

***EFFECT OF STRATEGIC HUMAN RESOURCE
MANAGEMENT PRACTICES ON EMPLOYEES
PERFORMANCE IN SELECTED PRIVATE BANKS IN
JIMMA DISTRICTS***

*A Thesis Submitted to the School of Graduate Studies of Jimma University
in Partial Fulfillment of the Requirements for the Award of the Degree of
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***EFFECTS OF STRATEGIC HUMAN RESOURCE MANAGEMENT
PRACTICES ON EMPLOYEES PERFORMANCE IN PRIVATE
BANKS IN JIMMA TOWN***

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CERTIFICATE

This is to certify that the thesis entitled” *EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEES PERFORMANCE IN PRIVATE BANKS IN JIMMA DISTRICTS* ”Submitted to Jimma University for the award of the Degree of Master of Business Administration and is a work carried out by Mr. Fiseha Gashaw under our guidance and supervision.

Therefore we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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DECLARATION

I hereby declare that this thesis entitled "*EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEES PERFORMANCE IN PRIVATE BANKS IN JIMMA TOWN*" has been carried out by me under the guidance and supervision of my co-advisor Mrs.Gadisse and main advisor Mr.Wubshet Mengesha

The thesis is original and has not been submitted for the award of degree or diploma of any university or institutions.

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Abstract

This paper was aimed to examine the effect of SHRM practices on employee performance in private banking sector in Ethiopia in jimma Districts. This study used descriptive research design to show the effect of strategic human resource management practices on employee performance, the study population, which consisted of employees in the private banks in Jimma town, and the sample size comprised 165 respondents. To achieve the study objectives, the researcher developed and distributed a questionnaire, asked interview questions and collected and analyzed the data using SPSS, correlation analysis was done by use of Pearson correlation coefficient in order to establish the kind of relationship existing between the independent variables and the dependent variable while ANOVA was done in order to investigate whether the variation in the independent variables explain the observed variance in the outcome. To establish the contribution of each of the independent variables multiple regression analysis was carried out. The correlation results indicated that strategic recruitment and selection, strategic training and development, strategic performance appraisal and strategic compensation significantly correlated with the employee performance in private banks in Jimma Districts. The regression result shows that 75.5% of the variance in employee performance could be explained by the independent variables Recruitment, Selection, Training, Development, Performance Appraisal and Compensation. The paper provided recommendations for the organizations that they should arrange other forms of benefits to keep employees motivated and improve the factors and to make its employees the major source of competitive advantage.

KEY WORDS: *strategic Recruitment, Strategic Selection, Strategic Training, Strategic development, Strategic Performance Appraisal, Strategic compensation and Employee Performance.*

ACRONYMS

HRM-----Human resource management

PM----- Personnel management

SHRM-----Strategic human resource management

SR&S-----Strategic Recruitment and selection

ST&D-----Strategic training and development

SPA----- Strategic performance appraisal

SC-----Strategic compensation

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CHAPTER ONE

1. INTRODUCTION

1.1. Back ground of the study

Fast changes are happening within the business environment. A corporation must have the power to soak up these changes at a quick rate than within the past, not simply to prove its competency alone but to justify its existence within the dynamic business world in addition. All organizations, whether large or small must ensure themselves that they need the competent people capable of accepting this challenge. Every organization, large or small, uses different kinds of capital to form the business work. Capital includes cash, valuables, or goods accustomed generate income for a business. As an example, while a firm may have proprietary software or buildings. Regardless of the industry, all companies have one thing in common: they need to have people to form their capital work for them.

Many companies today recognize the importance of individuals in meeting their goals. HRM must therefore balance two primary responsibilities: assisting the organization in its strategic direction and representing and advocating for the organization's employees. Clearly, HRM encompasses a significant role in today's organizations. HRM must be forward thinking. HRM must not simply react to what "management" states. Rather, HRM must take the lead in assisting management with the "people" component of the organization. Moreover, an organization's employees can assist in gaining and maintaining a competitive advantage. Attracting and keeping such employees requires HRM policies and practices that they desire. Being a strategic partner also involves supporting the business strategy. this suggests working with administration in analyzing organizational designs, the culture, and performance systems, and recommending and implementing changes where necessary (Robbins, 2011)

Strategic HRM defines the organization's intentions and plans on how its business goals should be achieved through people. It's supported three propositions: first, that human capital may be a major source of competitive advantage; second, that it's those who implement the strategic plan; and, third, that a scientific approach should be adapted to defining where the organization wants to travel and the way it should get there. Strategic HRM supplies a perspective on the way within which critical issues or success factors associated with people are often addressed and strategic decisions are

made that have a significant and long-term impact on the behavior and success of the organization. The basic aim of strategic HRM is to get strategic capability by ensuring that the organization has the skilled, committed and well-motivated employees it has to achieve sustained competitive advantage (Armstrong, 2006).

SHRM affects firm performance through employee performance and note that employees and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the organization they work for, make a major contribution to organizational success and constitute a major source of competitive advantage (Armstrong and Baron, 2007).

It is suggested that those organization should keep it up in attractive the competency of their workers to attain improved performance goal. it's significant to work out so on the HR practice plays its complete role in employee's performance which is able to help the corporate to utilize effectively its employees as capital to enlarge and maintain a viable edge, as people stay the only real matchless resource as compare to other organizations (Ahmad, 2018).

The employees in private banks are more satisfied with salary scale, job position, promotion scheme, working environment but very worried about working hours and work pressure. Most of the workers are less satisfied with HRM polices and practice, job analysis, IT facilities, job evaluation and performance measurement technique. Human resources are centrally managed by all surveyed bank. Bank should decentralize their HR activities all branches and develop strong HR polices. Authority and responsibility should be properly distributed to any or all HR managers. Bank should give some significant power and role to HR director so as to empower the HR departments. HR department in banking sector of Bangladesh is relatively ineffective than India, Pakistan and Sri-Lanka due to their lack of empowerment facilities. The right empowerment of HR department means their participation in preparing management policies, plan and program, forecasting demand and provide of human resources and in policy formulation and implementation. This can help to recruit and maintain skilled, knowledgeable and well performed workforce to fulfill current and future organizational still as individual needs (Hossain, 2014).

The study conducted by (Melat, 2014), at the Ethiopian Management Institute, on performance Appraisal practice indicates that corporation goal were not fully aligned with individual and functional goal, participation of employee's in planning stage of

PMS is not across all staffs of the organization, lack of regular feedback, and lack of uniformity in gathering information on employee's performance are major problems in PMS implementation. Therefore, the purpose of this study was to determine the effect of strategic human resource management on employee performance in private banks in jimma Districts.

1.2. Statement of the problem

Organizations are established to realize objectives and human factor may be a strong agent for the achievement of objectives. For this reason, firms must use management team to plan through the method of strategizing to hold out this plan, taking into consideration the varying factors of the inner and external environment that exerts their influence on the organization (OBI, 2016).

According to (FIDELIS,2011) effective employee retention is suffering from limited growth aspects and opportunities for career advancement, discrimination in promotions, low pays, job insecurity and lack of added benefits. a number of the ways of employee retention within the hospital will be through having benchmark salaries/ establishing a staff dismissal policy/creation of job groups and establishment of non salary benefits like housing loan schemes.

Recruitment and selection of employee's takes place not supported manpower planning but rather on the idea of solving immediate problems. Training isn't given for immediate personnel's, no accountability procedures are in situ to require measure whenever decision makers commit mistakes within their authority, inter-organizational transfer of employees is predicated on personal contact, promotion isn't supported performance, inadequate screening (examination and interviews) not supported merit principles (Federal civil service agency,2003) cited in Paulo's (2007). Within the same line, the recently introduced result oriented performance appraisal system suffers from poor human capacity, lack of transparency, weak follow-up, loose linkage between performance and reward that hamper the system (Solomon, 2005).

Private Banks is now-a-day emphasizing on the recruitment of new entrants or experienced people with high academic qualifications like bachelors and masters' degree holders. The advance in performance was noted in terms of

accomplishing new customers, profits, number of branches furthermore as market share Ethiopian commercial private banks use both financial and non-financial rewards to motivate their employees. Other instituted packages were personal loans, housing loans, car loans, overtime allowance, fuel allowance, and transfer allowance, leave allowance, refund of fees, and yearly appraisal (Emebet, 2017).

Ethiopian private banks are competing with regarded to having better human resource by recruiting selecting qualified employees providing better benefit packages for the workers, arrange room for promotion and shortly and employees are searching better job among banks In this regard, some banks (for instance Bank of Abyssinia) faced with high (about 8%) professional employee rate of attrition now on a daily basis - twice of tolerable rate (Beruk, 2016).

Though the effect of selected human resource management practices on organizational performance has been a widely researched area, insufficient numbers of studies are conducted within the context of Ethiopian service industries and within the banking sector similarly (Mulu,2011).There is great need for added evidence to support the strategic HRM practices from different sectors and contexts. Therefore this study seeks to work out the effect of Strategic human resource management practices on employee performance of private banks in Jimma Town and this study specified four human resource management practices that are strategic recruitment and selection, strategic Training and development, strategic performance appraisal and strategic compensation.

1.3. Research questions

Therefore this study tried to answer the following basic research questions

1. What is the effect of strategic recruitment, selection on employee performance?
2. What is the effect of strategic training, development on employee performance?
3. What is the effect of strategic performance appraisal system on employee performance?
4. What is the effect of strategic compensation on employee performance?

1.4. Objective of the study

1.4.1. General objective

The main objective of the study is to determine the effect of strategic human resource management on employee's performance

1.4.2. Specific objectives

1. To examine the effect of strategic recruitment and selection on employee performance.
2. To examine the effect of strategic training and development on employee performance.
3. To examine the effect of strategic performance appraisal system on employee performance.
4. To examine the effect of strategic compensation on employee performance.

1.5. Significance of the Study

The main objective of this study is to examine the effect of strategic human resource management practices on employee's performance. Hence this paper will help bridging the gap and to contribute to the body of knowledge that relates to human resource management practice and employees performance. This study will benefit the private banking sector by addressing the problems related to strategic human resource management from its findings. The study will also serves as an area of reference to researchers interested in this area, and it adds to the body of literature. The theories discussed in this study are beneficial to the researchers. The banking sector in Ethiopia can also use this for policy making aimed at handling employee performance effectively.

1.6. Scope of the Study

The scope of the study was limited to the effect of strategic human resource management on employee's performance in Ethiopian private banks in Jimma town Including Awash international bank, Dshen bank Wegagen bank and Hibret bank. The base for selecting these banks is based on the year of establishment. The study tried to determine the Effect of strategic recruitment and selection, strategic training and development, strategic performance appraisal and strategic compensation on the performance of employees in private banks in Jimma town

Table 1: Year of establishment of Banks

Name of banks	Year of establishment
Awash international bank	1994
Dashen bank	1995
Wegagen bank	1997
Hibret bank	1998

1.7. Delimitation of the Study

This study focused only on employees of four private banks in jimma town and this study is concerned with the variables, strategic recruitment and selection, strategic training and development, strategic performance appraisal, and strategic compensation. But there are various human resource management factors that can affect the performance of employees such as human resource planning, human relation, sexual harassment, employee separation other HRM functions. The results obtained in the study may not be similar in other organizations so other researches should be conducted in other organizations.

