.9% and 33.4% change in employee job satisfaction as a unit change on those independent variable, respectively. .

The regression coefficient result shows that, there was a significant positive relationship between Recruitment and Selection Practices and employee job satisfaction with Beta value of  $b=0.219$ ,  $p<0.05$ ). Coefficient of Recruitment and Selection Practices was the lowest among the five independent variables. For a unit change in Recruitment and Selection Practices there will be a 21.9% percent change on employee job satisfaction variables. Therefore from this we can infer

that Recruitment and Selection Practices has a strong and a significant impact on the employee job satisfaction.

On the other hand, the regression coefficient result shows, there was a significant positive relationship employee relations and employee job satisfaction ( $b=0.365$ ,  $p<0.05$ ). This can be interpreted as, for a unit change in employee relations there will follow a 36.5% percent increase in employee job satisfaction. When employees treats with respect and attention, encourage interaction and creating trust among colleagues it will have a significant positive impact on employee job satisfaction level.

The regression coefficient result shows, there was a significant positive relationship training and development practices and employee job satisfaction ( $b=0.387$ ,  $p<0.05$ ). This can be interpreted as, for a unit change in employee training and development there will follow a 38.7% percent increase in employee job satisfaction. When employees get clear training and development, periodically formal and related training, stimulates learning and application of knowledge it will have a significant positive impact on employee job satisfaction level.

The regression coefficient result shows, there was a significant positive relationship performance appraisal practices and employee job satisfaction ( $b=0.419$ ,  $p<0.05$ ). This can be interpreted as, for a unit change in employee performance appraisal practices there will follow a 41.9% percent increase in employee job satisfaction and it will have a significant positive impact on employee job satisfaction level.

The regression coefficient result shows, there was a significant positive relationship Reward and Compensation practices and employee job satisfaction ( $b=0.334$ ,  $p<0.05$ ). This can be interpreted as, for a unit change in employee training and development there will follow a 33.4% percent increase in employee job satisfaction. When employee get incentives, design a system of employee reward it will have a significant positive impact on employee job satisfaction level.

## **CHAPTER FIVE**

### **SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION**

This chapter presents brief summary of the study findings, conclusions of the study in accordance with the study findings and forward recommendations based on the overall results of the study.

#### **5.1. Summary of findings**

The main objective of the study was to examine the relationship between Human Resource Management and Its Impact on employee job Satisfaction in Ethiopian Banking Industry in the case of selected three banks (CBE, Dashen and Bank of Abyssinia). The study also tried to assess the effect of HRM factors (i.e. Recruitment and Selection Practices, Training and Development Practices, Performance Management Practices, Reward and Compensation & Employee Relations Strategies) on employee job satisfaction.

The proposed sample size for the study was 396. From this, 370(93.43%) usable questionnaires were collected and used for analysis. The collected data was analyzed using statistical package for social science software (SPSS) version 20.0. To test the relationship between demographic variables, one way ANOVA test of mean difference and significance was used. Regression analysis was employed for testing the effect of independent variables on employee job Satisfaction.

The study instrument constituted five demographic variables (Gender, Age, Position, Work experience and Educational qualification). The study followed a five point lickert scale labeling 5 as strongly agree and 1 for strongly disagree. Respondents expressed their level agreement on each statement.



The commercial banks in Ethiopia are male dominant (65.10%); young within age range between 26 – 35 years with 47.2%; operational level with 33.5%; BA holders (55.90%); with less than 5 years services experience (36.8%); and majority in the employee service officer's position.

Prior to applying regression analysis for testing the research hypothesis, reliability, correlation analysis and other preliminary tests (Auto correlation, multico-linearity, linearity, normality and homoscedasticity test) were performed and none of the assumptions were violated. With regard to the reliability, the results showed that all measures had an acceptable level of reliability above 0.70.

Based on the ANOVA analysis the study found on demographic variables (Gender, Age, position, work experience and educational qualification) did not show significant difference on the level of employee job satisfaction in mean scores.

The descriptive statistics result of the study variables was conducted to see the mean scores of each predictor variables and their constituting attributes. With regard to this, the study result indicates the overall mean of HRM practice is 3.76 which can be understood as employees' feeling about the HRM practice is good but their chance to improve promotion is not satisfactory. However, most of the reward and compensation and performance appraisal is low (M=3.56 SD=.98) and (M= 3.66 SD=1.08) respectively.

