ST. MARY'S UNIVERSITY

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MASTER OF BUSINESS ADMINSTRATION PROGRAM

THE EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGINIZATIONAL PERFORMANCE: THE CASE OF LION INSURANCE COMPANY S.C

BY:

CANAAN ABATE

June, 2022

ADDIS ABABA, ETHIOPIA

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Advisor

TAYE AMOGNE (PhD)

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APPROVED BY BOARD OF EXAMINERS:

_____   _____   _____

Advisor   Signature   Date

_____   _____   _____

External Examiner   Signature   Date

_____   _____   _____

Internal Examiner   Signature   Date

DECLARATION

I, Canaan Abate, hereby declare that the thesis work entitled **"The Effect of Human Resource Management Practices on Organizational Performance: The Case of Lion Insurance Company S.C."** submitted by me for the award of the Degree of Master of Business Administration at ST. Mary's University, is original work and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution.

Name: <u>Canaan Abate</u>   Advisor's Name <u>Dr. Taye Amogne</u>

Signature: _____   Signature: _____

Date: _____   Date: _____

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Abbreviations and Acronyms

EDRE	Federal Democratic Republic of Ethiopia
CM	Compensation Management
HR	Human Resource
HRM	Human Resource Management
HRMP	Human Resource Management Practice
HRP	Human Resource Planning
ICT	Information Communication Technology
IT	Information Technology
OP	Organizational Performance
PA	Performance Appraisal
RBV	Resource Based View
RS	Recruitment and selection
SHRM	Strategic Human Resources Management
SPSS	Statistical Package for the Social Sciences
TD	Training and Development
US	United States

Abstract

This study seeks to assess the effect of human resources management practices on organizational performance of Lion Insurance Share Company. This research studied human resources management practices in the area of Training & Development, Performance Appraisal, and Compensation Management. Explanatory survey design was used while a questionnaire was used to gather primary data. The study sample in terms of the respondents covered randomly selected 156 employees of Lion Insurance Share Company at main office and branch offices in Addis Ababa. The data collected was analyzed with the aid of descriptive statistical techniques such as frequencies, percentages and mean score. More so, correlation and multiple linear regressions were used to examine the relationship between study variables using Statistical Package of Social Sciences Version 22. The findings of the study revealed that the combined effect of various human resource management practices influenced organizational performance positively. The result of regression also indicates that all predictor variables (performance appraisal, employee training & development and compensation management) have statistically significant contribution on organizational performance. The adjusted R^2 of 0.481 indicates 48.1% of the variance in organizational performance can be predicted by human resource management practiced by the company. Thus, it can be concluded that improved human resource management practices are significantly influencing organizational performance. Therefore, the management of Lion Insurance Share Company should improve its human resource management practices as a way of improving the company performance.

Key Words*: Compensation Management, Performance appraisal, Training and Development*

Chapter One

Introduction

1.1.   Background of the Study

In any organization, human resource is considered as one of the most important assets which serves as an engine in the organization for providing a sustainable source of energy and service delivery (Harzing, 2004). An organization is a collection of employees that their activity has been planned and coordinated to meet certain common mission and objectives. For an organization to be on a better position and maintain its progress in regards to the intended objectives, it should be sufficiently staffed with efficient and motivated staff along with well-developed management system set in place (Davis, 2005).

A proper administration of HRM practices is crucial to enhance the contribution of employees towards the effectiveness of the organization. Human resource management is defined by Armstrong (2007) as a strategic and coherent approach to the management of an organization's most valued assets people working there who individually and collectively contribute to the achievement of its objectives. Human resource management, generally, refers to the design of formal systems in an organization to ensure the effective and efficient use of human talents to accomplish organizational goals (Mathis and Jackson, 1997). Now a day human resource management plays an important role in assuring employee satisfaction, improving performance, and productivity. This can directly contribute to the organization success (Decenzo and Robbins, 2005). An organization can implement different types of human resource management practices which might include analyzing and designing jobs, recruitment and selection, placement, training and development, employee performance evaluation, rewarding employees (compensation), promotion, and grievance procedure and pension or social security. All of these mentioned activities need to appear manageable and well-built helping the organizations tend to be more stable, efficient, productive, and innovative, updated (Davis, 2005).

Many authors on human resource management stress the importance of human resource to organizations and the inevitable concern to manage it. In fact, they agree that human resource is the principal determinant for the success of any organization and that its management should deserve serious attention (Davis, 2005). Hillman & dawton, (2010) emphatically states the

pivotal vitality of human resource for the organization as: without effective employees the organization produces its goods and services inefficiently and even place its survival at risk. Clearly, organizations need to be concerned about human resources (Bratton and Gold, 2007). This means that organizations ought to give due attention to human resources management.

In other words, the importance of human resource to the success of an organization as stated by Jordan, et al, (2012): people are the key to an organization's success. Management must take the lead in obtaining the optimum effectiveness from employees; in the form of efficiency, loyalty, productivity, creativity, and enthusiasm. These objectives necessitate more innovative and productive ways to manage people. Thus, it is important to have proper human resource management strategies and practices in order to provide quality goods and services and to have motivated staff that performs duties effectively and efficiently (Davis, 2005).

According to Lado and Wilson (1995), in recent years, scholars have dedicated much attention and energy towards demonstrating a linkage between human resource management and firm performance. Effective HRM can help an organization achieve a competitive advantage and so improve its performance. As suggested by Jordan, et al, (2012), the effectiveness of HRM depends on the quality of HR practices, as well as the success of HRM implementation. However, even if HR practices were believed to be effective, the HRM system might still not be effective because employees do not know how to implement HR practices successfully on the work floor. Therefore, we need to study the challenges that employees face when implementing HRM processes, as these can influence the effectiveness of the whole HRM system (Bratton and Gold, 2007).

Every organization is comprised of people acquiring their services, developing their skills, motivating them to high levels of performance, and ensuring that they continue to maintain their commitment to the organization are essential to achieving organization objectives. This is true regardless of the type of organization, government, business, education, health, recreation or social action. Getting and keeping good people is critical to the success of every organization (Bratton and Gold, 2007). The insurance industry of Ethiopia has played significant roles in Ethiopian economy and currently the competition has increased than ever before. They are using different strategy to win the trust of the market. They are fighting for excellence in their service.

To bring quality service, they should have quality human resource applicability in their service. Customer is the main reason why the business is established and customer preference of company determine by the quality of service they received. Quality service is determined by effective and efficient applicability of HRM practices.

Lion Insurance Company S.C. is one of the insurance companies in Ethiopia. It was established in June, 2007 by over 300 shareholders and undergone important steps to be one of the players in the insurance industry by providing general insurance products to the market. The Human resource in this company includes all resources (knowledge, skills, abilities, creativity, etc.) of employees, starting from ordinary employee to top management staff (both core operation and supporting) contributing to the attainment of the organizational goals. The key concept of assessing this organization's human resource management and their impact on employee performance will help in building, developing, maintaining and using human resources in order to attain the intended objectives efficiently and effectively.

While checking the human resource management practices in the company, the researcher has come to understand that the employment, development and well-being of the people working on this company needs to be strategically approached in an integrated and coherent manner. To determine the manner that the company achieves its mission by achieving better organizational performance through its employees' well-being, the focus of this study is to examine the effect of some selected human resource management practices on organizational performance with in the case of Lion Insurance Company S.C.

1.2. Statement of the Problem

Human resource management practices are considered as a critical success factor for organizations. As such, HRM practices are subjects of continuing academic discourse (Jordan, et al, 2012) and numbers of researches on this topic have been conducted all around the world. In recent decades, this issue has aroused interest in Ethiopia as well. Unfortunately, it is observed that there is not enough research made in Ethiopia major insurance industry about the effect of human resource management practices. Research on Human resource management practices in Ethiopia has focused on the public and service sectors like banking and education sectors. But Insurance Industry is essential for the country and its economy. Therefore, the effect of human

resource management practices on organizational performance is significantly important for insurance companies. For these reasons, one insurance company, Lion Insurance, is selected for this study on assessing the HRM practices and determine its effect on organizational performance.

Today human resources occupy, more than ever, the center stage of all economic activities. It is alarming time for all those organizations that wish to be successful to gear up and implement desired shift in their prevailing human resource management practices and leverage their human resources along with the other resources (Bratton and Gold, 2007). Also, to become more flexible and innovative, organizations need to adopt new ways of attracting, retaining and motivating employees who are keen to learn and can contribute to the growth and development of the organization (Jordan, et al, 2012). If an organization fails to develop and practice an appropriate human resource management practice then it will face problems all over the organization since every part of the organization is primarily running by its human resource (Dessler, 2007).

As stated by Hartel (2007), these problems of HRM practices faced by many organizations which are not practicing an appropriate HRM are: experiencing high employee turnover, finding people not contributing their best, poor time management, having company taken to court because of discriminatory practices, having dissatisfied employees who always think about their salaries and perceive them to be unfair and inequitable relative to others in the organizations and other similar organizations, failure to provide job related training which will eventually undermine the department's effectiveness, indulging in favoritism and nepotism at the cost of organizational effectiveness (Dessler, 2007).

Currently, there has been a great challenge on the part of managers in Lion Insurance on determining how exactly they can attain maximum benefits from their employees whom they believe would go a long way to improve on the organizational overall performance. According to the preliminary assessment conducted by the researcher for the purpose of this paper, most of employees are complain on the company performance appraisal system, training and development practices and compensation scheme. The employees are complaining on lack of training and development program and most employees are not receiving enough training

directly related to their work. For the sake of this paper random sample (pre-tested) of 40 employees has been asked to fill open end question about the training and 72.5% or 29 of them approves that they not receiving enough training directly related to their work. Employees are also complaining on the performance measurement system, in which employees are considered the performance evaluation system as judgmental, subjective and lack objectivity. More so, according to same preliminary test most of the employees are not satisfied by the current compensation scheme of the company. Moreover, there was no earlier study related to HRM practices and their effect on company performance at Lion Insurance in general.

Such problems with the alignment of HRM practice with the strategic goal of the company in the long run may affect meeting the core value of the company. In addition, the competitive position of the company may be taken by competitors due to reluctant to their human capital which is a source of competitive advantage. Taking the aforementioned problems in to consideration, this study is designed in assessing the effect of human resource management practices on organizational performance in the case of Lion Insurance.

1.3. Objectives of the Study

The objective of the study details in to general objective and specific objective.

1.3.1. General Objectives

The general objective of the study was to examine the effect of human resource management practice on performance of Lion Insurance.

1.3.2. Specific Objectives

The specific objectives of the study were:

- ✔ To assess the effect of performance appraisal on performance of Lion Insurance.
- ✔ To assess the effect of training and development on performance of Lion Insurance.
- ✔ To assess the effect of compensation on performance of Lion Insurance.

1.4. Research Hypothesis

In order to address the above research objectives, the following research hypothesis will be empirically tested in the study.

⇒ H2: Training and development has positive and statistically significant effect on organizational performance of Lion Insurance.

⇒ H3: Performance appraisal has positive and statistically significant effect on organizational performance of Lion Insurance.

⇒ H4: Compensation and reward has positive and statistically significant effect on organizational performance of Lion Insurance.

1.5. Significance of the Study

This study examines Human Resource Management practices of Lion Insurance; assess its shortcomings and solutions to mitigate the problems. In addition to fulfilling the academic requirement of the researcher, the results of the study will have the following benefits. Primarily, the research helps the management in this company in general and the HRM Division Head to take corrective measures to improve and revise the HRM system. The study also helps as a secondary source for further study on the area. In addition, it gives the researcher an opportunity to gain knowledge in practices of HRM and develop research experience.

1.6. Scope of the Study

The scope of this study is delimited in terms of subject (concept), area (geography) and methodology. The conceptual scope of this study was on some selected HRM practices. In view of that, the study comprises three major HRM practices: performance appraisal, employee training & development and compensation of staff. Regarding the geographical area coverage, the study was limited to employees of Lion Insurance at head office and branches in Addis Ababa. Methodologically this study used cross-sectional survey. Hence, data was collected from the sample respondents selected through simple random sampling technique at the same time at one point in time and the respondents involved in this study was 133 employees selected randomly at the company.