1.8. Organization of the study

The thesis was organized into five chapters. It starts with the introduction, which includes background, statement of the problem, objectives, research question, scope as well as the significance of the study. The second chapter is reviews of literature that deals with concepts and past studies and information related to this study. The third chapter explains research methodology including the research design sampling techniques, methods of data collection tools for data analysis and model specification. In the fourth chapter the main findings of the study are discussed. Finally, summary, Conclusions, recommendations and suggestion for future is provided in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. INTRODUCTION

This chapter presents literature related to effect of strategic human resource management on employee's performance specifically the effect of strategic human resource planning on employee performance, the effect of strategic recruitment and selection on employee performance, effect of strategic training and development on employee performance, effect of strategic performance appraisal system on employee performance and the effect of strategic compensation and benefit policies on employee performance, conceptual and empirical framework.

2.2. Strategy

In its simplest conception strategy is regarded as a unifying idea which links purpose and action. For de Wit and (Meyer, 1998), in an intelligent treatment of the subject, strategy is any course of action for achieving an organization's purpose(s). In the words of Alfred Chandler, the first modern business strategy theorist, strategy in the area of business is defined as 'the determination of the basic, long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for those goals' (Chandler, 1962). Although still tentative and preliminary as a definition, it is possible to advance a little further and say that strategy is 'a coordinated series of actions which involve the deployment of resources to which one has access for the achievement of a given purpose.'

Strategy therefore combines the articulation of human goals and the organization of human activity to achieve those goals. The setting of goals involves the identification of opportunity. Strategy is a process of translating perceived opportunity into successful outcomes, by means of purposive action sustained over a significant period of time. At a minimum there must be a clear intent translatable into specific objectives and some defined and effective means of achieving these objectives by deliberate action involving the use of resources to which one has access. Strategy may or may not reflect a fully self-conscious, deliberative and systematic approach to the setting

of objectives and their achievement which then require detailed planning. It may be an implicit or unconscious activity (MACMILLAN,2004).

2.3. Human resource management

Human resource management within the 21st century impacts a corporation in the slightest degree phases of the business. From the strategic planning phase of knowing this and available skill capacity of its labor to knowing the operational effectiveness of every department and skills to hold out new applications and processes, human resource management impacts the organization. At every stage of the trade cycle, leaders need and need to know: “Do we've the talent to urge to realize our goals?” Human resource departments have evolved into the linchpin for implementing annual business goals, but before an HR department can do this well, they need to first be ready to provide daily operations. (Rothwell,2012).

Human resource management could be a set quantity of labor in a company that focuses on the management of staffing, giving direction to the those that add the organization and issues associated with the people like hiring, employee motivation, remuneration, communication, wellness, safety administration and training. Human resource management also focuses on the private management and organizational development. it's mandatory for each organization to possess a proper human resource department in their organization and now a day's human resource management is seen strategically by the highest management. Today Human Resource Management, which could be a very significant functional field of Organizational Management, has evolved a really broad and profound management branch. It's HRM that deals with management of Human Resources in a corporation. It's the human side of Organizational Management or Business Administration. HRM is additionally called by alternative names like Personnel Management (PM), Manpower Management, People Management and Staff Management. Some studies indicate that PM differs from HRM which isn't discussed here because it is beyond the objectives of this Chapter. Various specialized academics and expert institutes have presented various definitions about what HRM means (Opatha, 2009)

2.4. Meaning of strategic human resource management and its effect on organizational performance

Strategic management of human resources represents a transformation that's relatively new within the field of human resource management. A vital role of strategic human resource management is about focusing the management in employees as a tool to achieve competitive advantage. As cited by (DESTA, 2008).

Organizations try to make the maximum amount competition within the market, planning to manage their human resources in achieving organizational performance required. a number of the goals are cost reduction, achieving sales levels, increasing the quantity of shoppers, increasing the market percentage, increasing product quality, innovative products, improve productivity. Human resources are playing a vital role in achieving these performance indicators. But before that, organizations should realize the expectations required from employees then the workers show their skills, be motivated and behave within the manner required by the organization to attain performance. Strategic HRM may be a detailed process for human resource management throughout the organization that it's integrated with the organization's overall strategy. It enables the organization having employees with the proper skills and putting them in positions consistent with the amount of their qualification and skills. Different authors have tried to relinquish different definitions for organizational performance. In general, organizational performance is expounded to the achievement of the objectives required by the organization. The achieving organizational performance may be results of the behavior of employees within the organization. Policies and practices of organizations motivate employees and that they give impact on organizational performance. a number of these are: human resource planning, recruitment, selection, training and development, compensation, performance management and employee relations. A link between Strategic HRM and organizational performance has been developed by author Michael Armstrong. Per him, the performance may be a function of the flexibility + Motivation + Opportunity (AMO). By achieving the expectations of employees, it'll be reached the performance required by the organization. Organizations have to consider human resource as a tool to realize competitive advantage needed to form appropriate policies and practices. Also, authority and responsibility must involve within the entire organization working as one team and

not focus only managers. Performance management strategy should concentrate on the event of endless and versatile process (CANIA, 2014).

2.5. Effect of Strategic recruitment and Selection on Employee Performance

Recruitment is the discovering of potential candidates for actual or anticipated organizational vacancies. It can also be seen as act of linking/bringing together those with jobs vacancy and needs to fill the vacant with those seeking for the vacant job. The ideal recruitment effort will attract a large number of qualified applicants. It should also provide information so that unqualified applicants can self-select themselves out of job candidacy. A good quality recruiting program advert should catch the attention of the qualified and not the unqualified through effective job specification and explanation. Recruitment and selection are the two phases of the employment process but there is a difference between them. The first is the process of searching the candidates to fill identifies vacant and stimulating them to apply for jobs in the organization while the later involves the series of steps by which the candidates are screened in order to choose the most suitable persons for vacant positions. The basic aim of recruitment is to create collection of talent candidates to enhance selection of best candidates for the organization, by attracting more and more prospective employees to apply in the organization while the basic purpose of selection process is to choose the right candidate to fill the different positions in the organization. The recruitment process is immediately followed by the selection process, where the final interviewers and the decision makers make the decision and the official appointment.

There is always a need for replacement employees and those with unfamiliar skills that business growth makes necessary, and with the Institute for Employment Research (2006) now estimating that UK employers will be creating an additional 1.3 million jobs before 2014, it is clear that effective recruitment will remain a central HR objective for the foreseeable future. Recruitment is also an area in which there are important social and legal implications, but perhaps most important is the significant part played in the lives of individual men and women by their personal experience of recruitment and the failure to be recruited. Virtually everyone reading these pages will know how significant those experiences have been in their own lives.

Rapid turnover can result simply from poor selection or promotion decisions. It is essential to ensure that selection and promotion procedures match the capacities of individuals to the demands of the work they have to do. Using selection and recruitment procedures that ensure that good quality people are recruited who are likely to thrive in the organization and stay with it for a reasonable length of time (but not necessarily for life), (Armstrong, 2006)

According to the results from (et.al, 2016) recruitment and selection variables significantly influence the placement of employees at PT Sriwijaya Air Jakarta. Likewise employee placement variable significantly affects the performance of employees. In the mean time, the only variable that is significant to employee performance is recruitment. Variable recruitment is one - the only variable that directly affects the performance of employees of PT Sriwijaya Air Jakarta.

Organization's strength or weakness comes from the caliber of its employees and a good recruitment strategy enables organization to get suitable and qualified employees that can enhance performance. The use of recruitment agency and internal employee recommendation in the recruitment/selection process enables organization to recruit committed and productive employees while the recruitment through the influence of host community leads to organizational inefficiency (Remilekun, 2017).

2.6. Effect of Strategic Training and Development on Employee Performance

The key distinction between development and training is that development involves a wider range of activities with less specific ends than training. Training is designed with specific learning outcomes that form the basis for examination of the skills acquired: an operator who has received the requisite training should be able to use a milling machine to produce test pieces within the tolerance required, for example. Development is focused more on the individual than the occupation and is concerned with longer-term personal growth and career movement: in France, the term evolution professional is used in preference to development, hence emphasizing the ends rather than the means.(P.Boxall,2007).

One of the primary objectives of HRM is the creation of conditions whereby the latent potential of employees will be realized and their commitment to the causes of the organization secured. This latent potential is taken to include, not merely the capacity

to acquire and utilize new skills and knowledge, but also a hitherto untapped wealth of ideas about how the organization's operations might be better ordered (Armstrong, 2006). Training and development should be seen not only as the thread that ties together all human resource practices, but also as the instrument for establishing and signaling when and how work practices should change (OTOO, 2012).

Training and development is a call for concern in today's growing society because if performances of the employees are not good enough, it will affect the organization being an important way of overcoming human resource to ascertain the strength and deficiencies of employees. They may take the necessary action or corrective measures thereby altering work attitude necessary in attaining the goals and objectives of the organization. It is an undeniable fact that in recent times many organizations have come to realization the importance of the role of training and development as it increases the organization staff efficiency, skills and productivity .Training and development have an impact on the performance of employees with regards to their jobs employee participation in training and selection for training indicate that these companies have good and perhaps clear policies regarding training and development as most of the respondents indicated that they have participated in training and that most of them were provided with opportunities to train under the compulsory practice of the company for all employees and/or on joining the company (Nassazi, 2013).

2.7. Effect of strategic Compensation on employee's performance

2.7.1. Compensation

Total rewards in organizations, including compensation systems, must be linked to organizational objectives and techniques, as McDonald's has done. Total rewards are the monetary and non-monetary rewards provided to employees so as to draw in, motivate, and retain them. Critical to a good total rewards approach is that the must balance the interests and costs of the employers with the wants and expectations of employees. In some industries, like financial services, health care, education, and hospitality, employee payroll and benefits compose quite 60% of all operating costs. Although actual costs will be easily calculated, the worth derived by employers and employees may prove harder to spot (Robert L. Mathis, 2008)

Reward strategy could be a declaration of intent that defines what the organization wants to try to to within the long term to develop and implement reward policies,

practices and processes which will further the achievement of its business goals and meet the wants of its stakeholders. Reward strategy provides a way of purpose and direction and framework for developing reward policies, practices and processes. it's supported an understanding of the requirements of the organization and its employees and the way they'll best be satisfied. it's also concerned with developing the values of the organization on how people should be rewarded and formulating guiding principles that may make sure that these values are enacted. Reward strategy is underpinned by a bequest philosophy, which expresses what the organization believes should be the premise upon which individuals are valued and rewarded. Reward philosophies are often articulated as guiding Principles (Michael Armstrong, 2008). Salary differentials, degree of pay equity experienced by lower-level employees and salary dispersion being reasonable and composite measure of hourly pay equity influence employee performance (Masea, 2016).

Compensation practices have positive impact on employee performance. Employees are integral a part of the human resources management, and so must be properly compensated so as to effectively perform beyond expectation. It's therefore vital to mention that compensation management is a difficulty that that's critical and vital for the running and management of the corporate. More so, it's the guts beat of the corporate. There's a big relationship between compensation practices and employees' performance. Conclusively, there's a major relationship between compensation practices and employees performance, which means that employees performance rely on financial compensation, health care benefit and non-financial compensation (MURYUNGI, 2017).

Effective compensation policy enhances employee commitment. When employees perceive that the policies in situ encompass their welfare, performances are enhanced through commitment to figure and intention to depart the organization is drastically reduced (Onwuka, 2017).

2.8. Effect of strategic performance appraisal system on employee performance

2.8.1. Performance appraisal

Armstrong and Baron (2004) emphasized that Performance Management could be a tool to confirm that the managers are managing effectively. this implies (1) that they make sure the people or teams they manage know and understand what's expected of them, (2) have the abilities and skill to deliver on these expectations, (3) are supported by the organization to develop the capacity to satisfy these expectations are given feedback on their performance, and (4) have the chance to debate and contribute to individual and team aims and objectives.