The average mean of employees relation was found to be (M=3.69 SD=1.02) which can be taken as employees' perception of the employees relation they receive is somehow good but there is a room to improve. More importantly recruitment and selection and training and development (M=4.15 SD=.42) and (M=3.75 SD=.76) respectively and as a result they have good perception.

Looking at the correlation between dependent and independent variables, the result of correlation analysis shows that there is strong, positive and significant relationship between Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation and employee job satisfaction ( $r = .567, p < 0.01$ ), ( $r = .700, p < 0.01$ ), ( $r = .677, p < 0.01$ ), ( $r = .510, p < 0.01$ ) respectively, and finally Recruitment and Selection Practices and employee job satisfaction ( $r = .307, p < 0.01$ ) correlation result reveals there is a moderately positive significant relationship between Recruitment and Selection Practices and employee job satisfaction.

The regression coefficient result indicates that the human resource management variables employee relations, training and development practices, performance appraisal practices, reward and compensation also has a significant positive relationship with employee job satisfaction with Beta  $b=0.365, p<0.05, b=0.387, p<0.05, b=0.419, p<0.05,$  and  $b=0.334, p<0.05,$  has positive and significant relationship with employee job satisfaction. The regression coefficient result shows that, there was a lowest value among the five independent variables, significant positive relationship between recruitment and selection practices and employee job satisfaction with Beta value of  $b=0.219, p<0.05$ ). This beta coefficient of recruitment and selection practices was the lowest among the five independent variables.

## **5.2. Conclusions**

The purpose of this study was to examine the effect of the selected human resource practices on employee job satisfaction in the case of commercial bank of Ethiopia, Dashen bank and Abyssinia bank.

According to the analysis of the study, all of the demographic variables have not effect in determining level of employee job satisfaction.

According to the analysis of the study the current recruitment and selection practices the respondent received in their organization is good. There was also, a significant positive relationship between human resource management and employee job satisfaction

The overall result of the survey show that the employee relations system means score is average. This implies that the employee is satisfactory but need improvement on the employee relations system of their organization. There was also, a significant positive relationship between dependent and independent variable.

The study result revealed current training and development practices means also satisfactory but need to work more on their current training and development practices system. There was also, a significant positive relationship between human resource management and employee job satisfaction. There was also, a significant positive relationship between human resource management and employee job satisfaction

According to the analysis of the study the current performance appraisal practices the respondent received in their organization is neutral. This implies that the employee is satisfactory but need improvement on the performance appraisal practices system of their organization.

With regard to the reward and compensation, the study result shows that its score is mean of 3.56 which is not satisfactory it implies that the employee are not fell the reward and compensation system of their organization is satisfactory.

Pearson correlation analyses were used to investigate the relationship between human resource development practice and employee job satisfaction variables (Commercial bank of Ethiopia, Dashen Bank and Bank of Abyssinia).

The data obtained from the respondents indicating the extent of adoption of human resource management practice are correlated with elements of employee job satisfaction. The overall Correlation analysis which were found to be significant showed that Recruitment and Selection Practices ( $r=0.307$ ,  $p<0.01$ ) have a medium correlation with organization, and Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation ( $r=0.567$ ,  $p<0.01$ ,  $r=.700$ ,  $p<0.01$  and  $r=.677$ ,  $p<0.01$ ,  $r=.510$ ,  $p<0.01$ ) respectively have strong correlation with employee job satisfaction elements.

The study result revealed that HRM practice (Recruitment and Selection Practices, Employee Relations, Training and Development Practices, Performance appraisal Practices, Reward and Compensation) has a significant positive effect on employee job satisfaction.

### **5.3. Recommendation**

Based on the findings of the study, the following recommendations are forwarded to executives of the Banks.

According to this study, recruitment and selection practices have a medium Positive significant effect on employee job satisfaction and perception on employees is good as a result; the banks work on recruitment and selection is satisfactory they widely disseminates information, discloses information to applicants, communicate end of the selection process and uses various selection instruments in order to maximize the banks employee job satisfaction.

This study has also found employee relations system has Positive a significant effect on employee job satisfaction and perception on employees is not satisfactory as result the banks manger shall work on encourages interaction among its employees, trust and cooperation among colleagues, encourages employees' participation in decision- making and problem solving system to achieve the goals of the company to retain the human capital the lead to organizational success.