1.7. Limitation of the Study

Even though the study was design to enable the researcher collect accurate and reliable data that can be used to make some inferences, it is however not free from limitations. First, the study was only encompassed the view and opinion of employees in head office and branch office in Addis Ababa. Thus, those employees outside the head office in Addis Ababa were omitted in this study as finances and distances are the limiting factors that inhibit collecting the data from all the employees across the country. Thus, the finding of the study may not be inferred to the whole employees of the company around the country. More so, the study is also conducted based on cross-sectional approach and thus, data was collected at single time rather than frequent observation over the same sample. Accordingly, the method cannot examine changes over time which needs more strong empirical investigation.

1.8. Organization of the Study

The study was organized into five chapters. Chapter one discusses the introduction part. It contains the background to the research study, presents the statement of problem, and research objectives. Also, the chapter has the significance, scope, and limitations of the study. Chapter two contains theoretical review, empirical review of previous studies and conceptual framework of study. Chapter three outlines the research methodology adopted in this study. Chapter four discusses about the data analysis and interpretation of the outputs. Chapter five outlines the summary of the finding, conclusions, recommendations and further research suggestions. This will serve as an action guideline to stakeholders in the Lion Insurance Company Share Company.

Chapter Two
Literature Review

Introduction

In this chapter the researcher reviews relevant literature on theoretical, empirical and conceptual framework issues which are found to be essential to the research inquiry. Thus, the first section discussed theoretical framework related to the study variables which were considered in order to lay solid foundation for the research. Then a brief summary of some of the related previous work on this study were discussed. In the final analysis, the chapter reviewed the literature related to the key study variables as presented in the conceptual framework.

2.1. Theoretical Review

This opening section discusses the theoretical background of basic concept and theories of job satisfaction. The meaning of terms varies from study to study depending on their purpose and the context in which they are utilized. The precise clarifications of basic concepts and theories make clear how they are utilized in the study. The main concepts and theories that this study cover are explained in the following section.

2.1.1. Human Resource Management

Many previous researchers have contributed the study of Human resource management from many perspectives. The most-used definition of job satisfaction is by Beer et al. (1984) human resource management (HRM) can be defined as the linking of organizations' human resource management function as a strategic partner to organizational growth in the formulation and implementation of the organization's strategies through human resource activities such as recruiting, selecting, training and rewarding of personnel.

The HRM concept has been attracting the attention of many executives and researchers because of its influence on organizational and employees' performance. Beer et al. (1984) defined HRM as involving all those management decisions and actions that affect the nature of the relationship between the organization and the employee. Important to note about this definition is the inclusion of the phrase "action'. This has made Beer and his colleagues the first to declare that conducting effective HRM practices is the responsibility of line managers (Armstrong, 2008).

Armstrong (2006) defines human resource management (HRM) as a strategic and coherent approach to the management of the most valuable organizations - the people who work there individually and collectively contribute to achieving goals. He further suggests that human resource management involves management decisions and practices that directly affect the organization.

According to Storey (2009), HRM is "a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques." Besides, HRM is can be defined as "planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved" (Davis, 2005).

There are also more definitions of HRM practices which are defined from various perspectives. HRM practices are defined in many ways. Schuler and Jackson (1987) described HRM's performance as a program that draws, develops, motivates, and retains employees to ensure the successful implementation and survival of the organization and its members. In addition, HRM practices are also thought of as a set of consistent policies and procedures built into ensuring that human firms contribute to achieving their business objectives. Similarly, Mininva (2005) looked at the HRM methods a set of practices used by an organization to manage human resources by facilitating the development of direct skills, generating complex social relationships and generating organizational knowledge to maintain competitive advantage. Storey (1995) defines HRM as "a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques"; while Byars & Rue (2004) see HRM as "activities designed to provide for and coordinate the human resources of an organization."

In addition, Boxall & Purcell (2000) argue that "HRM includes anything and everything associated with the management of employment relationships in the firm." The words anything and everything in the definition explains the wider range of issues comprising policies such employment contract and ways in which employees may be involved and participate in areas not

directly covered by the employment contract thus ensuring suitable work life. Further, it goes beyond employment relations or industrial relations, which personnel management would not have been able to render in organizations. However, the four key dimensions to HRM as postulated by Guest (1987) include;

- Commitment: It is expected of employees to identify the interests and goals of the organizations, and be aligned and committed in achieving these goals.
- Flexibility: Employees are expected to adapt willingly to change within the organizational structure, without any strife or prejudice.
- Quality: High levels performance attainment of organization depends on the quality of members of staff and management of such organization.
- Integration: 'It involves the matching of human resources strategies to the needs of the business strategy (Guest, 1987).

HRM has been argued to be a replacement of the term personnel management in organizations. In this light, experts like Armstrong (1987) sees HRM as 'old wine in new bottles'; while Guest (1987) argued that human resource management is not a replacement but somehow differs from personnel management. Practically, it suggests that Human Resource (HR) tasks are majorly concern with the administrative activities such as recruitment, reward systems, promotion, and so on. However, it does not make HR administrators 'having a seat at the table' meaning that HR administrators is not regarded as a strategic business partner, therefore does not contribute to the success of the business.

A particular definition of HRM which this study has found very interesting, is the one provided by Robinson (2009) when he defined HRM as "those decisions and actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage". This definition of HRM is interesting because it encompasses the main parts involved in the relationship between HRM practices and aspects of organizational performance. We can see that this definition stipulates the availability of HRM practices, performance standards or strategies, and a way of linking the two issues together in order to have these combinations work.

According to Storey (2009), the differences in the interpretation of HRM have created two different schools of thought: soft and hard variants of HRM. Soft and hard HRM are also often defined as two main models of HRM. Soft HRM focuses on employee training, development, commitment and participation. It is used to define HR functions aimed to develop motivation, quality and commitment of employees; hard HRM, on the other hand, concentrates mostly on strategy where human resources are used to achieve organizational goals. It is also associated with cost control and head count strategies, especially in business processes like downsizing, lowering the wages, shortening comfort breaks, etc. (Storey, 2009).

As a conclusion, although there is no consensus on the definition or the characteristics of HRM it can be seen from the above definitions that HRM is a combination of people-oriented management practices that views employees as assets, not costs; and its main aim is to create and maintain a skillful and committed workforce to gain competitive advantage.

2.1.2. Theories on the HRM Practices

Theories give a general explanation and rationalization to events. Hence a researcher should be familiar with those theories relevant to his area of research (Kombo & Tromp, 2009). Muiruri & Ngari (2014), note that a theoretical framework guides research, assist in identification of the variables to be measured, and determining what statistical relationships to look for in the context of the problems under study. Hence, the theoretical review of literature helps the researcher to detect clearly the variables of the study; assists in the selection of applicable research design; and provide a general framework for data analysis. Several theories and perspectives have been designed by different scholars to explain the possible link between HRM and Performance. These includes; Organizational behavior theory, motivation theory, The AMO (Ability, motivation and opportunity) theory, human capital theory and resource-based theory among others. Many researchers attempted to design a name for the HRM theories; this section describes nine important theories which support HRM policy and practices in any organization.

2.1.2.1. Organization Behavior Theory

The study of organizational behavior (OB) is applied to HRM functions and its related subjects help us understand what people in organizational environments think, feel and do. This knowledge helps to anticipate, recognize and monitor organizational events for HR and,

realistically all employees. Organizational behavior study includes research areas dedicated to improving performance at work, increasing job stability, fostering creativity, and fostering leadership. A focus on organizational behavior helps to explain why certain different behaviors impact workers ' efficiency and discretionary effort, as well as how to consider and forecast the effects of different policies on managing human resources (Pfeffer, 2007, p.126-127).

There are several important aspects from the viewpoint of organizational behavior that Pfeffer in (2007) illustrated three: First, people are social beings and as such are concerned with their interactions with one another and affected by what others say and do. Secondly, people are worried with equality and justice, both the distributive results and the mechanisms by which those results are decided. Because of this equal role in both systems and results, people will be gradually known as economists, in reality, spend money to "punish" people who violate fairness standards. Thirdly, organizations as entities are also embedded in a social context and are influenced and imitated by the other organizations, partly in order to achieve validity by acting like or look like others and partly in accordance with social expectations and standards. So, organizational behavior is an area of study that examines the impact those human beings, groups and structures have on behavior within organizations in order to apply this knowledge to improve the effectiveness of an organization.

2.1.2.2. Human Capital Theory

Human capital is an illustration of people's investment in themselves, in other word in their skills, that eventually increases their economic productivity. Their theory is based on the idea that human capital leads to creativity which eventually results in receiving higher personal income. This theory's supporters believe that educated people are productive people meaning people who are educated, earn higher personal income than the rest of the population. "Human capital theory rests on the assumption that formal education is highly instrumental and even necessary to increase production capacity of a population" (Olanyan & Okemakinde, 2008).

However, there are some researchers who stand against the human capital theory, such as Fix, Blair (2018) they suggest that the correlation between income and education is weak. "Simple correlations between earnings and years of schooling are quite weak. Moreover, in multiple

regressions when variables correlated with schooling are added, the regression coefficient of schooling is very small (Mincer, 1974 stated in Fix, 2018).

Human capital theorists claim that productivity and efficiency of employees increases by education through raising the level of cognitive stock of economically productive human ability that is an outcome of innate capability and investment in human beings. According to Babalola (2003) stated in Olanyan and Okemakinde (2008) the logic behind investing in human capital is built on three points of view which are first, the new generation must be provided with the knowledge that previous generations also had. Second, the new generation should be trained in the ways in which the existing knowledge can be used to develop and invent different products or social services. Third, the new generation should be encouraged to discover entirely new approaches in fulfilling the community's needs through creative approaches.

2.1.2.3. Motivation Theory

Motivation is a way to create a high amount of passion in order to achieve organizational goals, and this condition is addressed by fulfilling certain individual needs. As Haque, Haque and Islam (2014) stated that managers within businesses or organizations are largely responsible for ensuring that the activities or roles are conducted in the right way by workers. To accomplish that, these HRM must guarantee that they have a professional team of workers to hire the best staff capable of doing the job. To optimize the productivity of the employees, the employee needs to be motivated enough. At this level, one must understand human nature better understand how motivation can impact on the performance of the employee. To achieve this goal, it is important to combine the correct motivational resources with successful management and leadership in as much as motivation impacts on employee performance (Haque, Haque & Islam, 2014).

Not to ignore the idea that motivation is quite important in determining the skill of the employee, so do other variables like the resources provided to an employee to do their job. Successful work output may therefore emerge from a variety of motives. It provides an ambiguity in the discussion as performance and motivation varies from individual to individual and from industry to industry. This therefore gives rise to more critical analytical thought in the subject area. In this context, several academic literatures from scholars and practitioners have ensured that this

fascinating academic area can be resolved on how motivation can improve performance (Haque, Haque & Islam, 2014).

Observations indicate that workers who are well motivated are more productive and creative in achieving business or organizational goals. On the other hand, less motivated workers are less productive and appear to deviate from the accomplishment of organizational goals. Motivation as incentive programs is essential for capacity building and capacity translation into higher performance (William, 2010).

2.1.2.4. AMO Theory (Ability, Motivation and Opportunity)

According to AMO theory the components of Ability, Motivation, and Opportunity are the three-independent work-system elements that form employee characteristics and eventually lead to organizational success. Through these three components, organizational interests are best served due to the fact that AMO theory paves the way for line managers to use effective approaches that result in employee motivation using HR policies and practices (Bos-Nehles, Riemsdijk, & Looise, 2013, p. 3). Firstly, Ability refers to those practices and policies that HR undertakes to ensure that employees have or gain the required skills, knowledge and ability to perform their tasks with minimum supervision as Yahya, Tan and Tay (2017) states that ability-enhancing HRM practices are the practices that increase the employee's abilities and competencies to achieve organizational goals. On the other hand, ability enhancing practices also refer to those practices that are taken to ensure effective recruitment and selection process to hire the right employees who have the right skills for the role requirements. In addition to recruitment and selection ability-enhancing HRM practices cover training and development practices as well, which provide employees with the necessary skills and knowledge to perform tasks) (Yahya, Tan & Tay, 2017).

Secondly, motivation refers to employee performance, amendment polices performed by HR to manage motivation in the organization. It also refers to the ways in which the employees are motivated to put more and extra efforts in performing assigned tasks mainly by rewarding them for the efforts they have already put in their jobs "motivation enhancing HRM practice within the organizations to perform better which included contingent rewards and performance management" (Yahya, Tan & Tay, 2017). Motivation enhancing practices can be performed in

different forms, for example an organization can increase motivation through communicating performance feedback to their employees or through providing them with financial rewards.