Performance management systems, which usually include performance appraisal and employee development, are the “Achilles’ heel” of human resources management. They suffer flaws in many organizations, with employees and managers regularly bemoaning their ineffectiveness. Managers are reluctant to produce candid feedback and have honest discussions with employees for fear of reprisal or damaging relationships with the very individuals they figure to urge work done. Employees feel that their managers are unskilled at discussing their performance and ineffective at coaching them on the way to develop their skills. Many complain that performance management systems are cumbersome, bureaucratic and too time consuming for the worth added. This leads both managers and employees to treat performance management as a necessary evil of labor life that ought to be minimized instead of a very important process that achieves key individual and organizational outcomes In spite of the difficulties, performance management is a vital tool for prime performing organizations, and it's one in all a manager’s most significant responsibilities, if not the foremost important responsibility. Furthermore, done correctly, performance management may result in numerous important outcomes for a corporation, its managers and employees. (Pulakos,2004).

2.8.2. Performance Management Process

Work/performance management is accountable for providing performance improvement programs for a corporation as a full, likewise as ensuring a system of individual employee performance. The performance management philosophy should be consistent throughout the organization, but customized for every department's or individual's needs. Performance management includes planning work, setting goals, offering feedback, performance reviews (Rothwell, 2012).

While research and experienced practitioners have identified several characteristics that are prerequisites for effective performance management systems, there also are many selections that require to be made to style a system ideally fitted to a given organization's needs. One such decision is what purpose(s) the system will serve. As an example, performance management systems can support pay decisions, promotion decisions, employee development and reductions in effect. A performance management system that attempts to attain too many objectives is probably going to die of its own lack of focus and weight. There's nobody kind of system or set of objectives that's best fitted to all organizations. the needs for a given performance management system should be determined by considering business needs, organizational culture and therefore the system's integration with other human resource management systems.(Pulakos,2004).

It will be said that the Performance Management System is that the vital key in Human Resource Management (HRM). In other words, PMS may be a crucial business driver that helps to attain business result. An efficient PMS can boost the firms to maximize the worker performance. a good system should be such it can encourage an organizational climate of trust, autonomy, collaboration, communication and teamwork etc. it's important for a corporation to own such system that not only identify and recognize the highest performers rather help the workers and organization to attain sustainable growth. Most of the trendy day organizations identify this need and are spending an enormous amount of cash to develop and implement a good Performance Management System still an enormous amount of variation can still be noticed within the employees' performance. so as to achieve the competitive advantage, the organization's performance management system should be designed in such some way that it can connect the employees' performance

expectations thereto of the organization's goals. While concluding, it are often summarized that the performance management system isn't only a mean of knowing that if the employee's' behavior is consistent, but also a very important and strategic organizational tool to link the worker activities with the goals of the organization (Gautam, 2016).

Individual performance is that the foundation of organizational performance. Improving individual performance is critical for the success of each organization. Performance evaluation could be a common practice within the lifetime of the organization. Failure to own a correct employee performance appraisal system ends up in failure of the concern itself. The aim of performance appraisal is to judge the work performance of employees so on improve their performance and consequently the organization performance. so as to try and do so performance appraisal system should use job related criteria, appropriate method of appraisal for every purpose, qualified and well trained appraiser and participation of employees in a way or the opposite performance appraisal format explicitly describe the subsequent objective; Salary increment, Promotion, Transfer to a different post, Demotion or termination. Although the majority of the respondents suggest that analysis should be conducted quarterly, instead of twice a year (TARIKU, 2015).

When implementing any sort of measurement system, the human resource professional must weigh the pros and cons of its execution. An HR employee doesn't want to adversely affect anyone. Thus, HR must recognize the impact of performance appraisals at both the individual and organizational levels. Benefits of performance appraisals at the individual level is seen within the feedback process. a private employee will receive both accolades for employment well done and constructive criticism for creating personal improvements. The feedback process provides both encouragement and an idea for improvement. Feedback allows individuals to determine their own performance and the way it's meeting the expectations of management. Some organizations may base their raises or promotions in step with a person's success at a task or overall position achievement. during this case, performance appraisals allow HR to research whether expectations are met. Furthermore, they enable employees to determine how their achievements are measured and why they did or didn't receive a specific outcome.

Human resource professionals can even depend upon performance appraisals during economic downturns. When the tough question is asked about who is pertinent to the success of a company, performance appraisals will be accustomed determine who are going to be retained and who are going to be eliminated. (Rothwell, 2012)

2.9. Employee performance

Performance is anxious with how well something is completed and reward is with how people should be recognized for doing it. Performance management and reward management are closely associated topics that play a vital part in achieving one in all the key goals of HRM – to contribute to the event of a high-performance culture. Performance is defined as behavior that accomplishes results. Performance management influences performance by helping people to know what good performance means and by providing the data needed to enhance it. Reward management influences performance by recognizing and rewarding good performance and by providing incentives to boost it (Michael Armstrong, 2014).

Managing individual performance in organizations has traditionally centered on assessing performance and allocating reward, with effective performance seen because the results of the interaction between individual ability and motivation. Increasingly, it's recognized that planning and enabling performance have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the individual's manager all being central. Traditionally performance appraisal systems have provided a formalized process to review employee performance. They're centrally designed, usually by the HR function, requiring each line manager to appraise the performance of their staff, usually annually. This normally requires the manager and employee to require part during a performance review meeting. Elaborate forms are often completed as a record of the method, but these don't seem to be living documents, they're generally stored within the archives of the HR department, and also the issue of performance is commonly neglected until the subsequent round of performance review meetings. What's being appraised varies and might cover personality, behavior or job performance, with measures being either quantitative or qualitative. Qualitative appraisal is usually an unstructured narrative on the final performance of the Appraise. Although some guidance can be given on the areas on which the appraiser should comment. The matter with qualitative appraisals is

that they will leave important areas unappraised, which they're not suitable for comparison purposes. (Torrington, 2008)

There is one key aspect of employee performance management which we've yet to touch upon which is how organizations can use performance management to support team performance additionally as individual performance. This is often a critical balancing act in most cases as, if managers and employees aren't mindful in their objective setting, development, review and reward process, there is conflict built into performance management activity causing employees' pursuit of individual objectives to wreck the performance of the team they're in and vice versa. (Torrington, 2008).

The complications which will arise and therefore the way they're best treated will depend a great deal on the sort of team(s) to which the worker belongs and also the individual circumstances. Below we consider differing kinds of team situations and therefore the challenges these bring for performance management, and the way both individual performance and team performance can best be enhanced at the identical time. It's generally agreed that team working has increased but this could take many forms. First, allow us to examine matters where an employee contains a base role in a very departmental team, like the 'training team', 'contracts team', 'schools marketing team' for instance, reflecting where that person is placed within the organization and who their line manager is. If this is often the sole team to which the worker belongs then it's highly likely that he or she is going to agree individual performance management objectives with the team leader which relate to the employee's role within the achievement of the team's objectives. One in every of those individual objectives may in fact concentrate on collegiality or support to other members of the functional team.

However many employees will at the identical time be members of other teams, perhaps ongoing cross-functional teams or time-limited cross-functional problem-solving teams. The objectives for this cross-functional team could also be owned elsewhere within the organization. One danger in such a situation is that if the worker doesn't have a minimum of one objective regarding his or her role during this second team then this aspect of his or her job may suffer as effort is prioritized on areas that purely relate to his or her home team. This may be especially so if any quite reward is attached to achievement of objectives. So neglect of part of

the employee's job regarding the second team is that the first potential problem. The remedy to the present is fairly straightforward, but easily overlooked. An objective referring to the contribution the worker makes to the second team has to be included (an input objective), or alternatively an objective referring to the achievement of 1 or more objectives of the second team (an output objective). An example of the primary may concern the team role the worker is required to play in this second team, perhaps that specialize in strengthening it, if it's not well developed, or concern the talents that are Needed in this team given its stage of development, or concern the extent to which the worker is collaborative in his or her work with the team. An example of the second May concern, say, the team delivering on a target date, to the quality agreed, or other Output targets it's agreed.

The second potential problem is that the employee's individual objectives may actually conflict with the objectives of the second team of which he or she is a part. This conflict may be political in nature, where the home team leader agrees an objective with an individual that he or she should influence the second team to, for example, plan in a certain amount of training, before the roll-out of a new IT system. However if roll-out is to commence on the target date agreed by the second team, fitting in this training may be extremely difficult, if not impossible. The employee in this situation may not be able to win, either he or she fails to achieve his or her individual objective or the second team of which he or she is a part fails to achieve one of its objectives (Torrington, 2008).

2.10. Empirical review

Based on the study conducted on Effects of training on employee performance by (Nassazi, 2013). Findings reported in this study suggest that training and development have an impact on the performance of employees with regards to their jobs. However the study doesn't consider other factors such as recruitment and selection compensation performance management and the likes of the area.

The study conducted on the impact of Human Resource Practices (Recruitment and selection Practices, reward, and Promotion Practice), on employee performance in banking sector of Pakistan (et.al, 2014), shows that there were be lots of other factors that affect employee performance but here's recruitment and selection, reward, training and employee performance has large effect upon the employee performance.

That is most probably 80%. But this study do not considered human resource practices such as training and development, employee voice human resource planning and other non-financial factors of motivation.

Based on the study conducted by (Amare,2015) on The Effect of Selected Human Resource Management Practices on Employees' Job Satisfaction in Ethiopian Public Banks confirms that training and development is a significant predictor of job satisfaction and also of linear regression analysis indicated that 50.6% variance in employee job satisfaction is explained by performance appraisal. And the study regression analysis also indicated that 64.2% variance in employee job satisfaction is explained by compensation package, which is evident by the value of communications and then by continually evaluating the human resource management practices of the banks as well. But this study did not considered employees performance instead it focuses on employees Job satisfaction.

The study Conducted by (NJOROGE, 2016) analyzed and determined the impact of strategic performance management on employee performance. From the study, it was found that competency of the employee is a major determinant of performance reward system. Strategic performance management facilitates recognition and rewarding of top performers. The study found that strategic performance management links performance to compensation clearly. Strategic performance management provides appropriate learning and development opportunities. The study examined that strategic performance management has enabled evaluation of performance and delivery of incentives in a fair and consistent manner. But the study ignored other human resource practices such as human resource planning, training and development, recruitment and selection and the like.

A research conducted by (ABEL SEIFU, 2017) on relationship between reward system and clerical employees' performance concluded that Majority of the respondents has agreed that the company's reward package system is not capable to retain best performers. But most of them agree that the reward system Differentiate between high performers and low performers as indicated by majority of response rate. Majority of the respondents also agree that rewards motivate them to increase their performance. But he doesn't consider reward system strategically instead he just examine the relationship b/n reward system and employee performance.

A study conducted on assessments of strategic human resource management practices in Ethiopian private banking sector by (Emebet, 2017). The overall strategic link and integration of HR practices with corporate strategy was negatively perceived in private banks. This purely implies that, formulated strategies on paperwork's are well articulated but poorly implemented in practices as concerned senior/ line managers' failure in support or execution of the intended strategy; lack of transparency and ignorance in regards to internalizing the objectives in a holistic manner/ approach. Employees expressed the overall training and development practices of the private banking sector were not in a good track. Performance appraisal Practice is highly subjected to personal (evaluators/ supervisors/ line managers...) biases as well as high dependency on interpersonal relations between managers and employees particularly during appraisal period, once in every six months in most cases.