Based on this study, training and development practices have a positive significant effect on employee job satisfaction and its perception on employees is satisfactory. As a result; the banks shall work on training and development to upgrade the identified periodically formal and related trainings, stimulates learning and application of knowledge, evaluated by participants' instruments in order to maximize the banks employee job satisfaction.

This study has also found performance appraisal system has Positive a significant effect on employee job satisfaction. But its perception on employees is not satisfactory as result the banks should work competency-based performance appraisal is the basis for decisions about promotions, development and salary increases , well aware of their respective division and corporate level priorities , job description is designed in consistent with organizational priorities , periodically conducts competency-based performance appraisals, Disseminates competency-based performance appraisal criteria and results to its employees system to achieve the goals of the company to retain the human capital the lead to organizational achievement.

Similarly with regard to the reward and compensation, the study result has a strong Positive a significant effect on employee job satisfaction. The current reward and compensation system of their organization is not satisfactory in this industry the bank should work more and arrange employees get incentives such as promotions, commissioned functions, awards, bonuses , Considers the expectations and suggestions of its employees when designing a system of employee rewards , remuneration is offered at the labor market levels , offers the employees a salary that is compatible with their skills, training, and education , and employees' salary is influenced by their results and lead to enhance productivity, in general employee job satisfaction.

In general, working on enhancing employee job satisfaction level will definitely lead to a win-win situation. When employees have a positive feeling about their job and perform to the best of their ability, it is clear it will highly benefit the company to achieve and even exceed its objectives and the employee itself.

#### **5.4. Limitation and future research direction**

Due to time and budget constraints this research was geographically delimited to employees of Bank branches in Addis Ababa. Therefore, any future endeavor might include employees working outside the capital city if there are any variances in the study findings.

This study was done in three commercial banks in Ethiopia; similar studies can be done in other industries of the economy such as the manufacturing and transport industry among others in order to compare the findings from these different industries. Further research and data collection will help to develop the theory of HRM-performance linkage in employee job satisfaction in the various industries of the economy. Further research in this area should focus on the other factors that affect the performance of private commercial banks. Further research in the areas of human resource management practices would be useful in understanding the impact that the practices have on employee job satisfaction and management process for enhanced productivity.

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# RESEARCH QUESTIONNAIRE

## Addis Ababa University College of Business and Economics MBA Program

**Dear respondent,**

My Name is Biniyam Abera. I am graduate student at Addis Ababa university; college of business and economics MBA Program. I am currently working on a research titled “The Impact of Human Resource Management Practices on Employee Job Satisfaction”: The Case of Selected Ethiopian Commercial Bank S.C.

Thus, I would like to have your accurate opinion regarding the subject matter and fill out the questionnaires honestly so as strengthen the paper output. I also want to assure you that the data will not be used for the purpose other than this study.

I highly appreciate for your willingness to participate as a respondent in this survey.

BiniyamAbera (email:biniyam0913@yahoo.com, cell phone 0913-52-91-23)

**There is no need to write your name.**

Best Regards,

**Please tick your answer with (√)**

### **Part 1: Demographic Variables**

**1: Gender:** \_\_\_\_\_Female \_\_\_\_\_Male

**2: Age:** \_\_\_25 years or less \_\_\_26 to 35 years\_\_\_36 to 45 years \_\_\_46 years and above

**3: Position:** \_\_\_Strategic level \_\_\_Tactical Level \_\_\_ Operational Level \_\_\_ Non managerial

**4: Service Year** \_\_\_<5 years \_\_\_>6 but < 10 \_\_\_>11 but <20 \_\_\_20 years and above

### **5: Educational Level**

\_\_\_High school \_\_\_Diploma \_\_\_Degree \_\_\_Masters \_\_\_PH.D

### **Part 2: Human Resource Management (HRM) Dimensions:**

Please read the following items and respond by indicating your degree of agreement on each statement on the five point Likert scale; where 1= strongly disagree 2= Disagree 3= Neutral 4= Agree 5= strongly agree.