The last component is the opportunity-enhancing HRM practices which aim at engaging employee involvement through providing opportunities. According to Bello-Pintado (2015) cited in Yahya, Tan, & Tay, 2017, p. 550) opportunities-enhancing HRM practices are referred to as the practices that delegate decision making authority and responsibility from top level hierarchy to lower-level hierarchy through information sharing. This practice strengths employee trust in the organization and it fastens organization growth through collective work (Bos-Nehles, et al., 2013).

2.1.2.5. Contingency Theory

This theory suggested that in order firms to be effective, HRM functions must fit with the organization or external environment aspects to achieve organizational goals. According to Harney (2016) said that contingency theory within HRM is based on external and internal fit. External fit means HR practices must fit with the organizational strategy and environment conditions. Internal fits mean HR practices must work together to deliver the same message and the desired outcome. Also, Delery and Doty (1996) stated that by using contingency theory, firms can promote employee behaviors that are matched with business strategy because behavior is the impact of an employee's ability and motivation, therefore by implementing HR practices such as promoting policies which motivate the employee, an organization can influence behavior.

However, contingency factors such as culture, globalization and the size of companies have a direct influence over the HRM functions. According to Rekers (2013) stated that as different culture implies different HR practices, when the organization involved in a new environment which the culture is different form exist culture, the HRM need more information to make decision, take care of changes and maintain balance between employee's behavior toward new environment. Globalization is a contingent upon HR practices because the consequences of the globalization are introducing firms to new technology, which required more training for employee and hiring skilled labor and globalization lead to new markets which introduce to new cultures and managing these different become very important for the HR department. Also,

company size is contingent upon HRM, because on the smaller firms, the HR department was not existing or very small and sometime the responsibility takes by production manager while in larger firms have a separate HR department which available for more issue and required more HR expertise for being responsive.

In conclusion, HRM is the ability to use employees effectively and efficiency to achieve the organization's goal and HRM theories helps HR to achieve this purpose and increase the motivation and commitment of workers. In this paper discussed six theories which support HRM functions. The organizational behavior theory helps HRM to understand of employee's behavior and explain why certain different behaviors impact employee's performance. Motivation theory is about creating a high amount of passion between employees to obtain the desire goals and address individual needs. The AMO theory paves the way for line managers to use effective approaches that result in employee motivation using HR policies and practices. Human capital theory claims that employee education is a key important point for raising productivity. The resource-based theory is about HRM must know about the company's sources and capabilities that can be used for competitive advantage. The last theory, contingency theory focuses of HRM functions must fit with the organization or external environment aspects to achieve organizational goals.

2.1.3. Human Resource Practices

According to Martin, (1995) Cited in, Shiferaw Dibaba (2013), HRM practices are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and thus achieve organizational goal. HRM practices are designed to improve the knowledge, skills and abilities of employees, boost their motivation, minimize or eliminate loitering on the job and enhance the retention of valuable employees. The present study investigated the following HRM practices namely, training & development, performance appraisal and remuneration practices, and the effects of these practices on the performance of Lion Insurance Company Share Company. Each of these Human resource practices are separately discuss in the following section.

2.1.3.1. Training & Development

Training and development constitute an ongoing process in any organization. Snell (2006) defines training and development as the field concerned with organizational activity aimed at improving the performance of individuals and groups in organizational settings. It has been known by several names, including employee development, human resource development, and learning and development. Down (2007) says training focuses on learning the skills, knowledge, and attitudes required to initially perform a job or task or to improve upon the performance of a current job or task, while development activities are not job related, but concentrate on broadening the employee's horizons.

According Armstrong (2009), training is the formal and systematic modification of behavior through learning which occurs as a result of education, development and planned experience. Training serves as communicating tool how to acquire specific skill to do a particular job while development deals with general enhancement and growth of individual skill and abilities through conscious and unconscious learning. On other hand development is an unfolding process which enables people to progress from a present state of understanding and capability to a future state in which higher-level skills, knowledge and competencies are required. In Harzing (2004) term, development is "concerned with ensuring that a person's ability and potential grows through the provision of learning experiences or through self-directed (self-managed) learning." Mores in explain the distinction between the two term, Simachew (2014) outline that training involves providing the employees the knowledge and skills needed to a particular current job or task while development is preparing employees for future work responsibilities, increasing capacities and help them to perform their current job. It enables the individuals to gain their best human potential by attaining a total all-rounded development.

Training and development help employees to identify organization goals and mission. It helps not only managing change but also developing positive culture in the organization, which in turn may lead to providing higher level of service to stakeholders (Armstrong, 2009). The importance of training has become more obvious given the growing complexity of the work environment, the rapid change in organizations and technological advancement which further necessitates the need for training and development of employees to meet the challenges. Training helps to ensure that organizational members possess the knowledge and skills they need to perform their jobs

effectively, take on new responsibilities, and adapt to changing conditions (Jones, George and Hill, 2000).

More so, employee training and development initiatives can transform organizations with providing extra skills to your employees to not only increase safety and productivity but training leads to higher job satisfaction, which shows up in better corporate performance. The existing literature provides evidence of the existence of clear training and development effects on employee performance. (Swanson, 19) According to Wright and Geroi (2001), the skills of employees change through effective training programs. Training has been shown to generate training for the organization as well as performance improvement benefits for the employee by positively influencing employee performance through the development of employee knowledge, skills, competence, competence, and behavior (Appiah 2010; Harrison 2000). Most managers train their employees for three main objectives (Belcourt, Wright & Saxe, 2000), which are:

- Employee performance to increase productivity;
- To achieve organizational goals; and
- To invest in employees to succeed in the unpredictable and turbulent business environment.

Armstrong (2012) definitely stated in his published document that organizations could benefit from training and development through winning the "heart and minds of" their employees to get them to identify with the organization, to exert themselves more on its behalf and to remain with the organization. Edralin (2011) implies effective training and development programs in an organization contribute in the form of enhancement of employees' skills which in result enable them to respond to the rapid changes taking place in the external environment of the organization. A severe circumstance occurs in an organization when a trained employee leaves the organization to join another organization.

2.1.3.2. Performance Appraisal

Evaluating employee performance is a key responsibility of managers. Performance appraisal is an employee review that is actually reflected in the information based on satisfaction. Yong (1996) describes performance appraisal as an assessment and grading function performed by an organization for all its employees on a regular or annual basis, on performance results in terms of

job content, job requirements and personal conduct in the position. According to Rao (1990), performance measurement is a method of evaluating employee performance in the workplace. It is also defined as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors (Armstrong, 2006).

According to Armstrong (2009), performance appraisal is a management decision-making tool to assist management-related management decisions. This assessment supports organizations in many ways such as whether it is a way of assessing the suitability or value of employees for promotion, transfer or termination of staff and helps to distinguish between efficient and poor employees mentioned in Saqib, Khan, Ahmed & Ullah (2012). Armstrong (2010) defines the role of performance appraisal as a tool to look at what people need to do in an organization in order to achieve the goal of work to meet new challenges. When assigning responsibilities to employees, managers are expected to ensure that the tasks are performed as planned. This can be determined by performance testing. Therefore, performance appraisals are a systematic review period and individual performance appraisal (Decenzo & Robbins 2005).

The performance appraisal process usually includes the following basic steps (Aquinas 2006; Daoanis 2012; Mamoria and Rao, 2012); perform job analysis, establish performance standards, communication and employee performance standards, measuring real performance, compare actual performance with standards and starting a corrective action. Performance evaluation begins with job analysis, job description and job specification, which helps to establish general performance. Job analysis is used as a basis for improvement, including: job description; job description; development of performance appraisal, performance standards are established based on job description. Employees are expected to perform the functions specified in the job description. Therefore, job descriptions form a comprehensive process by which employees' performance is measured. (Aquinas 2006).

The function of the performance rating is to obtain from the expected performance level. Also, it is important to compare and contrast actual performance with pre-determined performance levels (Seidu, 2012). When performance appraisals are done well, it provides feedback to employees about their performance and thus organizations (Ikramullah, Shah, Hassan, & Zaman, 2011). The

final step in the performance appraisal process is the beginning of the corrective action (if necessary). Corrective action can be of two types, some are faster and more effective with symptoms and some are basic and investigate the causes. Immediate corrective action is often defined as reducing or extinguishing fires, whereas basic remedies reach the source of the deviation and seek to correct permanent differences (Mamoria and Rao, 2012).

2.1.3.3. Compensation and Reward

Compensation is a process of providing monetary value to employees for the work they performed. Compensation can be used to hire skilled employees, reward the performance, encourage company loyalty by reduce turnover. Compensation strategies play an important role in recruiting and retaining skilled employees (Hassan, 2016).

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness (Patnaik & Padhi, 2012)

Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization (Armstrong, 2009). As argued by (Hartel, 2007) it is a process designed to motivate employees to increase morale, commitment, productivity, and teamwork, rewards and recognition are often given through both monetary and nonmonetary means. According Beaumont (1993), reward systems is to enhance the motivation of individual employees, and hence their current on-the-job performance.

2.2. Empirical Review

There are many empirical studies and literature focused on the topic of HRM practice. This section contented the researched papers which are done by other researchers about human resource management practices impact on employees' performance in different countries are discussed below.

2.2.1. Human Resource Management Practices: International Context

Several studies have been carried out on HRM practices of organizations in different countries. Most of previous studies on HRM show that there are strong and positive relationship between the HR practices and organizational performances (Seaman, Upton, and Carlson, 2006). They were taken a sample of 168 family-owned fast growths small and medium enterprises was used to empirically examine the consequences of human resource practices on their business performance. The result suggested that training and development, use of performance management and competitive compensation system were highly related with organizational performance. More so, the findings of Dolan, Mach, Mercè, and Sierra Olivera (2005) showed that HRM policies and practices play a major role. The variables connected with HRM policies and practices significantly add to the profile that explains good or poor economic performance of the firm. Furthermore, the results show that when some HR policies and practices are absent or poorly implemented, detrimental consequences for firms' economic performance result.

Similarly, previous research conducted by Horgan & Mohalu, (2006) some HR practices are linked with good employee performance and resulting the increase in organizational performance. However, the HR practices will have influence on organizational performance when only employees contributing to organizational output. In Indian context, Kumar (2007) conducted comprehensive research in the changing pattern of human resource management practices under globalization on selected Multi-National Companies in India. The researcher conducted the study with the objectives of knowing and highlighting the practices of human resource management adopted by the organization to deal with the competitive situation. On the basis of data collected and situation observed the study has found the following human resource management practices in the study area these include training, orientation, compensation, working environment, performance appraisal and promotion. The HRM practices adopted are properly matched according to needs of present time. The researcher suggested human resource manager should have term approach and be proactive rather than reactive and give due emphasis for HR activates.

Mansour, (2010) examining the relationship between human resource practices and firm performance. Using companies in Saudi Arabia, this study tests the proposition of HR practices. The research revealed a positive relationship between the overall HR practices (by using

recruitment, training, participation, performance appraisal, and compensation and benefits as the variables) and the performance of the firm. More so, Tanver et al., (2011) on the article, journal, "The impact of Human Resource Management practices on the performance of the employees" argue that all variables (recruitment and selection, training, performance appraisal) are found to be significantly related with performance of employees. He found that recruitment and selection and performance appraisal play a vital role for the performance of the employees as training of the employees is also important. Similarly, Yed & Yan (2012) has done their own research on four HRM practices showed that training and development, team work, HR planning, and performance appraisal have positive and significant influence on business performance.

In Malaysia context, Mohammad et al (2014) examined the effect of HRM practices towards employee performance in Malaysian Skills Institute (MSI). It investigated the factors recruitment, selection and compensation that affected employee performance in MSI. This research study found out the effect of HRM practices on employee performance. The results of the testing hypotheses indicated that the independent variables significantly correlated with the dependent variable. The correlation results confirmed a significant association between independent variables and the dependent variable.

According to Saira Hassan (2016) was conducted to determine the impact of HRM practices on employee's performance in the Textile industry of Pakistan. The research findings indicated that HRM practices Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement have a positive impact on employee's performance. Hence, it is proved that independent variables contribute positively towards change in the dependent variable or employees 'performance. She concluded that the appropriate level and extent of HRM practices implementation in work place that have direct impact on the achievement employees' performance by equipped employees with skill, knowledge, motivation, abilities and retention etc.