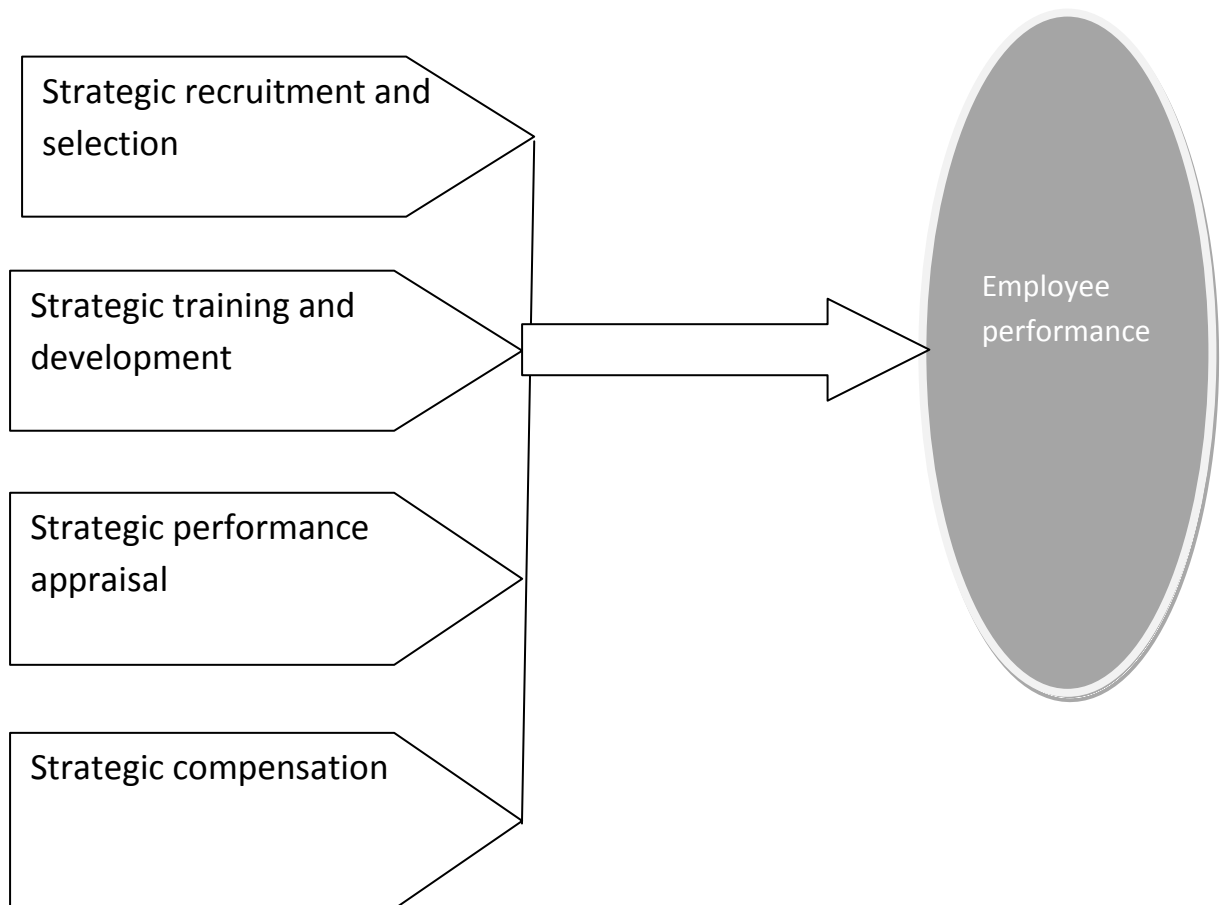
According to (Makhamara, 2017) the study determined that strategic recruitment and selection influenced employee performance in the health sector in Kenya. The study also established that the implementation of strategic training wholly influenced employee performance and the study established that strategic reward and compensation system influenced employee performance in the health sector in Kenya. However this study does not consider the factors including individual skill & experience as well as the role of performance management system on assuring employee performance which may affect performance of employee.

A study by (Marura, 2018) concludes that passing the organization's aptitude tests does not give the employees a stronger sense of belonging to the organization, USIU-Africa does not have strategic training that produces highly skilled human capital, nor does it organize conferences that equip employees with new tools to enhance their service delivery. And bonus that employees receive from the organization does not influence employee's behavior in reaching their set objectives, and that the incentive system in the organization has not been clearly communicated to employees by the HR department, since the organization does not offer allowances and bonuses based on key deliverable. However this study focused on three human resource functions by ignoring others that can have an effect on employee performance including human resource planning promotion and others.

According to (MORRIS,2018) on the influence of human resource management practices on employee performance it was found that recruitment and selection practices affects employee performance, specifically a competitive hiring process and proper placement has a bearing on timely delivery of services, nature of products and services and meeting set production targets, and large training and development practices improve operational skills and knowledge and therefore improve the standard of products and services and increase employee motivation. Mostly in general performance management systems practices was found to help employees meet their set targets, provide a measure of employee performance as well as increase employee competency.

2.11. Conceptual frame work

There are a number of factors that can affect the performance of employees in an organization but this study considered human resource management practice such as SR&Q, ST&D, SPA and SC and the conceptual framework shows the study variables in the following manner. The dependent variable in this study was employee performance in private banks in Jimma town and Independent variables are the factors that affect employee performance including strategic recruitment and selection, strategic training and development, strategic performance appraisal and strategic employee compensation.



Source (developed by the researcher, 2020)

Figure 1: conceptual frame work

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presented the description of the various methodologies and techniques that the researcher used in conducting the research. The following sections were discussed; Research design, target population, sample size and sampling technique, data collection procedure, reliability data processing, instruments used, data analysis and presentation and ethical consideration.

3.1. Research design

This study used descriptive research design to show the effect of strategic human resource management practices on employee performance in private banks in Jimma Town. According to (Polit & Beck, 2003) in a descriptive study, researchers observe, count, delineate, and classify. In view of the above definitions, descriptions and strengths, descriptive survey was the most appropriate design for this study because it's easy and convenient to be conducted through questionnaire instrument

3.2. Target population and Sample Size

The target population of this study was employees of private banks in Jimma town specifically Awash, Hibret, Dashen and wegagen banks both district and branch employees the number of employees in jimma town in these four banks was 378. To get the representative sample for the population understudy, the following sample formula was adopted. This sample determining formula is developed by Taro Yamane (1967). The reason for selecting and using this formula is that the sample size determined and acquired is somewhat bigger or larger than the results acquired using other recent formulas and also it is the most wildly used formula both in academic and social science research. There for, based on the formula the sample size of the study is 194.

$$n = \frac{N}{1 + N(e)^2} = \frac{378}{1 + 378(0.05)^2} = 194$$

Where

n= is the sample size

N= is the population size and

$e =$ is the level of precision error = (5%)

3.4. Sampling technique

This study used stratified sampling technique because this sampling method is appropriate when the population has mixed characteristics, and if the researcher wants to ensure that every characteristic is proportionally represented in the sample. The researcher divided the population into subgroups (called strata) based on the bank districts to which research is conducted in to four and then data were collected from each of the bank. Then the researcher used proportional stratified simple random sampling technique to select a sample from each subgroup.

$$ni = \frac{Ni}{N} \times n$$

Where: ni =Number of sample unit from stratum

Ni =Total number of units in the strata

n =the desired sample size

N = Total number of units in the population

Proportional Distribution of populations

Banks	Populations in each cluster	Sample from each
Awash	102	$ni = \frac{102}{378} \times 194 = 52$
Wegagen	95	$ni = \frac{95}{378} \times 194 = 49$
Dashen	93	$ni = \frac{93}{378} \times 194 = 48$
Hibret	88	$ni = \frac{88}{378} \times 194 = 45$
Total	378	194

Source: Own Survey, (2020).

3.5. Source of data

The researcher used both primary and secondary data sources. Primary data collected through questionnaires from the employees of the private Banks the Districts. And interview from the managers. Important and reliable secondary data was collected from different documents from review of related literature, published journals, newsletters, internal records and relevant documents, website (Internet), human resource books, brochures, annual reports and magazines, articles and other available sources.

3.6. Method of data collection

For collecting the data the researcher used both questionnaire and because in using questionnaire there is no face-to-face interaction between respondents and interviewer, this method provides greater anonymity, in some situations where sensitive questions are asked it helps to increase the likelihood of obtaining accurate information and Comparatively convenient and inexpensive. Particularly when it is administered collectively to a study population, it is an extremely inexpensive method of data collection, and interview was used by the researcher to support the information gathered through questionnaire.

3.7. Reliability and validity

Variables	Cronbach's alpha	No of items
Strategic Recruitment and selection	0.889	8
Strategic Training and Development	0.866	8
Strategic performance appraisal	0.860	9
Strategic compensation	0.876	9

3.7.1. RELIABILITY

For testing the reliability of the data instrument, Cronbach's Alpha was calculated to test the reliability of the research instrument. . It is commonly used as a measure of the

internal consistency or reliability of a psychometric test score for a sample of examinees. The measure between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

3.7.2. VALIDITY

Content validity involves the degree to which the study is measuring what it is supposed to measure. More simply, it focuses on the accuracy of the measurement. This study used content validity to determine whether the research instrument was valid. Content validity provides evidence that the scope of the test is sufficient, so that it covers comprehensively the attribute it intends to measure.

3.8. Method of data analysis

After the required data were collected through instruments discussed above finally it was analyzed using the Statistical Package for the Social Sciences (SPSS). Statistical tools measures of central tendency (mean), frequency distribution and measures of variability (standard deviation) were used to summarize & describe the response of participants.

In this study, correlation analysis was done by use of Pearson correlation coefficient in order to establish the kind of relationship existing between the independent variables and the dependent variable while ANOVA was done in order to investigate whether the variation in the independent variables explain the observed variance in the outcome.

To establish the contribution of each of the independent variables, that is, strategic recruitment and selection practices, strategic training and development practices, performance appraisal practices and strategic compensation practices) on the employee performance in the private banks multiple regression analysis was carried out.

The Regression model used was as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y = Dependent Variable

β_0 = Constant term

β_1 = Coefficient for the first independent variable (Strategic Recruitment and selection practices)

β_2 = Coefficient for the second independent variable (strategic Training and development practices)

β_3 = Coefficient for the third independent variable (Strategic Performance appraisal)

β_4 = Coefficient for the fourth independent variable (Strategic compensation)

ε = Error term

3.9. Ethical consideration

The researcher informed respondents on the introduction part of the paper about the title and objective of the study and to develop respondent's confidence by informing that their responses will be kept confidentially and the information used only for academic purpose. To avoid misunderstanding and problems related with questionnaires in acquiring information from the employees the researcher will design the questionnaires in clearly and understandable manner.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, DISCUSSION AND INTERPRETATION

4.1 Introduction

This chapter presents the results and discussion of the research findings. The chapter has been divided into several sections. These are demographic section of respondents, strategic recruitment and selection, strategic training and development, strategic performance appraisal, strategic compensation and employee performance. The study achieved a response rate of 85%.

4.2. Demography Information of Respondents

	frequency	Percent	Valid percent	Cumulative percent	Total(n)
gender					
female	40	24.2	24.2	24.2	
Male	125	75.8	75.8	100	165
Marital status					
Single	38	23	23	23	
Married	125	75.8	75.8	98.8	
divorced	2	1.2	1.2	100	165
Age					
18-27	32	19.4	19.4	19.4	
28-37	75	45.5	45.5	64.8	
38-47	51	30.9	30.9	95.8	
47& above	7	4.2	4.2	100	165
Level of education					
First degree	139	84.2	84.2	84.2	
Masters and above	26	15.8	15.8	100	165

Source: Own Survey, (2020).