**Please indicate your choice by putting tick sign (√)**

No	Placement System (Recruitment and Selection)	1	2	3	4	5
1	The organization widely disseminates information about both external and internal recruitment processes					
2	The organization discloses information to applicants regarding the steps and criteria of the selection process					
3	The organization communicates performance results to candidates at the end of the selection process					

4	The organization I work for uses various selection instruments (e.g. interviews, tests, etc.)					
	<b>Employee Relation</b>	1	2	3	4	5
1	The organization treats employees with respect and attention					
2	The organization is concerned with employees well-being					
3	Follows up on the adaptation of employees to their functions					
4	Encourages interaction among its employees (e.g., social gatherings, social events, sports events, etc.)					
5	There is an environment of trust and cooperation among colleagues					
6	Encourages employees' participation in decision- making and problem solving.					
	<b>Training and Development</b>	1	2	3	4	5
1	The organization has a clear training and development plan which is aligned with business strategy					
2	Training and Development programs are designed to support business goals					
3	Training needs are identified periodically Formal and related trainings are provided to employees accordingly					
4	The organization stimulates learning and application of knowledge					
5	Training is evaluated by participants					
	<b>Performance appraisal</b>	1	2	3	4	5
1	In the organization, competency-based performance appraisal is the basis for decisions about promotions, development and salary increases					
2	Employees are well aware of their respective division and corporate level priorities					
3	Job description is designed in consistent with organizational priorities					
4	Periodically conducts competency-based performance appraisals					
5	Disseminates competency-based performance appraisal criteria and results to its employees					
	<b>Reward and Compensation</b>	1	2	3	4	5
1	In the organization, employees get incentives such as promotions, commissioned functions, awards, bonuses, etc.					
2	Considers the expectations and suggestions of its employees when designing a system of employee rewards					
3	Remuneration is offered at the labor market levels					

4	Offers the employees a salary that is compatible with their skills, training, and education					
5	In the organization, employees' salary is influenced by their results					

**Part 3 - Job Satisfaction Dimensions:**

<b>JOB SATISFACTION SURVEY</b> ✓ Yesu Girma Department of MBA; University of Addis Ababa. Copyright Yesu Girma 2018, all rights reserved. ✓ Paul E. Spector Department of Psychology; University of South Florida. Copyright Paul E. Spector 1994, all rights reserved.						
<b>PLEASE TICK ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT</b>		1	2	3	4	5
1	The job requires me to be creative.					
2	The job allows me to make my own decisions about how to schedule my work.					
3	I always feel comfortable in doing my work					
4	The company do have good technological tools					
5	The challenges of my job makes me more dedicated to work					
6	I am paid fair amount for the work I do					
7	Everyone is treated fairly and with respect					
8	I do get acknowledgment by bosses and colleagues for my skills and competencies					
9	I like the people I work with					
10	My nearest superior respects the co-worker's opinions.					
11	My supervisor is competent in doing his/her job.					
12	The company do have clear promotion strategies					
13	Promotion is based on Performance.					
14	There are benefits we do not have which we should have.					
15	I am motivated to working for this organization because I do have opportunity to continually advance to more senior positions					

16	I am motivated to working for this organization because I do have Secure, permanent and reliable job position					
17	I am motivated to working for this organization because I do have opportunities to acquire new knowledge and skills, reach personal potential					
18	The rules and procedures of the organization support doing a good job					
19	The job occurs in a clean environment.					
20	I get the information I need to fulfill my duties.					

# Annex

## Annex 1: Autocorrelation test result

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000 <sup>a</sup>	.999	.999	.010	2.004

a. Predictors: (Constant), RS, ER, TD, P,RC

b. Dependent Variable: EJS

Source, Own data survey (2020)

## Annex 2: Co linearity test result of tolerance and VIF

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	RS	.984	1.016
	ER	.938	1.066
	TD	.801	1.249
	PA	.825	1.212
	RC	.959	1.043

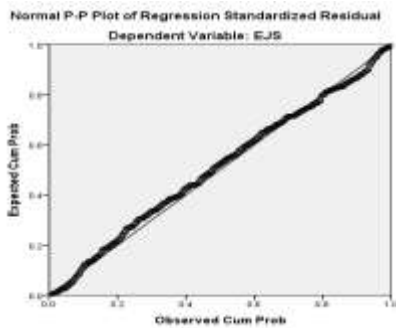
a. Dependent Variable: EJS

Source: Own data survey, (2020)