In Pakistan context, Ilyas et. al. (2016), evaluated the effects of human resource management practices namely; compensation, performance evaluation and promotion on employee performance in private telecom sector organization of Rawalpindi and Islamabad. The study results indicated a significant and positive association of these three practices with employee

performance based on the discussion of employees 'behavior. Eventually, this research developed the association of these three HRM practices: compensation practices, performance evaluation and promotion practices (independent variables) have positive relationship with employees' performance (dependent variables).

2.2.2. Human Resource Management Practice in Ethiopian Context

Although there is a lot of documentation of HRM practices in other countries in the context, there is a serious lack of previous studies regarding HRM in the Ethiopian context in general and the construction sector in particular.

In Ethiopia context, Desalegn (2017), tried to assess the effect, the relationship and the extent between human resource management practice and organizational performance by conducting it using all five dimension of human resource management practices planning, recruitment and selection, training and development, performance appraisal and reward. The Case Study conducted in Ethiopia. The findings of the study were that in Ethiopian Orthodox Tewahdo Church the human resource management practice influence organizational performance moderately.

The study conducted by Alemayehu (2017) found that employees of Ethiopian revenues custom and authority have an average performance level since they were not satisfied with the present design and delivery of the training program. Based on the result the correlation coefficient; there is a highly significant linear correlation between employee performance and training design and delivery through improving employee's skill, knowledge and ability. In same token, according to Amsalu (2017) stated the organization should provide more training to improve its employees" performance since employees' experience and skills might not fit for the frequent changes of work procedures and technology.

Alene (2017) discovered that performance appraisal is enhancing employees' performance when it is directly linked the performance appraisal results to rewards such as recognition and appreciation career development, leading to promotion and bonus payments and also to salary levels. But employees are not encouraged to participate in the performance appraisal discussion in commercial bank of Ethiopia because employees are not involved in the performance appraisal discussion as a result it is difficult to improve their performance and also discourages

the employee motivation. In turn it has its own impact on their employee motivation and performance.

Begashaw (2017) study using regression analysis of financial compensation and reward of CBE offered by the company satisfying employees with the benefit packages. The employees of CBE love their work, committed to the mission and vision of the organization and contributed for the growth of the organization so that the employees of CBE's were a good performer. But employees dissatisfied with the salary scale of the organization, over time payment and housing allowance. Generally, performance of employees in commercial Bank of Ethiopia was high.

In addition, Mesfin (2019), from Ethiopia studied the effect of human resource practice on organizational performance with the objective human resource planning, training and development performance management, promotional management and compensation management. the findings shows that there was a positive relationship between human resource management practice of Commercial Bank of Ethiopia and its organizational performance except promotional practice has no significant effect. The study result shows that a human resource management practice had directly affect organizational performance. The study finally recommended that the bank should revise its human resource management practice for a competitive and advanced service and performance.

2.3 Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo & Tromp, 2009). It is a research instrument that helps a researcher to develop awareness and understanding of the situation under inquiry and to communicate it. Unlike theory, a concept is an abstract or overall impression inferred or deduced from specific instance. From the theoretical and empirical literature reviews, the following conceptual framework of the study is developed by the researcher.

Figure 2.1 Conceptual Framework

Independent variable	Dependent variable
• **Training & Development** • **Performance Appraisal** • **Compensation & Reward**	**Firm performance**
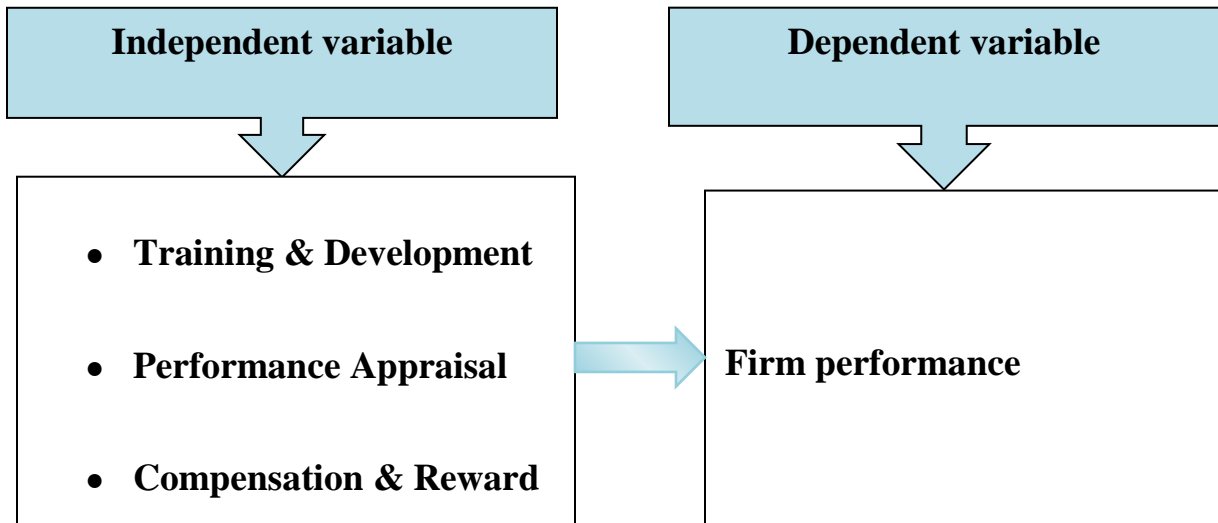
Source: Compiled by the researcher (2022)

In this study organizational performance is a dependent variable (effect) whereas human resource management practices are cause. In this research human resource management (HRM) practices are measured through training & development, performance appraisal, and compensation & reward research performance. The performance appraisal is measured by performance appraisal standards, performance appraisal techniques, and performance appraisal objectives. Training & development is measures in terms of HRD Polices, directives & resources; need assessment; HRD Plans, objectives and roles; training method and evaluation. Compensation is measured by pay/salary, benefit and rewards.

Chapter Three
Research Methodology

Introduction

In this chapter, the researcher describes the procedures to ensure a methodical and well-informed investigation, focusing on sampling procedure, data collection and analysis methods. Data collection instruments and procedures will be discussed as well as the target population and sampling procedures. Research methodology is described as method of illuminating scientific procedures in a way suitable for the purpose. It is the general standard which direct the description of the methods applied in conducting the research study, how to and what analysis to be done to the data so collected (Akinyele, 2016). These are realized in address research methods that will be used for the study, the data collection and how the field work for the study is conducted.

3.1 Research Approach

Generally, literatures have identified three types of research approach which include: qualitative, quantitative and mixed research approach. For the purpose of this study quantitative approach was used because the study requires an analysis of the human resource management practices which impact on organizational performance in Lion Insurance. The relationships among variables statistically were tested, which required a quantitative approach and also used hypothesis testing to determine the relationship among the study variables.

3.2 Research Design

Newing (2011) defined research design as the arrangement of conditions for collection and analysis of data in a way that intend to combine importance to the research purpose with economy in procedure. The choice of research design depends on objectives that the researchers want to achieve (Newing, 2011). The primary aim of this study was to examine the effect of human resource management practice on organizational performance of Lion Insurance. To achieve this objective, explanatory research design was used. Explanatory research design is focus on an analysis of a situation or a specific problem to explain the patterns of relationships between variables (Akinyele, 2016). It helps to understand the nature of the relationship between the independent and dependent variables. The purpose of using explanatory research was to

know the cause and effect of human resource management practices on organizational performance. It was therefore justified in view of the above definitions, descriptions and strengths that explanatory survey is the most suited and appropriate design for this study.

3.3. Sampling Design

3.3.1. Target Population

In this study, there were two types of population. These were the target population and study population. Target population of survey is the entire set of units for which the survey data are used to make inferences (Smyth, 2004). It is the population that a researcher wants to generalize the results of the study. The target population of the study consisted of all employees of Lion Insurance Company S.C. who are working all around the country. According to company Physical and Financial Plan for the Year 2021/22, the total number of employees of Lion Insurance Company S.C. reached around 355 at the end of June 30, 20221 which constitutes the target population of the study.

The study population can be defined as the entire collection of cases or units about which the researcher wishes to draw conclusions (Castilo, 2009). The study population, which is also known as accessible population, is the population that is derived from the target population for the smooth condition of the research in specific term. It is from the study population that researchers draw the sample. According to Smyth (2004), the geographic characteristics of the target and study population need to be delineated, as well as, types of units being included. Accordingly, the study population for this study is targeting at employees of the company that working Head Office and all eighteen branch offices in Addis Ababa. The study was chosen the head and branch offices in Addis Ababa mainly for the reason that for the smooth conditioning of conducting research, i.e., for easy access to data, cost effectiveness and easy manageability of the study, it is geographically delineated at Addis Ababa. Over all, according to company Physical and Financial Plan for the Year 2021/22, the company has a total size of 256 employees in head office and eighteen branch Offices at Addis Ababa which constitutes the target population of the study will be capture in the sampling frame. The lists of sample branch offices are attached in Annex II.

3.3.2. Sample Size

Lavrakas (2008) explains a sample in survey research as a subset of elements drawn from a larger population. Obviously, such a sample should be typically identical with the population thus provide adequate representation. If a sample is not precise and inadequate both in characteristic and size, it may lead to rejection of false null hypothesis, wrong result and therefore a waste of resources (Gerstman, 2003). Likewise, a study that collects too much data is wasteful. Therefore, it is essential to establish adequate sample size before going on data collection for a study. In recognition of this fact, to determine sample size of the study, the researcher uses a method developed by Taro Yamane's formula. Therefore, the following formula is used to determine the sample size.

That is $n = N/1 + N(e)^2$ Where: n is the sample size, N is the population size and e is the error of sampling. For this study the error of sampling is set at 0.05.

$N = 256/1 + 256(0.05)^2$
$= 256/1.64 = 156$ respondents

We can see from the result above that the sample size was 156 from the total study population of 256 to maintain a 95% confident interval.

3.3.3. Sampling Technique

For the purpose of this study, the researcher was used probability sampling technique to select sample participants. Specifically, the selection and distribution of questionnaires among employees were made based on simple random sampling. Simple random sampling will be used because of the fact that it allowed researched to make statistical inference.

According to Kothari (2004), if a population, from which a sample is to be drawn, does not constitute a homogeneous group, stratified random sampling technique is generally applied in order to obtain a representative sample. Under stratified random sampling the population is first divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called 'strata') and then we select items randomly from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts; we get a better estimate of the whole.

In recognition of the above fact, the researcher was used stratified random sampling technique on which the respondents are structured into two strata (Head Office and Branch Offices). This was because each group of the respondents is required to have its own representative from the total sample size. Stratified sampling guarantee specific groups within a population are adequately represented in the sample. Samples from each stratum will be selected by using the following equation:

nh = (Nh/N)*n

Where; nh is the sample size for stratum h, Nh is the population size for stratum h, N is total population size, and n is total sample size. The lists of the participants or respondents will be taken from sample frame of the company. Therefore, the sample size for each status (department) is presented in the following table. Simple random sampling technique was used to select respondent from each stratum.

Table 3.1: Population and Sample Size

NO.	Strata	No. of employees	% of the total employees.	Numbers of sample respondent
1.	Head Office	112	43.7	68
2.	Branch Offices in Addis	144	56.3	88
	Total	256	100	156

3.4. Data Collection Instrument

For this study both primary and secondary sources of data was used. Kothari (2004) describes primary data as those which are collected a fresh and for the first time and thus happen to be original in character. Dawson (2009) states that secondary research data involves the data collected using information from studies that other researchers have made of a subject. Both sets of data are used in this study.

The study utilized questionnaire as major instrument for collecting primary data. Schwab (2005) defined questionnaire as measuring instruments that ask individuals to answer a set of questions or respond to a set of statement. A questionnaire is research instrument that is used in data collection when dealing with a large sample (Kombo, et a1.2002). A questionnaire is preferred

because of its convenience and ease of administration. Kothari (2004) stated that questionnaires have various advantages, like; it is free from the bias of the interviewer; it is low cost even when the universe is large and is widely spread geographically; respondents have adequate time to give well thought out answers; respondents who are not easily approachable can also be reached conveniently; large samples can be made use of and thus the results can be made more dependable and reliable. In view of the advantages and the need to gather more information, questionnaires were administered to employees and to solicit their views concerning the effect of selected human resource management practices on performance of Lion Insurance.

The study was used closed-ended questions. This was due to the fact that closed-ended questions are often good for surveys, because one can get higher response rates. Besides, answers to closed-ended questions can easily be coded and analyzed makes them particularly useful when trying to prove the statistical significance of a survey's results.