According to the study findings, majority of the respondents were male 75.8% while Female respondents were 24.2%. The study attributed this to the existing gender gap in the employment in the banking sector in Ethiopia which is predominantly dominated by the male gender.

Table 4.4 shows the marital status of the respondents, and it shows that 75.8% were married, 23% were single, and 1.2% was divorced. This indicates that majority of the respondents were married.

Table 4.2 revealed that most of the bank's staff members, that is, 75 (45.5%) were aged between 28-37 years. This was followed by 51 (30.9%) who were aged "between" 38 - 47, then 32 (19.4%) aged between 18-27 years while the minority were aged above 48 years at the rate of 7 (4.2%). This age brackets indicate that largely the banks personnel surveyed were either youth or a young adult, that is, aged "between" 18-47 making up 95.8%.

Data on table 4.3 reveals academic qualification levels of bank employees. It revealed that the bulk of the bank employees interviewed 139(84.2%) had a Bachelor's degree as followed by masters and above holders who were 26 (15.8%).

4.3 Descriptive Statistics of Study Variables.

This section provides the research findings as presented in tables and the number of respondents per each test item for each variable. The main purpose of the study was to investigate the effect of strategic human resource management practices on employee performance in the banking sector in Ethiopia. The researcher analyzed the following variables for the study; strategic recruitment and selection, strategic training and development, strategic performance appraisal, strategic compensation and employee performance in the banking sector in Ethiopia in Jimma Districts.

Table 2: Table of Responses on strategic recruitment and selection

Statements	5(%)	4(%)	3(%)	2(%)	1(%)	mean	SD
Employees are fully satisfied with the recruitment and selection practices in your organization	17(10.3)	83(50.3)	27(16.4)	29(17.6)	9(5.5)	3.42	1.065
My organization's recruitment and selection process facilitates superior organizational performance	23(13.9)	75(45.5)	24(14.5)	38(23)	5(3)	3.44	1.08
My organization recruits and selects qualified employees	35(21.2)	97(58.8)	21(12.87)	11(6.7)	1(0.6)	3.93	0.81
Passing the organization's aptitude tests gave me a stronger sense of belonging to the organization	34(20.6)	94(57)	26(15.8)	7(4.2)	4(2.4)	3.89	0.86
My organization's strategic recruitment and selection system matches human resource to the strategic and operational needs of the organization	29(17.6)	58(35.2)	44(26.7)	26(15.8)	8(4.8)	3.4	1.1
My organization uses employee transfers to acquire qualified employees from other departments	29(17.6)	75(45.5)	42(25.5)	16(9.7)	3(1.7)	3.67	0.939
My organization's employee promotion process is based on merit	14(8.5)	61(37)	36(21.8)	47(28.8)	7(4.2)	3.1	1.06
My organization's human resource department gives me the freedom of choice in terms of career development	9(5.5)	53(32.1)	43(26.1)	53(32.1)	7(4.2)	3.02	1.01

Source: Own Survey, (2020).

As depicted in Table 4.5; majority of respondents agreed that Employees are fully satisfied with the recruitment and selection practices in their organization (bank) this was indicated by a mean of 3.42 and standard deviation 1.065; the respondents agreed that organization's recruitment and selection process facilitates superior organizational performance as indicated by a mean of 3.44 and standard deviation of 1.08 ; A total of 80% of the respondents agreed that their bank recruits and selects qualified employees as indicated by a mean of 3.93 and standard deviation of 0.81 ; respondents agreed that Passing their bank's aptitude tests gave them a stronger sense of belonging to the organization as indicated by a mean of 3.89 and standard deviation of 0.86; 52.8 % of respondents agreed that their bank's strategic recruitment and selection system matches human resource to the strategic and operational needs of the organization as indicated by a mean of 3.4 and standard deviation of 1.21 but on this finding 26.7 % of respondents were undecided on whether the their bank strategic recruitment and selection system matches human resource to the strategic and operational needs of the organization in this case the mean rises to 3.4; Majority of the respondents 63.1% were of the opinion that their organization uses employee transfers to acquire qualified employees from other departments, followed by 25.5 % of respondents who are neutral; 52% of respondents agreed that employee promotion process in their organization is based on merit followed by 28.8 disagreed and 21.8% of them remain undecided as depicted by the mean of 3.1 and standard deviation of 1.06; 37.6% of respondents agreed that the human resource department in their bank gives them the freedom of choice in terms of career development 36.3% of respondents disagreed and the remaining 26.1% were undecided.

Table 3 Table of Responses on training and development

Statements	5(%)	4(%)	3(%)	2(%)	1(%)	mean	SD
My organization has strategic training that produces highly skilled human capital	9(5.5)	42(25.5)	47(28.5)	58(35.2)	9(5.5)	2.9	1.01
The training programs offered by my organization have made me feel indebted to the organization	8(4.8)	53(32.1)	39(23.6)	59(35.8)	6(3.6)	2.98	1.01
The upgrade of my skills and knowledge has put me in a better position to produce high-quality service	36(21.8)	94(57)	25(15.2)	8(4.8)	2(1.2)	3.9	0.81
My job role does not deny me the opportunity to put my knowledge and skills into practice	16(9.7)	66(40)	55(33.3)	23(13.9)	5(3)	3.39	0.94
Highly experienced employees in my organization coach the less experienced employees	19(11.5)	94(57)	32(19.4)	19(11.5)	1(0.6)	3.67	0.84
Newly recruited employees are usually attached to a mentor in my organization	26(15.8)	71(43)	38(23)	24(14.5)	6(3.6)	3.5	1.03
Newly recruited employees in my organization are usually given an orientation in the organization	26(15.8)	83(50.3)	40(24.2)	12(7.3)	4(2.4)	3.69	0.906
The orientation program in my organization offers new recruits the opportunity to design their work schedule	29(17.6)	75(45.5)	41(24.8)	13(7.9)	7(4.2)	3.6	0.99
My organization has organized conferences that have equipped me with new tools to enhance my service delivery	61(37)	85(51.5)	13(7.9)	6(3.6)		4.2	0.74

Source: Own Survey, (2020).

From the findings depicted on table 4.6, 40.7% of respondents disagreed on their organization has strategic training that produces highly skilled human capital followed by 31% of respondents were agreed and 28.5% were neutral with a mean of 2.9 and standard deviation of 1.01; 39.4% of the respondents disagreed on the training programs offered by their organization have made them feel indebted to the organization followed by 36.9% of the respondents who agreed that the training programs offered by their organization have made them feel indebted and 23.6% were neutral as indicated by the mean of 2.98 and standard deviation of 1.01; the respondents strongly agreed that upgrade of their skills and knowledge has put them in a better position to produce high-quality service with the mean of 3.9 and standard deviation of 0.81 employees job role does not deny them the opportunity to put their knowledge and skills into practice as indicated by a mean of 3.39 and standard deviation of 0.94; they agreed that Highly experienced employees in my organization coach the less experienced employees as indicated by a mean of 3.67 and standard deviation of 0.84;The respondents agreed that Newly recruited employees are usually attached to a mentor in their organization as indicated by a mean of 3.5 and standard deviation of 1.01; Newly recruited employees in banks are usually given an orientation in the organization by the mean of 3.69 and standard deviation of 0.906; The orientation program in the banks offers new recruits the opportunity to design their work schedule by the majority of respondents as indicated by the mean of 3.66 and standard deviation 0.99; they also strongly agreed that organization has organized conferences that have equipped employees with new tools to enhance their service delivery as indicated by a mean of 4.2 and standard deviation of 0.74.

Table 4 Table of responses on Performance appraisal

Statements	5(%)	4(%)	3(%)	2(%)	1(%)	Mean	SD
Corrective measures are undertaken to improve staff performance after every appraisal period	104(63)	46(27.9)	12(7.3)	1(0.6)	2(1.2)	4.5	0.76
Performance management system used in our organization helps employees meet the set targets	18(10.9)	102(61.8)	37(22.4)	8(4.8)	6(3.6)	3.78	0.696
Do you agree that performance appraisal process is necessary for measuring employee performance	47(28.5)	91(55.2)	13(7.9)	12(7.3)	2(1.2)	4.02	0.87
I receive specific and accurate feedback from my supervisor on my performance after every appraisal process	38(23)	77(46.7)	33(20)	13(7.9)	4(2.4)	3.8	0.96
My pay, commission, promotion and other benefits are purely based on performance appraisal results	55(33.3)	80(48.5)	20(12.1)	6(3.6)	4(2.4)	4.06	0.904
Performance management system leads to employee becoming more competent	29(17.6)	99(60)	21(12.7)	14(8.5)	2(1.2)	3.84	0.855
There is transparency & continuous follow up when evaluating employees	49(29.7)	82(49.7)	25(15.2)	6(3.6)	3(1.8)	4.01	0.87
Performance appraisal is used as a decision making tool for the increasing my performance	14(8.5)	76(46.1)	41(24.8)	25(15.2)	9(5.5)	3.36	1.01
Performance appraisal makes me work below expectation due to how it is conducted	17(10.5)	74(44.8)	30(18.2)	38(23)	6(3.6)	3.35	1.05

Source: Own Survey, (2020).

From the study findings table 4.7 ; majority of respondents strongly agreed that Corrective measures are undertaken to improve staff performance after every appraisal period as indicated by the mean of 4.5 and standard deviation of 0.76; Performance management system used in the banks helps employees meet the set targets from the findings from the respondents as indicated by the mean of 3.78 and standard deviation of 0.696; respondents strongly agreed that performance appraisal process is necessary for measuring employee performance with the mean of 4.02 and standard deviation of 0.87; majority of respondents agreed that they receive specific and accurate feedback from their supervisor on their performance after every appraisal process as indicated by the mean of 3.8 and standard deviation of 0.96; from the findings on the table employees pay, commission, promotion and other benefits are purely based on performance appraisal results as indicated by the mean of 4.06 and standard deviation of 0.904; majority of respondents agreed that Performance management system leads to employee becoming more competent by the mean of 3.84 and standard deviation of 0.855; according to majority of the respondents There is transparency & continuous follow up when evaluating employees in the banks as indicated by the mean of 4.01 and standard deviation of 0.87; 54.6% of respondents agreed that Performance appraisal in the banks is used as a decision making tool for the increasing my performance followed by 24.8% neutral and 5.4% disagreed.

Table 5 Table of responses on Compensation

Statements	5(%)	4(%)	3(%)	2(%)	1(%)	Mean	SD
The human resource in our organization utilizes compensations to achieve employee satisfaction and retention	38(23)	67(40.6)	29(17.6)	28(17)	3(1.8)	3.66	1.06
The reward and compensation practices implemented by my organization have increased my motivation	45(27.3)	80(51.5)	17(10.3)	18(10.9)		3.95	0.9
Incentives in my organization have increased the value I attach to my work goals	30(18.2)	79(47.9)	20(12.1)	36(21.8)		3.6	1.02
Reward systems my organization has affected the quality of my service	20(12.1)	92(55.8)	35(21.2)	13(7.9)	5(3)	3.66	0.90
My pay check communicates the extent to which the organization values me as an employee	19(11.5)	77(46.7)	29(17.6)	35(21.2)	5(3)	3.4	1.04
Compensation to me is an important motivator of how I perform my various duties	19(11.5)	88(53.3)	28(17)	30(18.2)		3.58	0.917
Compensation and rewards systems are key policy areas for my organization's human resource department	35(21.2)	77(46.7)	28(17)	25(15.2)		3.7	0.96
The bonus that I receive from my organization influences my behavior in reaching my set objectives	29(17.6)	102(61.8)	10(6.1)	24(14.5)		3.8	0.89
The incentive system in my organization has been clearly communicated to us by the human resource department		36(21.8)	27(16.4)	54(32.7)	48(29.1)	2.3	1.11

Source: Own Survey, (2020).