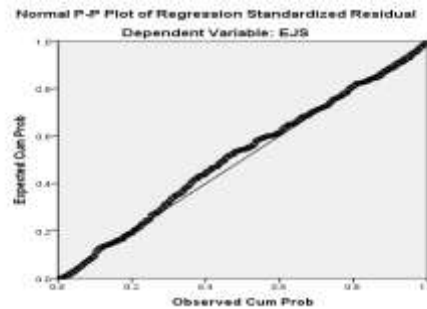
## Annex 3: Scatter plot of residuals

RS

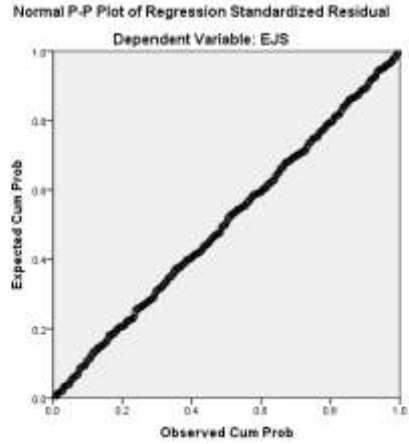
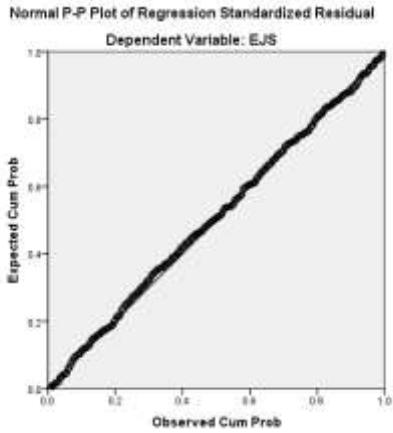
ER



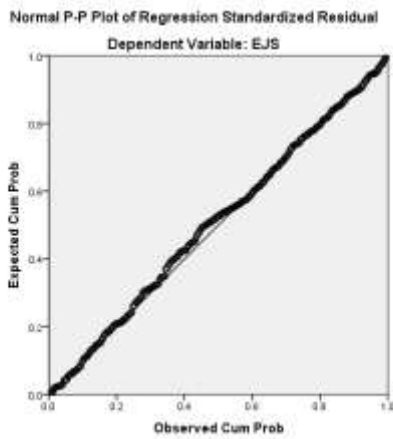
TD



PA



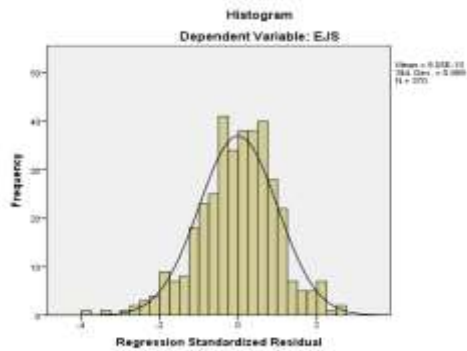
RC



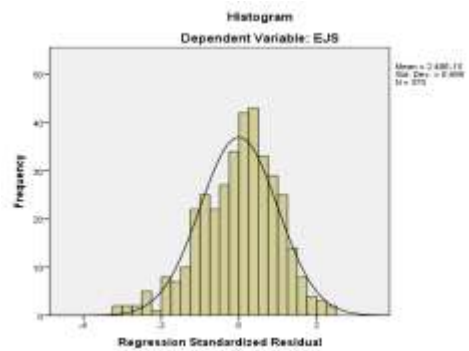
Source: Own data survey, (2020)