The classification of the questionnaire was divided into five sections. The first section is about demographic data of the respondent employees. The second section is contained questions about performance appraisal, that contains 17 items survey questionnaires is developed based on Caruth & Humphreys, (2008); which include performance appraisal standards (6 items), performance appraisal techniques (7 items), and performance appraisal objectives (4 items). The third section contain questions on training and development program that contains 20 items which is developed based on Hennenman, et al (1989). The fourth section contain questions about compensation management that contain 12 items which contain 4 items on pay, 4 items on benefit and 4 items on rewards which are adopted from Hansen, et al (2004). The fifth section contains questions on organizational performance which contain 8 items that are adopted from Onyango, (2014).

In addition, the study was used secondary data. Dawson (2009) states that secondary research data involves the data collected using information from studies that other researchers have made of a subject. The secondary data has collected from different published material like report, manual, books, magazines, journal articles, websites, research findings and any other concerned bodies will be used to extract any sort of essential information to strengthen the study findings.

3.5. Data Collection Procedure

Primary data was collected through the administration of questionnaires to employees of Lion Insurance. Before the full-scale survey, pilot survey will be undertaken for a sample of respondents. The objective of the pilot survey is to check whether the desired result using the questionnaire is obtained or not and to identify and exclude potential problems associated with content in the questions and wordings. During the full-scale survey, the questionnaire was administered to the target population through personal contact by the researcher. Respondents were kindly requested to fill the questionnaire. Organizations and staffs' permissions to do this will be sought and approval was received.

3.6. Instrument Validity and Reliability

There is always more than one way to measure any variable, a researcher has to attempt to construct the best measure or measures for each variable. Considering this, data should first analyze to ensure instrument quality. Reliability and validity were used as the major criteria used to evaluate measurement. Reliability will be used to ensure consistence of data whereas validity will be used to test the accuracy of the measurement process.

3.6.1 Instrument Validity

Validity refers to the extent to which the scores from a measure represent the variable they are intended (Gakure, 2010). It is the extent to which the scores from a measure signify the variable they are intended to. Weber (1990) indicated that in order to draw valid inference from a test, it is important that the classification procedure be reliable and consistent. As errors are likely to occur, whether intentionally or not, therefore every measurement result should include measurement error to ensure the validity of such measurement.

In recognition of this fact, therefore, a validity test of the questionnaires was done on its content. Content validity measures the extent to which a test acts to measure a concept analysis of the items so as to confirm adequate coverage of the scope of the study by the measuring instrument (Oyerinde, 2011). In order to ascertain the relevance of each question to variables being measured and to ensure that the content of the instrument provide answers to the objectives of the study and the formulated hypotheses, content validity of the pilot questionnaire was tested.

The response of the pilot administration of the questionnaire was used to improve the content values of the questions used in the main administration.

3.6.2 Instrument Reliability

In addition, reliability test will be carried out in order to ensure the consistency of the instruments used in main administration. The reliability is consistency of the measurement; that is, to what extent a measuring device will produce the same results when applied multiple times to the same person under similar conditions (Gakure & Ngumi, 2010). The most straightforward method of testing reliability is to replicate; either by asking the same questions to the same respondents at different times and evaluating the degree of correlation, or by asking the same question in different ways at different points in the questionnaire (Johnson & Turner, 2003).

The study was employed Cronbachs' alpha to assess reliability of the questionnaire. Cronbachs' co-efficient alpha is the most common way of measuring internal consistency. Cronbachs' coefficient (alpha) may range between 0 to 1, with 0 indicating an instrument full of errors and 1 indicating total absence of error. The closer Cronbach's alpha coefficient is to 1, the higher the internal consistency reliability (Oyerinde, 2011). A reliability coefficient (alpha) of 0.70 is considered acceptable, reliable and recommended for new questionnaire. The reliability of the questionnaire was tested using the Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software. The descriptive analysis of primary data showed that a high reliability was attained by questionnaire instrument with acceptable range of reliability coefficients.

Table 3.2: Reliability Test Result

Variables	Cronbach Alpha	No. of Items
Performance appraisal	.826	20
Training and development	.796	16
Compensation management	.871	12
Organizational performance	.786	10

Source: SPSS Output

As Tavakol (2001) stated that, there are different reports about the acceptable values of alpha, ranging from 0.70 to 0.95. Hence, the Cronbach's alpha coefficient of all the above variables was fall within the stated range and concluded that there is consistency among each question in the questionnaire

3.7. Data Analysis

In this study, the primary data was collected from sample respondents via questionnaire. Once the questionnaires are gathered, the next step was to edit, clean, encode and look for errors in the data. This was the question of data processing. Data processing is a series of actions or steps performed on data to verify, organize, transform, integrate, and extract data in an appropriate output form for subsequent use. In recognition of this fact, therefore, the data processing of collected questionnaires was rigorously done. This helped in compressing and arranging the data into small sets for easy examination and analysis.

Next, the collected and processed primary data from the questionnaire was analyzed by descriptive statistics, and multiple linear regression analysis. Descriptive statistics such as mean scores, percentages, frequency distribution and standard deviations were computed to describe the characteristics of the variables of interest in the study. Besides, inferential statistics such as multiple linear regression analysis was used to test the hypothesized relationships and to determine the relative importance of each independent variable in explaining the variation organizational performance of the case company.

3.8. Ethical Consideration

The researcher was made his best to address ethical consideration of confidentiality, privacy, and informed consent. Consent was obtained from the administrative of the enterprise after explaining the relevance of the study. All the study participants were informed about the purpose of the study and verbal consent of all study subjects was obtained before data collection. Participants were also being informed that they had full right to discontinue or refuse to participate in the study. To ensure confidentiality, the name of interviewee was not written on the questionnaire.

Chapter Four

Data Presentation, Analysis and Interpretation

Introduction

This chapter deals with organization, analysis and presentation of data collected from respondents using questionnaires. The data collected was analyzed and interpreted in line with the objective of the study which was to assess the effect of human resource practice on organizational performance of Lion Insurance Company S.C. It gives the empirical findings and results following the application of these variables using the techniques indicated in the third chapter.

4.1 Response Rate

The researcher distributed one hundred fifty-six questionnaires (156). Out of these one hundred and thirty-three questionnaires (133) were completed and returned. This represents a response rate of 85.3%. According to Mugenda (2003), a response rate of 50% is considered good and response rate greater than 70% is considered to be very good. The 85.3% response rate is thus considered a very good representative of respondents to provide enough information for analysis and to derive conclusions.

Table 4.1: Response Rate

Response rate	Sample size	Percentage (%)
Returned questionnaires	133	85.3
Un-returned questionnaires	23	14.7
Total	**156**	**100**

Source: (Survey Data, 2022)

4.2 General information of respondents

This section analyzes respondents' general information. Gender, age, degree of education, position and tenure in current organization were all questions asked of respondents. This information isn't essential to meet research objectives, but they provided important information

that helps the researcher to determine the ability of the respondent to contribute meaningfully to the investigation. The result is presented in Table 4.2.

Table 4.2: General Information of the Respondent

Main factor	Factor level	Frequency	Percentage
Gender	Male	96	72.2
	Female	37	27.8
	Total	133	100
Age	15 – 25 years	5	3.8
	26 - 40 years	59	44.4
	41-55 years	58	43.6
	Over 50 years	11	8.3
	Total	133	100
Educational qualification	Secondary	2	1.5
	Diploma	3	2.3
	Degree	68	51.1
	Master and above	60	45.2
	Total	133	100.0
For how long have you been employed in this company?	Under 2 years	20	15.0
	2 – 5 years	66	49.7
	6 - 10 years	29	21.8
	above 10 years	18	13.5
	Total	133	100.0
Position in the Organization?	Clerical	14	10.5
	Professional	107	80.5
	Managerial	12	9.0
	Total	133	100.0

Source, survey data, 2022

Table 4.2 above shows the gender distribution of the respondents who participated in the study. From table 4.2 show that 72.2% were males while 27.8% were females. The findings showed that male respondents were more than with female a representation and this finding indicate that males were dominated in the company.

Respondents represented customers from a range of ages. The age distribution was 59 respondents (44.4%) age between 26 - 40 years, 58 respondents (43.6%) were age between 41 - 55 years, 11 respondents (8.3%) were above 55 years and the remaining 5 respondents (3.8%) were age between 15-25 years and. The different age groups were therefore well represented in the study.

Regarding the educational qualification, 51.1% respondents were having first Degree, 45.2% respondents were Second Degree and above, 2.3% of the respondents were having Diploma while the remaining 1.5% of the respondents were having secondary education. This therefore means that the respondents who participated in this study are well informed about the human resource management practices. These respondents were therefore able to give their perceptions of the human resource management practices by answering the questionnaire.

Concerning the position in current organization, 80.5% were professional workers, 10.5% were worked in clerical position, while the remaining 9% were working in managerial positions. Regarding the length of tenure in current organization, 49.7% were stayed for 2 – 5 years, 21.8% were stayed for 6 – 10 years, 15% were stayed for less than two years and the remaining 13.5% were stayed for more than ten years in their current organization. This indicates that participants have been with the current company for a longer period of time and so have a good understanding of the company's human resource management practices.

4.3 Descriptive analysis of study variables

Descriptive statistics were used to explain the basic features of the data that was collected from the field. They present simple summaries about the sample and the measures together with simple graphic illustrations. This section discusses the descriptive statistics of measures of the three major human resource management practices (training and development, performance appraisal and compensation management) and organizational performance that were collected by the questionnaire.

The analysis of this study was done using descriptive statistics or through using central tendency, from these the researcher used the mean scores of each variable. The main reason for using this measurement was to demonstrate the average responses of respondents for each question that was included under each dimension of the predictor variable and to reach the grand mean of each

dimension. Finally, the interpretation is made by using the grand mean of each independent dimension for the aim of achieving partial research objectives of the study. A range of mean was constructed by using itemized Likert rating scale. The researcher was used (Shrestha, 2015) guide to interpret the result which is presented in the Table 4.3. The mean of each individual item ranging from 1- 5 falls within the following interval:

Table 4.3: Descriptive statistics result interpretation guide

Interval of Means	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Medium
3.41 – 4.20	High
4.21 – 5.00	Very High

Source: (Shrestha, 2015)

4.3.1. Performance Appraisal practice

Evaluating employee performance is a key responsibility of managers. Performance appraisals, a powerful tool, provide to documented feedback on an employee's level of performance. It is help to determine continued employment, promotion, transfer, bonuses, and pay raises, and allow for improved communications between managers and employees. With regards to this practice the study was assessed the performance appraisal practice through five Likert scale question. Accordingly, Table 4.4, implied respondents' respective view regarding the performance appraisal practice of the company.

Table 4.4: Respondents view on the performance appraisal practice

No	Indicators	Mean	STD
	Performance Appraisal Standard Measures (PSM)	**3.19**	**0.99**
1.	The supervisor appraises me based on job-related criteria rather than others.	3.35	1.04
2.	The organization's Supervisors evaluate employee's performance based on his/her behavior.	3.11	.902
3.	The rater appraises employees' performance by their competencies.	3.35	1.01
4.	The organization gives training for performance appraisers to improve the fair appraising evaluation system.	2.69	1.01
5	The appraiser communicates with employees in the appraisal process	3.46	1.01

	Performance Appraisal Techniques or method (PAT)	3.09	1.1
6.	The rater uses the graphic rating scale method (excellent, good, average, and fair, poor) to appraise.	3.60	.945
7.	The rater compares every employee with every other employee in the workgroup.	2.66	1.34
8.	Supervisors use behaviorally anchored rating method that is, a description of each assessment along a continuum (a numeric scale from low to high)	3.56	1.05
9.	The rater uses the ranking method (best worker, average worker, and worst) for appraising employees.	2.76	.970
10.	The rater uses management by objective method (management setting goals with employees then evaluate performance finally reward according to the result)	2.64	1.05
11.	Employees participate in setting standards and measuring performance	2.92	1.29
12.	The rater gives feedback after the appraisal result.	3.54	1.07
	Performance Appraisal Objectives (PAO)	2.77	1.12
13.	The company use performance appraisal-based payment, such as bonuses and incentives	2.83	1.18
14.	Human resource management decisions for promotion, termination and layoff is purely based on Performance Appraisal	2.79	1.12
15.	The result on Performance appraisal uses to reward good performer employees in a better way than other fewer performer employees.	2.72	1.09
16.	The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment, etc.	2.77	1.10
	Grand Mean	**3.02**	**1.07**

Source: (Survey Data, 2022)

Table 4.4 showed that respondents report on performance appraisal practices. The grand mean response for performance appraisal practice is 3.02, which according to Shrestha (2015), is medium. This implies the company performance appraisal practices as whole are somehow on average level and which in turn indicated that there are areas that need improvement.