A total of 63.6% of the respondents agreed that the human resource in their organization utilizes compensation to achieve employee satisfaction and retention as indicated by a mean of 3.66 and standard deviation of 1.06 followed by 17.6% were neutral and other 17% disagreed on it; majority of respondents agreed that reward and compensation practices implemented by their bank have increased employees motivation as indicated by the mean of 3.95 and standard deviation of 0.9; from the respondents 66.1% agreed that Incentives in the organization have increased the value employees attach to their work goals followed by 21.8% of respondents disagreed and 12.1 were neutral with the mean and standard deviation of 3.6 and 1.02 respectively; according to majority of respondents Reward systems in the organization has affected the quality of employees service delivery as indicated by the mean of 3.66 and standard deviation of 0.90; majority of respondents agreed that pay check given for employees communicates the extent to which the organization values them as an employee by the mean of 3.4 and standard deviation of 1.04; Compensation is an important motivator of how employees perform various duties in the organization as indicated by the mean of 3.58 and standard deviation of 0.917; Compensation and rewards systems are key policy areas in the organization's human resource department as indicated by the mean of 3.7 and standard deviation 0.96; most of the respondents agreed that the bonus that employees receive from the organization influences their behavior in reaching the set objectives as indicated by the mean of 3.8 and standard deviation of 0.89; majority of respondents disagreed that the incentive system in the organization has been clearly communicated to employees by the human resource department as indicated by the mean of 2.3 and standard deviation of 1.11.

Table 6 Table of Employee performance

Statements	5(%)	4(%)	3(%)	2(%)	1(%)	mean	SD
My performance is good in performance appraisal of the organization	30(23)	74(44.8)	22(13.3)	23(13.9)	8(4.8)	3.67	1.12
I am always motivated to do my job in the organization	38(23)	84(50.9)	18(10.9)	20(12.1)	5(3)	3.78	1.02
My organization continuously motivate me to get my maximum effort	22(13.3)	83(50.3)	25(15.2)	32(19.4)	3(1.8)	3.53	1.0
Human resource practices of the organization makes me perform well and productive	21(12.7)	91(55.2)	34(20.6)	11(6.7)	8(4.8)	3.64	0.956
I have common goals with my organization that facilitates my performance	17(10.3)	75(45.5)	27(16.4)	40(24.2)	6(3.6)	3.34	1.06
I perform well because I felt valued by the organization	22(13.3)	79(47.9)	27(16.4)	33(20)	4(2.4)	3.49	1.03
I am usually present and on time	34(20.6)	76(46.1)	30(18.2)	18(10.9)	7(4.2)	3.67	1.05
I normally pre-plan my absence	30(18.2)	107(64.8)	14(8.5)	11(6.7)	3(1.8)	3.9	0.83

Source: Own Survey, (2020).

According to findings from table 4.9, 67.8% of respondents agreed that employees performance is good in performance appraisal of the organization followed by 18.7% of respondents disagreed on their performance was good and 13.3% were neutral as indicated by the mean of 3.67 and standard deviation of 1.12; most of the respondents agreed that employees in the organization were always motivated to do their job in the organization as indicated by the mean of 3.78 and standard deviation of 1.02; 63.6% of respondents agreed that their organization continuously motivate employees to get their maximum effort, followed by 21.2 % who disagreed and 15.2% were undecided as indicated by the mean of 3.53 and standard deviation of 1.0; majority of the respondents agreed that the human resource practices of the organization makes employees perform well and productive as indicated by the mean of 3.64 and standard

deviation of 0.95; from the table above 55.8% of respondents agreed that employees have common goals with their organization that facilitates their performance followed by 27.8% of respondents who disagreed and the other 16.4% of respondents were neutral as indicated by the mean of 3.34 and standard deviation of 1.06; 61.2% of the respondents agreed that employees perform well because they felt valued by the organization followed by 22.4% of respondents disagreed and 16.4% were neutral as indicated by the mean of 3.49 and standard deviation of 1.03; majority of the respondents agreed that they usually present and on time and this is supported by the mean of 3.67 and standard deviation of 1.05; based on the majority of the respondents employees normally pre-plan their absence on work as indicated by the mean of 3.9 and standard deviation of 0.83.

4.4 Inferential Statistics

4.4.1. Correlation Analysis

The results of correlation analysis are as shown in Table 4.11. The findings indicated that there was strong positive and significant relationship between Strategic Recruitment and Selection and Employee Performance in the private banking sector in Ethiopia. With a Pearson correlation coefficient $r=0.743$, $p\text{-value} < 0.05$ which was significant at 0.05 level of significance. This implies that improved Strategic Recruitment and selection in organizations results in improvement of Employee Performance.

There was strong positive and significant relationship between strategic training and development and employees performance. With a Pearson correlation coefficient $r=0.567$, $p\text{-value} < 0.05$ which was significant at 0.05 level of significance. This implies that increased Strategic Training and development results in increase of Employee Performance.

There was strong positive and significant relationship between strategic performance appraisal and employees performance. With a Pearson correlation coefficient $r=0.690$, $p\text{-value} < 0.05$ which was significant at 0.05 level of significance. This indicates that improved Strategic performance appraisal results in improved Employee Performance.

There was strong positive and significant relationship between Strategic Compensation and Employee Performance. With a Pearson correlation coefficient $r=0.727$, $p\text{-value} < 0.05$ which was significant at 0.05 level of significance. This implies that improved Strategic Compensation in organizations results to improved Employee Performance

Table 7 Table of Correlation matrix

		Employee performance	Recruitment and selection	Training and development	Performance appraisal	Compensation
Employee performance	Pearson Correlation	1	.743**	.567**	.690**	.727**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	165	165	165	165	165
Recruitment and selection	Pearson Correlation	.743**	1	.505**	.643**	.541**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	165	165	165	165	165
Training and development	Pearson Correlation	.567**	.505**	1	.555**	.373**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	165	165	165	165	165
Performance appraisal	Pearson Correlation	.690**	.643**	.555**	1	.444**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	165	165	165	165	165
Compensation	Pearson Correlation	.727**	.541**	.373**	.444**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	165	165	165	165	165
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

4.5.2. Regression Analysis

4.4.2. Multiple linear regression assumptions

Testing assumption of multiple linear regression analysis models is very important before running regression analysis. So each assumption results were discussed in the following sub topics. In the previous section of this paper the descriptive and inferential analysis was carried out separately with the existence of association between the dependent and independent variables with the intension of identifying effect of strategic human resource management on employees performance in private banks in jimma town However, identification of these factors is not enough for meaningful conclusion. Therefore, the influence of each independent variable must be assessed and identified sequentially. The researcher used multiple linear regression models assumptions as follow.

4.4.2.1. Multicollinearity Test between independent variables

According to Gujarati (2003) Multicollinearity tests helps identify the high correlation between explanatory variables and to avoid double effect of independent variable from the model. When independent variables are Multicollinearity there is overlap or sharing of predictive power. Predictor variable should be strongly related to dependent variable but not strongly related to each other. This may lead to the paradoxical effect, whereby the regression model fits the data well but, none of the explanatory variables (individually has a significant impact in predicting the dependent variable. For this purpose, variance inflation factor (VIF) and tolerance test were used to check Multicollinearity for variables if the value of VIF is less than 10 there is no Multicollinearity and on the other hand if VIF greater than or equal to 10 there is a serious Multicollinearity problem.

According to Gujarati, (2003) to avoid serious problem of Multicollinearity omitting the variable with 10 and more from the analysis, in addition tolerance is an indicator how much of the variability of independent variable is not explained by the other independent variable in the model and is calculated using the formula $1 - R^2$ for each variable. If the value is very small (less 0.1), it shows the multiple correlation with other variable is high.

Table11: Multicollinearity Test between independent variables

Independent variables	Tolerance	VIF
Strategic Recruitment and selection	0.488	2.051
Strategic Training and development	0.648	1.540
Strategic Performance appraisal	0.508	1.964
Strategic compensation	0.685	1.459

The above table 4.11 shows the division result that the value of VIF all variables were by far less than 10 and the value of tolerance statistics being above 0.1 they were accepted entered in to regression model for the estimation of variables.

4.4.2.2. Normality test

Normality assumption is around the mean of the residuals is zero and used to determine whether a data set is well modeled by a normal distribution or not and also to indicate an underlying random variable is to be normally distributed (Gujarati.2009). Therefore the researcher was used histogram methods of testing the normality of the data. If the residuals are normally distributed about its mean of zero, the shape of histogram should be a bell-shaped and regression standardized residual plotted between -3.3 and 3.3. From the figure below data normality can be indicated.

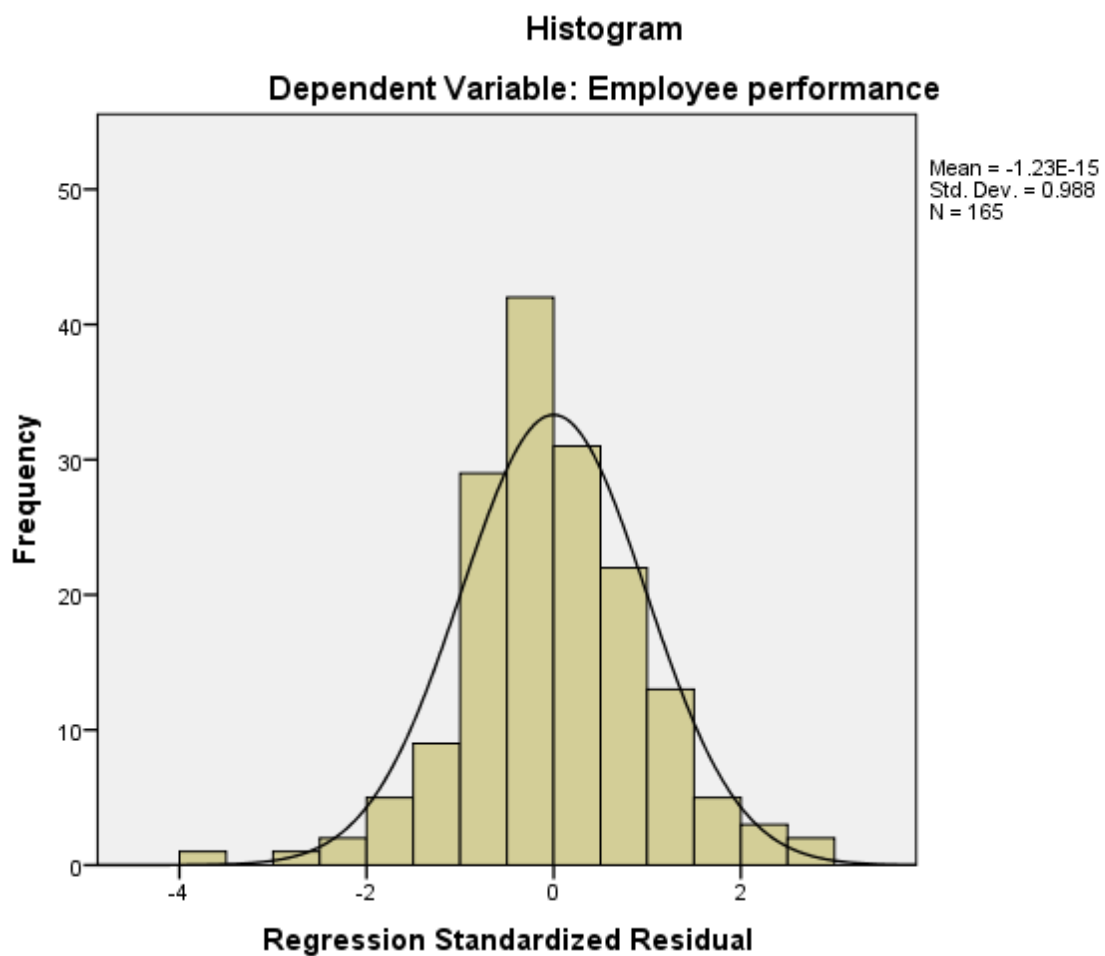


Figure 2: histogram regression standardized residual

4.4.2.3. Linearity Test

Linearity is used to check whether all the estimates of regression including regression coefficients, standard errors and tests of statistical significance are biased or not (Keith, 2006). To check the linearity assumption in multiple linear regressions the normal P-P plot was used, the plot shows all observed values somewhat spread along the straight diagonal line. Figure 8 in below shows us most of the observed values are spread very close to the straight line;