### Annex 4: Normality test result histogram

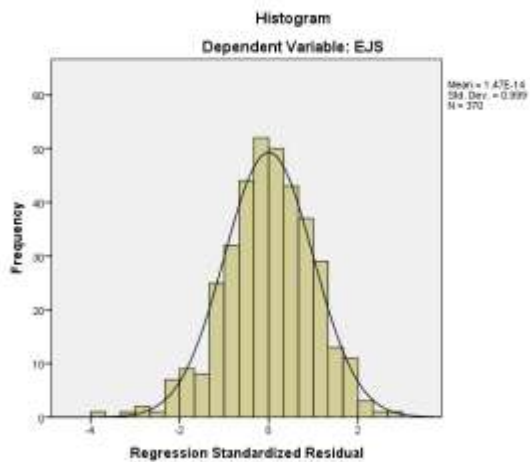
RS



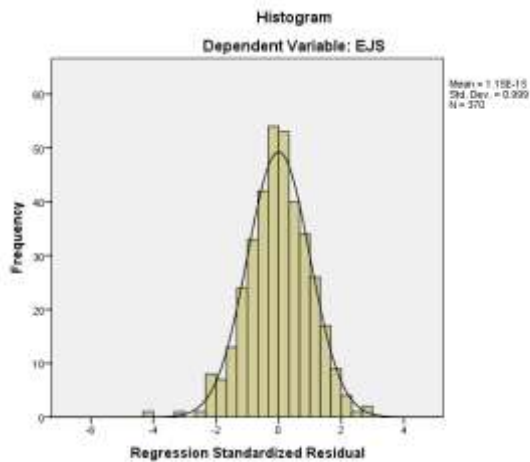
ER



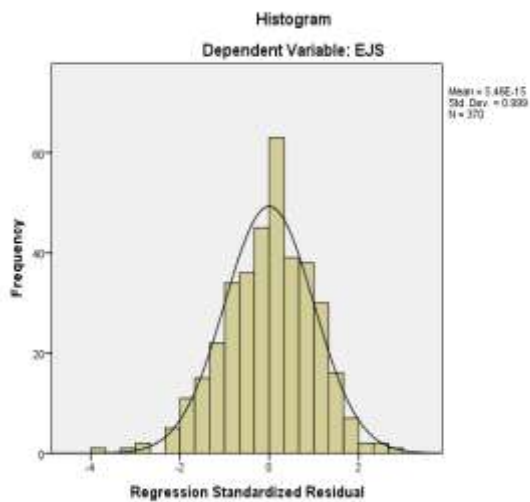
TD



PA



RC

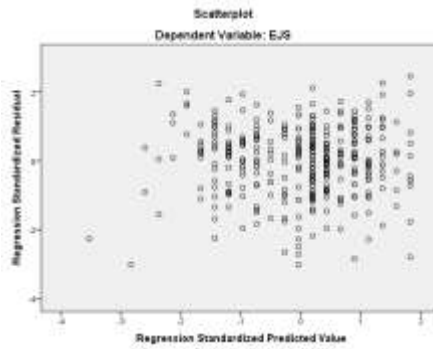
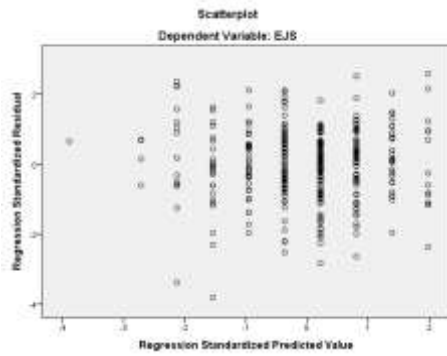


Source: Own data survey, (2020)

# Annex 5: Homoscedasticity test Scatter plot

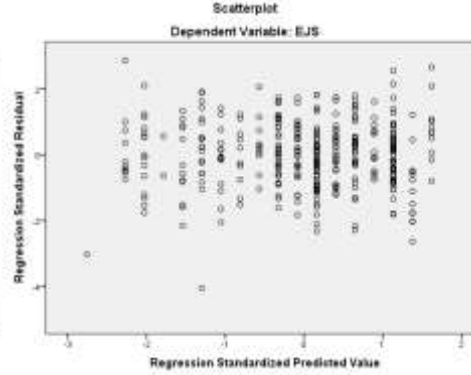
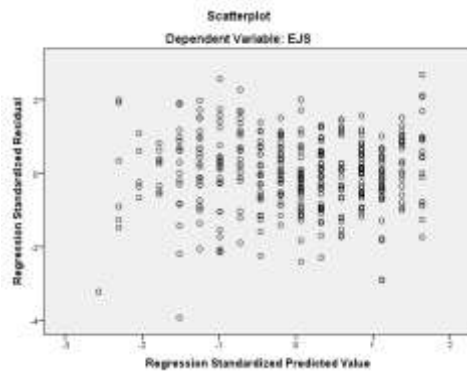
RS

ER

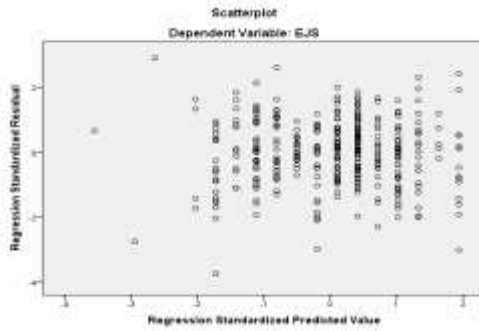


TD

PA



RC



Thank You!