The study measures performance appraisal in terms of three sub components, namely: performance appraisal standard measures, performance appraisal techniques or method and performance appraisal objectives. Table 4.4 also shows the composite mean value for each the three performance appraisal sub components. Accordingly, the composite mean value for performance appraisal standard measures is 3.19, which according to Shrestha (2015), is

Medium. This indicates the company performance appraisal practices in context of performance appraisal standard measures as whole are somehow moderate though there are some areas that need improvement. Specifically, the result revealed that there is limitation in terms of organization gives training for performance appraisers to improve the fair appraising evaluation system as represented by mean value of 2.69. Thus, the company needs to consider this issue and gives training for performance appraisers to improve the fair appraising evaluation in the future.

On other hands, the composite mean value for performance appraisal techniques or method is 3.09, which according to Shrestha (2015), is Medium. This also indicates the company performance appraisal practice in context of performance appraisal techniques or method on average level. These mean that there is limitation in terms of using various kinds of performance appraisal technics or methods. As finding indicated, the company mainly applies the graphic rating scale method (excellent, good, average, and fair, poor) to appraise, which has the highest mean value (3.69) and followed by using behaviorally anchored rating method that is, a description of each assessment along a continuum (a numeric scale from low to high), which has mean value (3.55). The mean value for other performance appraisal methods is low. The mean value for management by objective method is 2.64 and the mean value for the ranking method is 2.76. This implies the company need to consider these methods as well in the future.

Lastly, the composite mean for performance appraisal objectives are 2.77, which is below average that indicates there are lots of gaps concerning the company performance appraisal practices in context its objectives that need further improvement and attention. Regarding sub items of performance appraisal objective, the appraisal data are used by the HR department for other development decisions like job rotation, job enrichment, etc. got the lowest mean value (2.72), followed by statements that the result on performance appraisal uses to reward good performer employees in a better way than other fewer performer employees which has mean value (2.77). This implies that the company has limitation in terms of using the result of performance appraisal to various human resource decisions. Thus, the company need to consider these issues and improved them in its performance appraisal practices in the future.

4.3.2. Respondents view on the Training and Development Practice

Training is a planned effort to enable employees to learn job related knowledge, skills, and behavior. Development involves acquiring knowledge, skills, and behavior that improve employees' ability to meet the challenges of a variety of new or existing jobs, including the client and customer demands of those jobs. In premise to this concept the survey was provided related questions to assess respondent view on the company training and development practices. The survey results were presented in Table 4.5.

Table 4.5: Respondents view on the training and development practice

No	Indicators	Mean	STD
	HRD practice in the context of Polices, directives & resources	**3.24**	**0.96**
1.	The company has defined training and development policy.	3.83	.744
2.	HRD practices are conducted based on rules and regulations.	3.23	1.06
3.	Training and development Policies and programs are integrated to the objectives of the organization	3.26	.953
4.	There is serious attention to allocate sufficient budget and resource for the training and development	2.65	1.09
	HRD Needs Assessment Practice	**3.11**	**1.01**
5.	In the company, there is SMART manual & instrument of need assessment.	2.83	1.12
6.	The need assessment checklist filled without bias and is genuine.	3.02	1.15
7.	The training & development need analysis methods enable to clearly identify the employees' skill and knowledge gap.	3.37	.866
8.	Training and development need analysis conducted is able to produce relevant findings on performance gaps.	3.14	.936
	HRD Plans, Objectives and Roles	**3.21**	**0.97**
9.	Training and development objectives are set in advance	3.05	.944
10.	The Company training and development plan preparation allow the participation of all employees.	2.86	1.04
11.	Training and development program of the Company is designed in compatible with the actual job to be performed.	3.14	.936
12.	Training and development programs allow acquiring skills, knowledge and attitude and improve employee's performance.	3.47	.966
	Methods of Training & Development Delivery Practice	**3.2**	**1.03**
13.	The Company gives both on-the-job and off-the-job training.	3.11	.997

14.	The delivery method that the Company employed is proper to acquire the necessary knowledge, skills and attitudes.	3.02	.973
15.	The Company is employed trainee- centered training and development as well as delivery method.	3.32	1.11
16.	The trainers have knowledge, skills and ability to transfer and demonstrate the content of training and development appropriately	3.35	1.05
	Training and Development Evaluation Practice	**2.95**	**0.97**
17.	The organization evaluates the training and development practice before, on the process and after the program	3.11	.915
18.	The organization use feedback at the end of the training and development program	2.95	.968
19.	Training evaluation is used to identify potential candidate for current training & future development	2.99	1.04
20.	Training evaluation assesses the gap before and after delivery of the training	2.78	.987
	Grand Mean	**3.14**	**0.99**

Source: (Survey Data, 2022)

Table 4.5 showed report on respondents' response on training and development practices. The grand mean response for training and development practice is 3.14, which according to Shrestha (2015), is medium. This implies the company training and development practice as whole are somehow on average level and which in turn indicated that there are areas that need improvement.

The study measures training and development in terms of five sub components, namely: HRD Polices, directives & resources; need assessment; HRD Plans, objectives and roles; training method and evaluation. Table 4.5 also shows the composite mean value for each five training and development sub components. Accordingly, the composite mean value for HRD practice in the context of polices, directives & resources is 3.24, which according to Shrestha (2015), is moderate. This indicates the company HRD practice in the context of polices, directives & resources are somehow modest though there are some areas that needs improvement. Specifically, there is limitation in terms giving serious attention to allocate sufficient budget and resource for the training and development as revealed by the mean value (2.65). Thus, the company need to consider these issues and required to give serious attention to allocate sufficient budget and resource for the training and development practices in the future.

Table 4.5 above also illustrated the result concerning the HRD needs assessment practice. The finding indicated that composite mean response for the company training and development need assessment practice is 3.11, which according to Shrestha (2015), is medium. This indicates the company practice in terms of training and need assessment are somehow moderate though there are some areas that needs improvement. Specifically, result from the quantitative investigation regarding the company training and development need assessment practices indicated that there are limitations in term of producing SMART need assessment manual & instrument as revealed which has the lowest mean value (2.83). Thus, the company need to consider this issue and will required to produce SMART need assessment manual & instrument in the future.

Table 4.5 above also showed that the composite mean value for the company HRD plans, objectives and roles practice is 3.21 which according to Shrestha (2015), is medium. This implies that there are some areas that need improvement. Specifically, result from the quantitative investigation regarding HRD practices in context of setting HRD plans, objectives and roles indicated that there are limitations in terms of allowing participation of all employees in preparation the company T&D plan, which has the lowest mean value (2.86). Thus, the company need to consider this issue and will work to improve the participation of all employees in preparation the company T&D plan in the future.

The table 4.5 above also indicated that the composite mean response for the company practices in terms of training & development delivery methods is 3.2 which according to Shrestha (2015), is medium. This indicate the company practices in terms of training & development delivery methods is at average level according to respondent response though there are room for improvement. Regarding sub items of training and development method, the delivery method that the company employed is proper to acquire the necessary knowledge, skills and attitudes, got the lowest mean value (3.02), followed by statements that the company gives both on-the-job and off-the-job training (3.11). Thus, the company need to consider these issues and improved them in its training and development practices in the future.

Table 4.5 also showed that respondents report on training and development evaluation practices. The grand mean response for the company practices in terms of training and development evaluation practice is 2.95, which according to Shrestha (2015), is medium. This indicates

relatively less agreement among the respondents concerning training and development evaluation practice. Regarding sub items of training and development evaluation practice, training evaluation assesses the gap before and after delivery of the training got the lowest mean value (2.78), followed by statements that the organization use feedback at the end of the training and development program which has mean value (2.95). This implies that the company has limitation in terms of using feedback and evaluation of training program. Thus, the company need to consider these issues and improved them in its training and development practices in the future.

4.3.4. Compensation Management Practice

Compensation management is a process designed to motivate employees to increase morale, commitment, productivity, and teamwork, rewards and recognition are often given through both monetary and nonmonetary means. Based on these the study was provided related questions for employees and their respective response were provided below in the table 4.6.

Table 4.6: Respondents view on the compensation management practice

No	Indicators	Mean	STD
	Pay	**2.74**	**1.06**
1.	I feel I am being paid a fair amount for the work I do.	2.86	1.29
2.	I am satisfied with my current salary.	2.62	.943
3.	My salary is competitive with similar jobs I might find elsewhere.	3.35	1.10
4.	My salary does match with cost of living in the country.	2.16	.912
	Benefits	**2.83**	**1.11**
5.	I am satisfied with the benefits I receive.	2.32	1.08
6.	The benefit package we have is equitable.	3.34	1.22
7.	The benefits we receive are as good as most other organizations offer.	2.81	1.19
8.	There are no benefits we do not have which we should have.	2.85	.951
	Rewards	**2.98**	**1.06**
9.	There are more rewards for those who work here.	2.85	1.11
10.	I do feel my efforts are rewarded the way they should be.	2.82	.928
11.	I do feel that the work I do is appreciated	3.05	1.08
12.	When I do a good job, I receive the recognition for it that I should receive.	3.21	1.13
	Grand Mean	**2.85**	**1.07**

Source: (Survey Data, 2022)

Table 4.6 showed that respondents report on compensation management practices. The grand mean response for compensation management practice is 2.85, which according to Shrestha (2015), is medium. This implies the company compensation management practice is below the average and which in turn indicated that there are areas that need improvement.

The study measures compensation management in terms of three sub components, namely: pay/salary, benefits and rewards. Table 4.6 also shows the composite mean value for each the three performance appraisal sub components. Accordingly, the composite mean value for pay/salary is 2.74, which according to Shrestha (2015), is medium. Regarding sub items of pay practices, my salary does match with cost of living in the country got the lowest mean value (2.16), followed by statements that I am satisfied with my current salary which has mean value (2.65). This implies that the most of respondents were not satisfied by the company pay system. Thus, the company need to consider these issues in the future and improved its pay system in order to match with cost of living in the country.

On other hands, the composite mean value for benefits is 2.83, which according to Shrestha (2015), is medium. This also indicates the company compensation management practice in context of benefit package on below average. Regarding individual item of benefit practices, I am satisfied with the benefits I receive got the lowest mean value (2.32), followed by statements that the benefits we receive are as good as most other organizations offer (2.85). This implies that the most of respondents were not satisfied by the company benefit package. Thus, the company need to consider these issues in the future and improved its benefit package in order to at least match with most other organizations offer.

Lastly, the composite mean value for compensation management practice in context of reward management is 2.98, which according to Shrestha (2015) is medium that indicates there are employees are still worried about the company reward practice. Regarding sub items of rewards, statement that I do feel my efforts are rewarded the way they should be got the lowest mean value (2.82), followed by statements that there are more rewards for those who work here, which has mean value (2.85). This implies that the company has limitation in terms of appropriately reward its employee efforts. Thus, the company need to consider these issues and improved its reward practices in the future.

4.3.5. Respondents view on Organizational Performance

The respondents were also asked to rate their opinion concerning organizational performance of Lion Insurance Share Company. The summary of their responses to specific questions, as revealed by the results, will be presented in table 4.7.

Table 4.7: Respondents view on organizational performance

No	Indicators	Mean	STD
1.	Amount of company net income has been increasing over the time.	3.38	.877
2.	The company market share has increased over time.	2.83	.923
3.	The number of customers has been increasing over the years.	3.33	1.05
4.	The company is able to achieve stated goals.	3.18	.928
5.	The reputation and brand image of the company has improved.	3.09	.941
6.	The company product and service quality has improved over the year.	3.09	.941
7.	Each section understands the role it plays in achieving organizational goals.	3.02	1.05
8.	The organization functions smoothly with a minimum of internal conflict.	3.07	1.09
9.	The job done by employees maintains work accuracy.	3.11	.907
10.	The satisfaction of customers has improved over the years	2.98	.929
	Grand Mean	**3.1**	**0.96**

Source: (Survey Data, 2022)

In order to measure the company performance, questions regarding various measures of organizational performance were asked. The grand mean value for organization performance is 3.1. This is an indication that the company has average level of performance according to its respondents' perception. The average standard deviation was 0.96 meaning that at most of the responses were spread within one standard deviation of the mean. Regarding individual item of organizational performance measure, statement that amount of company net income has been increasing over the time had got the highest mean (3.38), followed by statement that the number of customers has been increasing over the years which has mean value (3.33). On other hands, statement that the company market share has increased over time got the lowest mean value (2.83), followed by statements that he satisfaction of customers has improved over the years, which has mean value (2.98). Thus, the company needs to consider these issues and need to improve its market share as well as satisfaction of its customers in the future.