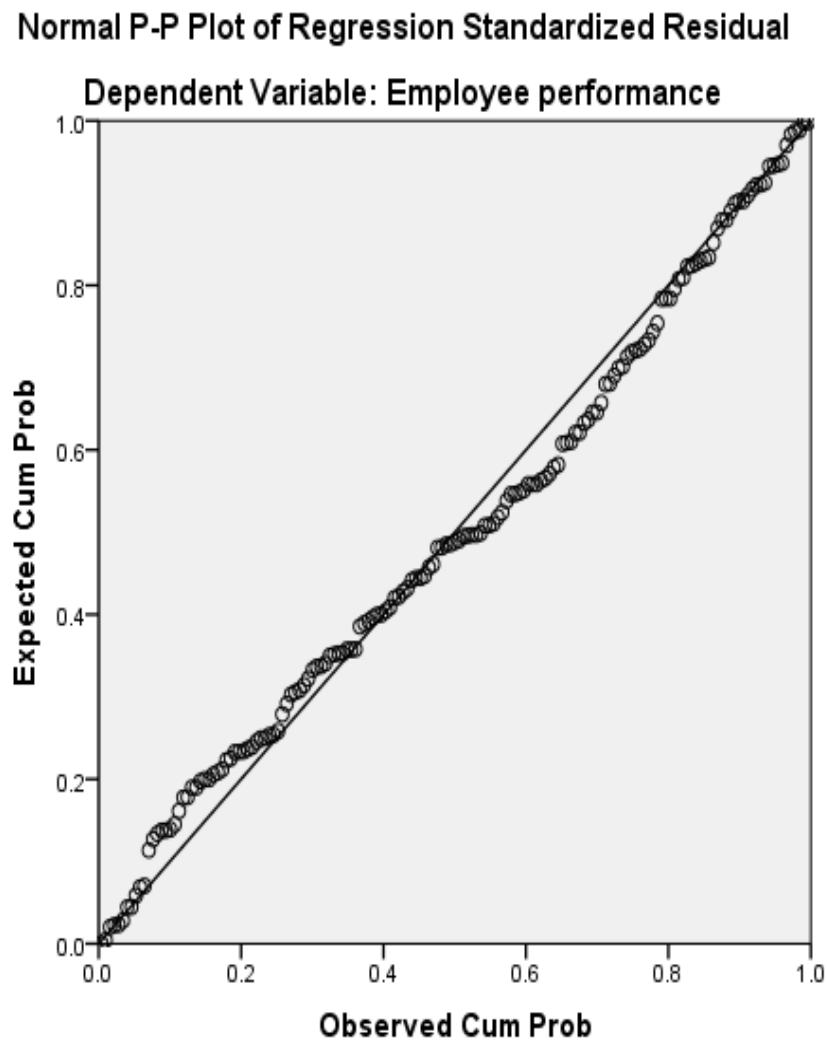


Figure 3: p-p plot; Linearity test results

4.4.2.4. Independence of residual

The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50. Babatunde, O.S, (2014). In this case, Durbin-Watson is 1.580, within the acceptable range. We can assume independence of residuals.

4.4.2.5. Heteroscedasticity test

Heteroscedasticity is the equality or violation of the residuals for every set of values for independent variable. So the researchers assume that errors are spread out constantly between the variables. Heteroscedasticity problem exist when scatter plot is greater than 3.3 and less than -3.3. Therefore, as it was indicated in figure 9 below the data did not violate Heteroscedasticity assumption but it was homoscedastic.

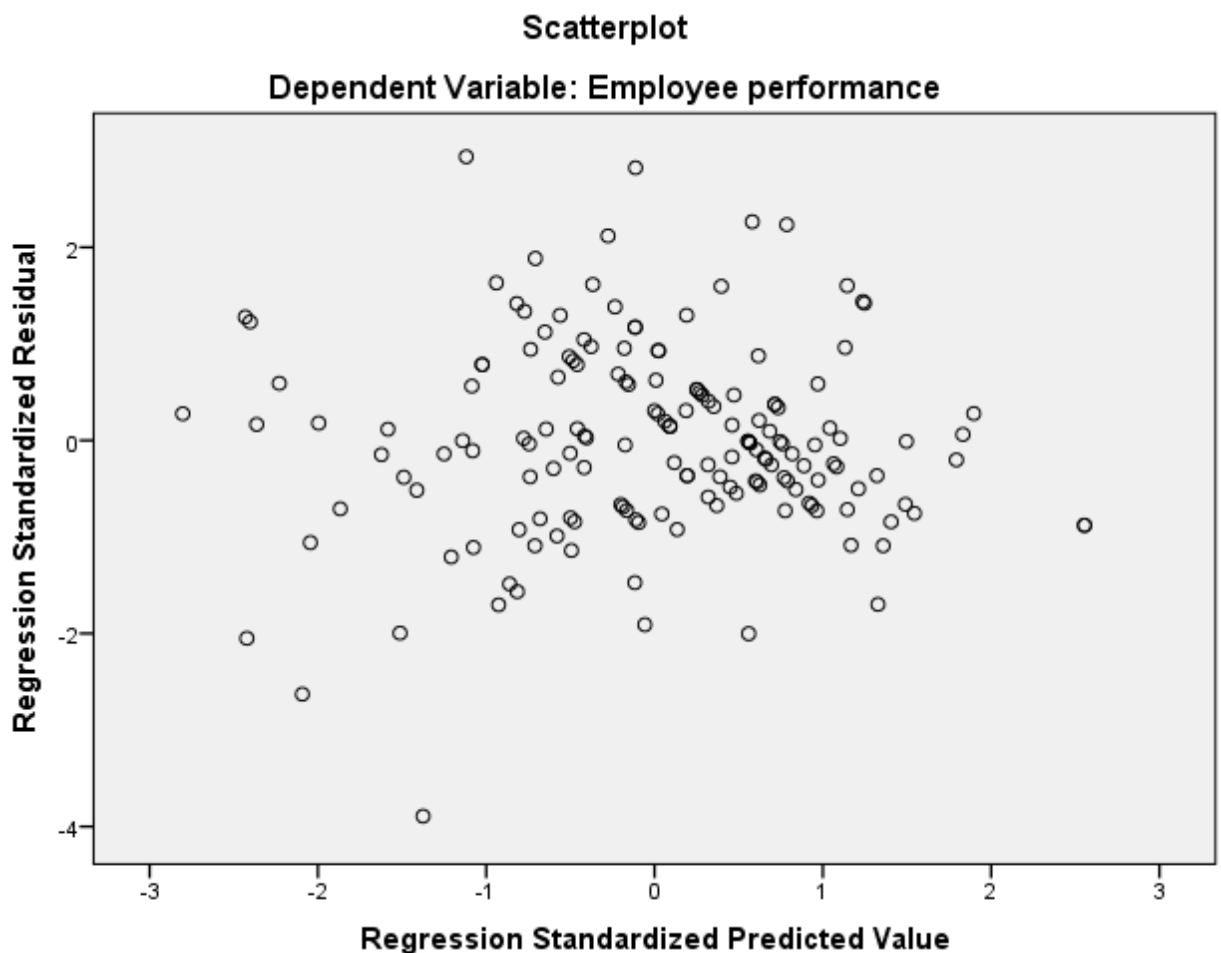


Figure 4: Scatter plot Heteroscedasticity test result

Table 4.5 presents the model summary for strategic recruitment and selection, strategic training and development, strategic performance appraisal and strategic compensation practices and its effect on employee performance. The table indicates that 75.5% of the variance in employee performance could be explained by the above variables R&S, T&D, PA and C.

Table 12 Table of model summary

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	.872 ^a	.761	.755	.37756	.761	127.077	4	160	.000	1.580

a. Predictors: (Constant), Compensation, Training and development, Performance appraisal, Recruitment and selection

b. Dependent Variable: Employee performance

An F statistic of 127.077 and a probability value of 0.000 shows that the model was good fit.

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	72.459	4	18.115	127.077	.000 ^b
	Residual	22.808	160	.143		
	Total	95.268	164			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Compensation, Training and development, Performance appraisal, Recruitment and selection

Table 13: Table of Regression Coefficients for all independent variables on Employee Performance.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1(Constant)	-.599	.196		-3.048	.003
Recruitment and selection	.323	.060	.300	5.407	.000
Training and development	.143	.054	.128	2.665	.008
Performance appraisal	.272	.060	.245	4.526	.000
Compensation	.448	.051	.408	8.729	.000

a. Dependent Variable: Employee performance

The Regression model was obtained as;

$$Y = -0.599 + 0.323X_1 + 0.143X_2 + 0.272X_3 + 0.448X_4 + \varepsilon$$

Where:

Y = Dependent variable (employee performance in private banks in jimma town)

X₁ = Strategic Recruitment and selection practices

X₂ = Strategic Training and development practices

X₃ = strategic Performance appraisal practices

X₄ = Strategic compensation practices

ε = Error term

Table 4.13 depicts the existing relationship between independent variables (strategic recruitment and selection, strategic training and development, strategic performance appraisal and strategic compensation practices) and employee performance using regression coefficients. The sig value of 0.000 for strategic recruitment and selection was <0.05 indicating that strategic recruitment and selection practices were very significant to employee performance. The sig value of 0.008 for training and development was <0.05 and this indicates strategic training and development was very significant to employee performance. Strategic performance appraisal was very

significant to employee performance with sig value of 0.00 which is <0.05 . The sig value of 0.00 for strategic compensation was <0.05 and this indicates strategic compensation was very significant to employee performance.

Strategic recruitment and selection was significant to employee performance and the coefficient of 0.323 dictates that with every increase in strategic recruitment and selection, there will be an increase of 32.3% in employee performance when all factors are held constant.

Strategic training and development was significant to employee performance and the coefficient of 0.143 dictates that with every increase in strategic training and development, there will be an increase of 14.3% in employee performance when all other factors are held constant.

Strategic performance appraisal was also significant to employee performance and the coefficient of 0.272 dictates that with every increase in strategic performance appraisal, there will be an increase of 27.2% in employee performance when all other factors are held constant.

And Strategic compensation was very significant to employee performance and the coefficient of 0.448 dictates that with every increase in strategic recruitment and selection, there will be an increase of 44.8% in employee performance when all other factors are held constant.

4.5. Discussion

The variables under this study that were discussed were: Employee performance, Strategic recruitment and selection, strategic training and development, strategic performance appraisal, and strategic compensation.

Results show that employees are fully satisfied with the recruitment and selection practices in their organization. Organization's recruitment and selection process facilitates superior organizational performance. Banks recruits and selects qualified employees. Passing their bank's aptitude tests gave employees a stronger sense of belonging to the organization. Bank's strategic recruitment and selection system matches human resource to the strategic and operational needs of the organization. Organization uses employee transfers to acquire qualified employees from other

departments. Employee promotion process in the organization is based on merit. The human resource department in their bank does not give them the freedom of choice in terms of career development. From the findings recruitment and selection practice in the organization is moderately good with the ($m = 3.48$) and this affected employee's performance with 32.3% B coefficient on the case area and this coincides with the study (Sarinah, 2016). Found that Recruitment is one of the variables that have direct influence on employee performance.

Private Banks in the town does not have strategic training that produces highly skilled human capital. The training programs offered by the banks do not made employees feel indebted to the organization. This implies the training given by the banks is mostly given to enable employees perform routine activities. The upgrade of employee's skills and knowledge has put them in a better position to produce high-quality service. Employee's job role does not deny them the opportunity to put their knowledge and skills into practice. Highly experienced employees in the banks coach the less experienced employees. Newly recruited employees in the banks are usually attached to a mentor in my organization. Newly recruited employees in the bank are usually given an orientation. The orientation program in the banks offers new recruits the opportunity to design their work schedule. The banks have organized conferences that have equipped employees with new tools to enhance their service delivery. The study found that strategic training and development have effect on employee's performance by the B coefficient 14.3% this relates to the study by (Salah, 2016) .that found that training and development have a significant impact on employee performance and productivity.

Corrective measures are undertaken to improve staff performance after every appraisal period of the banks. Performance management system used in the organization helps employees meet the set targets. Performance appraisal process in the banks is necessary for measuring employee performance. Employees receive specific and accurate feedback from their supervisor on their performance after every appraisal process. Performance management system leads to employee becoming more competent. There is transparency & continuous follow up when evaluating employees. Performance appraisal is used as a decision making tool for increasing employee performance. From the results of the study strategic performance appraisal has an effect on employee's performance and this coincides with the study by

(Muhammad Asad khan, 2018). Results of this study showed that there was significant and positive relationship between performance appraisal, fairness and employee job performance.

The human resource in the organization utilizes compensations to achieve employee satisfaction and retention. The reward and compensation practices implemented by the organization have increased employees motivation. Incentives system in the organization has increased the value that employees attach to their work goals. Reward systems in the organization have affected the quality of service employees deliver. Pay check of employees communicates the extent to which the organization values them as an employee. Compensation to employees is an important motivator of how they perform their various duties. Compensation and rewards systems are key policy areas for the organization's human resource department. The incentive system in the organization hasn't clearly communicated to employees by the human resource department. Results show that compensation have effect on employee's performance this coincides with (Husain,2016) that there is a strong and positive relationship between compensation and job performance.

Employee's performance is good in performance appraisal of the organization. Employees are always motivated to do their job in the organization. The organization continuously motivates employees to get their maximum effort. Human resource practices of the organization makes employees perform well and productive. Employees have common goals with the organization that facilitates their performance. Employees of the organization perform well because they felt valued by the organization. Most of the employees in the organization are usually present and on time Employees normally pre-plan their absence. From the findings of the study employees performance is good

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1. Summary

This study was sought to examine effect of strategic human resource management practices on employee performance in private banks in jimma town. Accordingly, out of the total population 378, 194 samples were selected. However, 165 questionnaires were successfully filled and returned (85%) response rate. The summary of the findings are presented below. The findings show that the majority of the respondents were male. Further the study indicate that largely the banks personnel surveyed were either youth or a young adult, that is, aged “between” 18-47 making up. And the study findings show that most the respondent’s level of education was bachelor degree.

Results show that employees are fully satisfied with the recruitment and selection practices in their organization. Organization’s recruitment and selection process facilitates superior organizational performance. Banks recruits and selects qualified employees. Passing their bank’s aptitude tests gave employees a stronger sense of belonging to the organization. The human resource department in their bank does not give them the freedom of choice in terms of career development. Private Banks in the town does not have strategic training that produces highly skilled human capital. The training programs offered by the banks do not made employees feel indebted to the organization.

Corrective measures are undertaken to improve staff performance after every appraisal period of the banks. Performance management system used in the organization helps employees meet the set targets. Performance appraisal process in the banks is necessary for measuring employee performance. Employees receive specific and accurate feedback from their supervisor on their performance after every appraisal process. The reward and compensation practices implemented by the organization have increased employees motivation. Incentives system in the organization has increased the value that employees attach to their work goals.

Reward systems in the organization have affected the quality of service employees deliver the incentive system in the organization hasn't clearly communicated to employees by the human resource department

5.2. Conclusion

This study concludes that the private banks in Jimma town recruits and selects qualified employees; employees are satisfied with the recruitment and selection practice of the banks, employee promotion process in their organization is based on merit but it is moderate because there are many employees who are contrary to this opinion. Bank's strategic recruitment and selection system moderately matches human resource to the strategic and operational needs of the organization. The human resource department in their banks does not give them the freedom of choice in terms of career development.

Banks have organized conferences that have equipped employees with new tools to enhance their service delivery. Highly experienced employees in the banks coach the less experienced employees. Newly recruited employees in the banks are usually attached to a mentor in my organization. Newly recruited employees in the bank are usually given an orientation. The orientation program in the banks offers new recruits the opportunity to design their work schedule. The organizations don't have strategic training that produces highly skilled human capital. The training programs offered by the banks do not made employees feel indebted to the organization.

Performance management system used in the organization helps employees meet the set targets. Performance appraisal is used as a decision making tool for increasing employee performance. Performance management system leads to employee becoming more competent.

Reward and compensation practices implemented by the banks have increased employees motivation, Compensation and rewards systems are key policy areas in the organization's human resource department the bonus that employees receive from the organization influences their behavior in reaching the set objectives. The incentive system in the organization was not clearly communicated to employees by the human resource department.

Employee's performance is good in performance appraisal of the organization. Employees are always motivated to do their job in the organization. The organization continuously motivates employees to get their maximum effort. Human resource practices of the organization makes employees perform well and productive.

5.2. RECOMMENDATION

The study recommends that the HR department in the banks to ensure that employees should have the freedom of choice in terms of career development and this will facilitate the performance of employees within the organization. Since employees have the tendency to say that employee's promotion is not based on merit so the organizations should promote employees based mostly by merit.

The study recommends that organizations must have strategic training that produces highly skilled human capital. This helps employees to improve their performance so as to have better position in the competition in the industry. The training programs offered by the banks should be intense that employees should feel indebted to the organization and to make them more committed. And this helps the banks to get competitive advantage through its employees. Private Banks should also focuses on the new technologies that are very crucial in today's business world because customers are becoming very sensitive to things that can make their life easy.

The incentive system in the organization must be clearly communicated to employees by the human resource department because this will make them feel as the important part of the organization and improve their performance. The organizations should arrange other forms of benefits to keep employees motivated and productive. This very important because new entrants are appearing in the industry and this makes the completion intense because new entrants require experienced employees that is why the former ones should take care of their employees in different aspects like compensation.

5.2.1. Recommendations for Further Studies

This study has examined the effect of strategic Human Resource Management with a focus on four factors: strategic recruitment and selection practices, strategic training and development, and strategic compensation, strategic performance appraisal and their influence on employee performance. The results of the study were limited to

private banks in jimma town since it was the organization under the study focus, and thus recommendations are for further studies that must be conducted by focusing on other factors apart from those considered in this study in other institutions.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

I am a graduate student at Jimma University College of business and economics department of management currently conducting a research for the completion of my master's degree in Business Administration. The purpose of these questions is to examine the effect of Strategic Human Resource Management practices on employee's performance of private banks in Jimma town. This survey is estimated to take approximately 10-15 minutes to complete. Please note that the responses you give will be used for academic purposes only, and your confidentiality is assured.

Part 1: Demographic Data

1. Kindly indicate your gender.

Male Female

2. Kindly indicate your age bracket.

21-30 Years 31-40 Years 41-50 Years

51 – 60 61Years and Above

3. Kindly indicate your marital status.

Single Married Divorced Separated

If Other Specify _____

4. Certificate diploma degree above degree

5. Kindly indicate the number of years you have been employed in your organization

Below 5 years 6 – 10 years 11 – 15 years

16 – 20 years 21 years and above

PART TWO: RESEARCH RELATED QUESTIONS

Please kindly rate your level of agreement with the following statements on a scale of

1 – 5 where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5=Strongly Agree.

Part A: Employee performance

	1	2	3	4	5
My performance is often well in performance appraisal of the organization					
I am always motivated to do my job in the organization					
My organization continuously motivate me to get my maximum effort					
Human resource practices of the organization makes me perform well and productive					
I have common goals with my organization that facilitates my performance					
I perform well because I felt valued by the organization					
I am usually present and on time					
I normally pre-plan my absence					

PART B: Recruitment and selection

	1	2	3	4	5
Employees are fully satisfied with the recruitment and selection practices in your organization					
My organization's recruitment and selection process facilitates superior organizational performance					
My organization recruits and selects qualified employees					
Passing the organization's aptitude tests gave me a stronger sense of belonging to the organization					
My organization's strategic recruitment and selection system matches human resource to the strategic and operational needs of the organization					
My organization uses employee transfers to acquire qualified employees from other departments					
My organization's employee promotion process is based on merit					
My organization's human resource department gives me the freedom of choice in terms of career development					
Nothing makes workers to be disappointed or dissatisfied					

PART C: Training and development

	1	2	3	4	5
My organization has strategic training that produces highly skilled human capital					
The training programs offered by my organization have made me feel indebted to the organization					
The upgrade of my skills and knowledge has put me in a better position to produce high-quality service					
My job role does not deny me the opportunity to put my knowledge and skills into practice					
Highly experienced employees in my organization coach the less experienced employees					
Newly recruited employees are usually attached to a mentor in my organization					
Newly recruited employees in my organization are usually given an orientation in the organization					
The orientation program in my organization offers new recruits the opportunity to design their work schedule					
My organization has organized conferences that have equipped me with new tools to enhance my service delivery					

PART D: Performance appraisal

Corrective measures are undertaken to improve staff performance after every appraisal period	1	2	3	4	5
Performance management system used in our organization helps employees meet the set targets					
Do you agree that performance process is necessary for measuring employee performance					
I receive specific and accurate feedback from my supervisor on my performance after every appraisal process					
My pay, commission, promotion and other benefits are purely based on performance appraisal results					
Performance management system leads to employee becoming more competent					
There is transparency & continuous follow up when evaluating employees					
Performance appraisal is used as a decision making tool for the increasing my performance					
Performance appraisal makes me work below expectation due to how it is conducted					

PART E: Compensation and benefit policy

	1	2	3	4	5
The human resource in our organization utilizes compensations to achieve employee satisfaction and retention					
The reward and compensation practices implemented by my organization have increased my motivation					
Incentives my organization have increased the value I attach to my work goals					
Reward systems in my organization has affected the quality of my service					
My pay check communicates the extent to which the organization values me as an employee					
Compensation to me is an important motivator of how I perform my various duties					
Compensation and rewards systems are key policy areas for my organization's human resource department					
The bonus that I receive from my organization influences my behavior in reaching my set objectives					
The incentive system in my organization has been clearly communicated to us by the human resource department					

PART F Interview questions

1. How well are the recruitment and selection practices in your organization compared to your competitors? -----
2. Do you think that the training and development practices in your organization are supposed to help your organization to get competitive advantage? -----
3. Do you believe that performance appraisal in your organization is strategically executed? -----
4. Is your organization compensation system different from your rivals? If so why is that? -----