4.4. Inferential Statistical Analysis

This section describes the inferential statistical analysis that was derived from the collected data and models. The study sought to test the relationship between human resource management practices and organizational performance. This was done through correlation and regression analysis. It starts with results of the correlation and then precedes to results of the multiple linear regression models.

4.4.1 Correlation Results

Correlation analysis was used in the study to determine the strength of the relationship or association between the research variables from the primary data. Correlation refers to the degree and direction with which research variables change from instance to case, without implying that one causes the other. The correlation coefficient, which measures the linear relationship or association between two variables, is presented as a result of correlation analysis (Crossman et al., 2013). To determine how the variables were related to one another, a Pearson correlation was used. The correlation coefficient has a value between -1 and +1. A positive linear correlation coefficient of +1 shows that two variables are perfectly correlated. A correlation of -1 indicates that two variables are negatively linearly related and a correlation coefficient of 0 indicates that there is no linear relationship between two variables.

The findings of the study are presented in Table 4.8. The result shows that there are positive but relatively strong relationship between the four HRM practices (Training & Development and Performance Appraisal, and compensation management) and organizational performance. The results show that compensation management as HRM practices was positively correlated to organizational performance with a Pearson's Correlation Coefficient of r = 0.597 and at level of significance of 0.000, was statistically significant as the p-value is less than 0.01. This relationship was moderately strong. The results also revealed that there is a moderately strong and positive relationship between the remaining two HRM practices, performance appraisal, and training & development and organizational performance with a Pearson's Correlation Coefficient of r = 0.593 and 0.526 respectively.

Table 4.8: Pearson correlation HRM practices and organizational performance

		Performance Appraisal	Training & Development	Compensation Management	Organizational Performance
Performance Appraisal	Pearson Correlation	1	.457[**]	.430[**]	.593[**]
	Sig. (2-tailed)		.000	.000	.000
	N	133	133	133	133
Training & Development	Pearson Correlation	.457[**]	1	.425[**]	.526[**]
	Sig. (2-tailed)	.000		.000	.000
	N	133	133	133	133
Compensation Management	Pearson Correlation	.430[**]	.425[**]	1	.597[**]
	Sig. (2-tailed)	.000	.000		.000
	N	133	133	133	133
Organizational Performance	Pearson Correlation	.593[**]	.526[**]	.597[**]	1
	Sig. (2-tailed)	.000	.000	.000	
	N	133	133	133	133

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

Source: (Survey data, 2022)

Over all, all the three HRM practices (Training & Development, Performa's Appraisal, and compensation management) are moderately strong positive relation with organizational performance with a Pearson's Correlation Coefficient of $r > 0.5$ in all case. This indicates that HRM practices had a positive correlation with the organizational performance and the relationship is moderately strong.

4.5. Assumptions/diagnostic test for multiple linear regressions

Multiple linear regressions are based on the assumptions of Ordinary Least Square (OLS). When deciding to use multiple regressions to analyze data, part of the process entails ensuring that the data to be studied can really be analyzed using multiple regressions. This is because it is only appropriate to apply multiple regressions if the data "passes" the assumptions that multiple regressions require in order to get a valid result. As a result, the variables were subjected to the necessary diagnostic tests in the next section.

4.5.1. Outlier, leverage and influential points

The first assumption of multiple regressions is that there should be no major outliers, high leverage points, or very influential points in order to make accurate inferences on multiple linear regressions. Outliers leverage, and influential points, according to Rousseeuw et al. (1990) are observations in a data set that are uncommon in some way and can influence the output that statistical software produces, reducing the prediction accuracy of results as well as statistical significance. As a result, detecting any outliers, high leverage points, and highly influential points is critical before employing a multiple regression analysis. The residual analysis is used to do this. Table 4.9 contains summaries of residual statistics.

Table 4.9: Residual statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Std. Residual	-2.178	2.363	.000	.989	133
Stud. Residual	-2.211	2.393	.001	1.005	133
Cook's Distance	.000	.136	.009	.016	133
Centered Leverage Value	.000	.088	.023	.016	133

a. Dependent Variable: Organizational Performance

Source: (Survey data, 2022)

An outlier, according to Wilcox (2001), is a data point whose response y does not follow the overall trend of the data. The standardized residual (also known as the studentized residual) is a value that quantifies the size of the residuals in standard deviation units, making it easy to spot outliers. In principle, an observation with a Standardized residual (studentized residual) value greater than 3 in absolute value is referred to as a "outlier" (Rousseeuw, et. al, 1990). The dependent variable organizational performance has standardized residual values ranging from 2.21 to 2.393 in all cases, indicating that there are no outliers in the dataset.

A data point has high leverage if it has "extreme predictor x values," according to Wilcox (2001). The incredible part about leverages is that they can assist in identifying extreme x values that

may have an impact on regression analysis (Rousseeuw, et. al, 1990). According to Wilcox (2001), any observation whose leverage value, hii, is more than 3 times more than the mean leverage value (3(k+1)/n) should be flagged. According to this algorithm, any observation with a leverage value more than 0.09 is deemed a high leverage point in this investigation. Table 4.9 reveals that the leverage value for the dependent variable organizational performance ranges from 0.001 to 0.088, which is less than the 0.09 cut-off point, which is an indication that the data is free from high leverage points.

A data point is influential if it "unduly influences any component of a regression analysis, such as the expected responses, the estimated slope coefficients, or the hypothesis test findings," according to Wilcox (2001). Cook's distance is a measure of how much the residual of all records would vary if a certain record was removed from the model coefficients calculation (Rousseeuw, et. al, 1990). A popular rule of thumb, according to Wilcox (2001), is that a cook's distance higher than one should be scrutinized and possibly eliminated. Table 4.9 shows that a cook's distance for a dependent variable organizational performance range from 0 to 0.136, which is lower than the cut-off points of 1. This suggests that no data point unduly influences the estimated regression function.

4.5.2 Multicollinearity

When two or more independent variables are substantially correlated with each other, multicollinearity arises. This complicates determining which independent variable contributes to the variation explained in the dependent variable (Simon, 2004). The Variance Inflation Factor (VIF) is a tool for determining if study variables are multicollinear. Variance Inflation Factor was checked for indication of multicollinearity where their numerical values were all well below the cut-off value of 10 suggested by Neter, et al., (1996). There was no collinearity among the independent variables based on this rule of thumb.

Table 4.10: Multicollinearity test for the study variables

Variable	VIF	Tolerance
Performance Appraisal	.675	1.482
Training and development	.680	1.471
Compensation Management	.617	1.619

Source: (Survey data, 2022)

4.5.3 Homoscedasticity

In a study, homoscedasticity occurs when the variance of residuals (error term) is the same for all predicted variables (Tabachnic & Fidell, 2007). Heteroscedasticity in a study, on the other hand, occurs when the variance of the errors varies between observations (Long & Ervin, 2000). There are different ways for measuring the availability of heteroscedasticity. The most commonly used methods is Breusch-Pagan test which was used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances area multiplicative function of one or more variables. Breusch-Pagan tests the null hypothesis that heteroscedasticity is not present. If sig-value is less than 0.05, reject the null hypothesis. A large chi-square value greater than 9.22 is an indication of the existence of heteroscedasticity (Sazali, et al., 2010). In this study, the sig-value for fitted values of dependent variable organizational performance was 0.1908 and chi-square value of 1.71, which are indicating that heteroscedasticity was not a concern.

Table 4.11: Breusch-Pagan for heteroscedasticity

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of organizational performance
chi2(1) = 1.71
Prob> chi2 = 0.1908

Source: (Survey data, 2022)

4.5.4 Linearity

The linearity assumption in multiple regression analysis assumes that the dependent variable and each of the independent variables, as well as the dependent variable and the independent variables collectively, must have a linear relationship (Asghar & Saleh, 2012). The most frequent method for evaluating linearity is to create scatter plots and then visually evaluate them for linearity. It is a sign of linearity if the figure has no evident pattern and the points are evenly distributed above and below zero on the X-axis, and to the left and right of zero on the Y-axis. The scatter-plot of studentized residual against linearly predictive value is shown in the figures below. The figures have a horizontal band of points indicating the linear relationship.

Figure 4.1: a Studentized residual scatter plot dependent variables

Scatterplot

Dependent Variable: OP
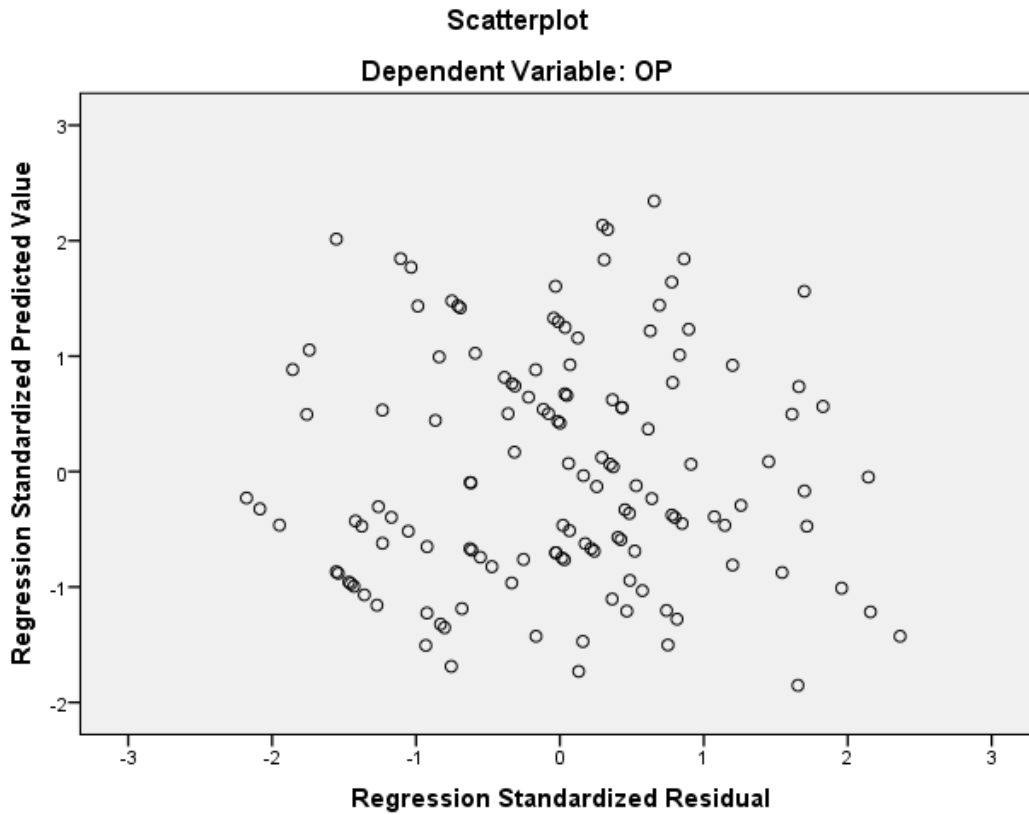
4.5.5 Autocorrelation

In multiple regressions, the assumption of autocorrelation (serial correlation) is a critical assumption that the error terms are independent of one another. This is especially true for time series data, which are organized chronologically. The Durbin-Watson test is one of the most widely used methods for determining if there is autocorrelation, or a linear connection between the error terms for one observation. If the value of d is between 1.5 and 2.5, there is no autocorrelation, according to Cochrane (1997). As may be seen in table 4.11, the outcome revealed that there is no autocorrelation.

Table 4.12: Durbin-Watson test for autocorrelation

Test	Dependent variable	Value
Durbin-Watson	Organizational Performance	1.708

4.5.6. Normality

The normality assumption in multiple regressions assumes that residuals (errors) are nearly regularly distributed. The residuals of the regression should follow a normal distribution in order to derive accurate inferences from regression analysis. Plotting normal P-P or Q.Q for the dependent variable to corroborate the given result is a straightforward technique to check this assumption (Asghar & Saleh, 2012). The cumulative probabilities (values range from 0 to 1) are plotted on the X-axis, and the predicted probabilities given the normal curve are plotted on the Y-axis. The points would be on a straight diagonal line if the sample was exactly normally distributed. The graph below illustrates Normal P-P plots for the dependent variables (organizational performance), in which the points lie on a straight line, indicating that the data is normally distributed.

Figure 4.2: Normal P-P Plot of residual for dependent variables
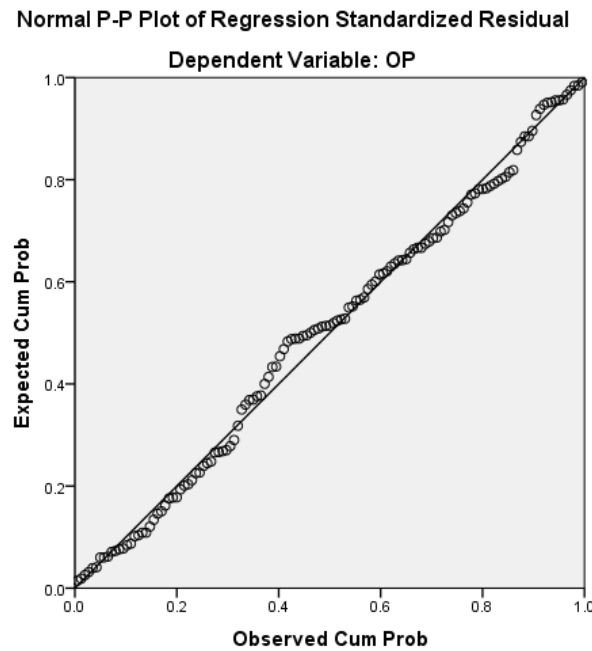
Source: (Survey data, 2022)

4.6. Analysis of Regression Results

The main objective of study was to examine the effect of human resource management practice on performance of Lion Insurance Company. This was done through regression analysis. The independent variable human resource management practices are operationalized through:

performance appraisal, employee training & development and compensation management. Thus, study sought to determine the effect of each of the human resource management practice (performance appraisal, employee training & development and compensation management) on the organizational performance. The result of the regression analysis is presented in the following section.

4.6.1. The Multiple Coefficient of Determination R²

Coefficient of determination explains the percentage of variation in the dependent variable (the organizational performance) that is explained by all the three independent variables (performance appraisal, training & development and compensation management). The table 4.13 below preset the model summary.

Table 4.13: Model Summary for HRM practices and the organizational performance [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.702[a]	.493	.481	3.558	1.708

a. Predictors: (Constant), CM, TD, PA

b. Dependent Variable: OP

Source: (Survey data, 2022)

The result shows that the three independent variables performance appraisal, employee training & development and compensation management) that were studied explain 48.1% of variation organizational performance as represented by the R² value. The remaining 51.9% of the variability in organizational performance is left unexplained by the explanatory variables used in the study.

4.6.2. ANOVA Interpretation

The result in ANOVA table 4.14 shows that the sum of squares of the regression is 1588.321 at 3 degrees of freedom and a mean square of 529.440. The residual sum of squares is 1632.702 with 129 degrees of freedom and mean square value of 12.657. The test for the joint significant which is given by the F statistic is 41.831, it is statistically significant. This imply that the independent variables, that are performance appraisal, employee training & development and compensation

management, considered were relevant in explaining organizational performance of Lion Insurance Share Company.

Table 4.14: ANOVA for HRM practices and the organizational performance [a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1588.321	3	529.440	41.831	.000[b]
	Residual	1632.702	129	12.657		
	Total	3221.023	132			

a. Dependent Variable: OP

b. Predictors: (Constant), CM, TD, PA

(Source: Survey data, 2022)

4.6.3. Regression Coefficients

The findings in Table 4.15 show the coefficients of the regression. According to the findings, the all three HRM practices (performance appraisal, employee training & development and compensation management) are significant in predicting the organizational performance since the p values were less than 0.05.

Performance Appraisal as one practice on HRM has also positive and significant effect on organizational performance with a beta value (beta =.361) and t value of 4.347 which is also statistically significant. Similarly, training & Development has also positive and significant effect on organizational performance with a beta value (beta =.335) and t value of 2.789 which is also statistically significant. Compensation Management has also positive and significant effect on organizational performance with a beta value (beta =.596) and t value of 3.882 which is also statistically significant.

Table 4.15: Coefficients for HRM practices and the organizational performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	Beta	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-45.933	7.710		-5.957	.000	-61.188	-30.678
PA	.361	.083	.332	4.347	.000	.197	.526
TD	.335	.120	.212	2.789	.006	.097	.573
CM	.596	.154	.310	3.882	.000	.292	.900

Source: (Survey data, 2022)

When these beta coefficients are substituted in the equation, the model becomes

Y = 0.361PA + 0.3351TD + CM0.596 – 45.933

Where: Y is the Organizational Performance of Lion Insurance S.C., PA is Performance Appraisal, TD is Training & Development and CM is Compensation Management. This means that holding other factor constant one unit increase in performance appraisal practice result in 0.361 unit increase in the organizational performance, one unit increase in training & development practice result in 0.335 unit increase in organizational performance, and one unit increase in compensation management result in 0.596 unit increase in organizational performance.

4.6.4. Hypothesis Testing

In order to understand and determine the significant and positive relationship between independent variables, a number of hypotheses were devised. The regression analysis shows sig. test of determinant factors that affect organizational performance along with the degree of freedom to check the hypothesis which was formulated by the researcher.

According to the Table 4.16, there is a significant relationship between the three dimensions of HRM practices and organizational performances since their coefficients are significant level. Furthermore, the hypothesis were devised and tested as shown below:

H_1: There is statistically significant and positive relationship between performance appraisal and organizational performance.

Research hypothesis one predicts a statistically significant and positive relationship between performance appraisal and organizational performance. Similar to the hypothesis, the regression output showed positive and statistically significant relationship and this would enable the researcher not to reject the hypothesis H_1.

H_2: There is statistically significant and positive relationship between training and development and organizational performance.

Research hypothesis two predicts a statistically significant and positive relationship between training and development and organizational performance. Similar to the hypothesis, the regression output witnessed the positive and statistically significant relationship and this would enable the researcher not to reject the hypothesis H_2.

H_3: There is statistically significant and positive relationship between compensation management and organizational performance.

Research hypothesis three predicts a statistically significant and positive relationship between compensation management and organizational performance. Similar to the hypothesis, the regression output noted that positive and statistically significant relationship and this would enable the researcher not to reject the hypothesis H_3.

Table 4.16: Summary of Hypothesis Testing

	Sig. test result	Independent Variable	Dependent Variable	Ho Rejected or Accepted
H_1: There is positive relationship between PA and organizational Performance.	.000	Performance appraisal	Organizational Performance	Accepted
H_2: There is positive relationship between TD and organizational Performance.	.000	Training and development	Organizational Performance	Accepted
H3: There is positive relationship between CM and organizational Performance.	.000	Compensation management	Organizational Performance	Accepted

Source: (Survey data, 2022)

4.7. Discussion

The general objective of the study was to examine the effect of human resource management practice on performance of Lion Insurance. The result of regression indicates that all predictor variables or human resource management practices (performance appraisal, employee training & development and compensation management) have statistically significant contribution on combined influence the organizational performance. The finding has previous empirical support. For instance, previous research conducted by Horgan & Mohalu, (2006) some HR practices are linked with good employee performance and resulting the increase in organizational performance. On the basis of data collected and situation observed, they had found all the human resource management practices, namely: training, orientation, compensation, working environment, performance appraisal and promotion found significant impact organizational performance. More so, Mansour (2010), found that a positive relationship between the overall HR practices (by using recruitment, training, participation, performance appraisal, and compensation and benefits) and the performance of the firm in Saudi Arabia. In Ethiopia context, Mesfin (2019), studied the effect of human resource practice on organizational performance with the objective human resource planning, training and development performance management, promotional management and compensation management. The findings shows that there was a positive relationship between human resource management practice of Commercial Bank of Ethiopia and its organizational performance except promotional practice has no significant effect.

The study found that performance appraisal as one practice on HRM has also positive and significant effect on organizational performance with a beta value (beta =.361) and t value of 4.347 which is also statistically significant. This finding has also previous empirical support. More so, Tanver et al. (2011), found that performance appraisal is found to be significantly related with organizational performance. Similarly, Yed & Yan (2012) has done their own research on four HRM practices showed that training and development, team work, HR planning, and performance appraisal have positive and significant influence on business performance. In Ethiopian context, Alene (2017) discovered that performance appraisal is enhancing employees' performance when it is directly linked the performance appraisal results to rewards such as recognition and appreciation career development, leading to promotion and bonus payments and

also to salary levels. But employees are not encouraged to participate in the performance appraisal discussion in commercial bank of Ethiopia because employees are not involved in the performance appraisal discussion as a result it is difficult to improve their performance and also discourages the employee motivation.

Similarly, the study found that training & Development has also positive and significant effect on organizational performance with a beta value (beta =.335) and t value of 2.789 which is also statistically significant. This finding is also consistent with most of the previous studies. Alemayehu (2017) found that there is a highly significant linear correlation between organizational performance and training design and delivery through improving employee's skill, knowledge and ability. In same token, according to Amsalu (2017) stated the organization should provide more training to improve its organizational performance since employees' experience and skills might not fit for the frequent changes of work procedures and technology.

Finally, the study found that compensation management has also positive and significant effect on organizational performance with a beta value (beta =.596) and t value of 3.882 which is also statistically significant. This finding is also in line with the findings of the majority of previous studies. In Pakistan context, Ilyas et. al. (2016), found that compensation management had significant effect on performance of private telecom sector organization of Rawalpindi and Islamabad. In Ethiopia context, Begashaw (2017) study using regression analysis of financial compensation and reward of CBE offered by the company satisfying employees with the benefit packages. He found that employees of CBE love their work, committed to the mission and vision of the organization and contributed for the growth of the organization so that the employees of CBE's were a good performer.

In summary, this research provides important information to the management of the Lion Insurance Company to find ways to increase organizational performance level. Compensation management, performance appraisal and training and development are the areas that should be given extra attention if the management would like to produce staffs with greater organizational performance.

<center>**Chapter Five**</center>

<center>**Summary, Conclusions and Recommendations**</center>

Introduction

The purpose of the study was to examine the effect of the human resource management practice on performance of Lion Insurance Company S.C. with reference to performance appraisal, employee training & development and compensation management. In this chapter, the summary of findings, conclusions and recommendations of the study were discussed.

5.1 Summary of Findings

The study was conducted with an aim of examining the effect of the human resource management practice on organizational performance of Lion Insurance Share Company. The descriptive analysis of primary data showed that a high reliability was attained by questionnaire instrument with acceptable range of reliability coefficients. The study sample had 156 questionnaires distributed and 133 were duly completed and returned for analysis. This represented a response rate of 85.2% which according to Mugenda (2003) is good response rate. Multiple linear regression was used to test the hypotheses, tests of significance using t- tests has indicated varying level of significance amongst the independent variables as well as when combined, against the dependent variable. To maintain the data validity and robustness of the regressed result of the research, the most critical regression diagnostic tests consisting of outliers, leverage and influential points, Normality, linearity, Multicollinearity, Heteroscedasticity and autocorrelation were tested.

The findings of the study revealed that the combined effect of various human resource management practices influenced organizational performance positively. These findings were both supported by the correlation and regression result. The correlation result shows that there is positive and significant relationship between all human resource management practices (performance appraisal, employee training & development and compensation management) and organizational performance. The finding also indicates that the highest relationship was found between compensation management and organizational performance.

The result of regression also indicates that all predictor variables or human resource management practices (performance appraisal, employee training & development and compensation

management) have statistically significant contribution on combined influence the organizational performance. The adjusted R² of 0.481 indicates 48.1% of the variance in organizational performance can be predicted by human resource management practiced by the company. Therefore, human resource management practices have a positive and significant effect on organizational performance.

5.2 Conclusions

The study was undertaken to examine the effect of the human resource management practice on organizational performance of Lion Insurance Share Company. Accordingly, based on the findings presented in the above section; the researcher makes some conclusions concerning the relationship between the human resource management practice and organizational performance.

The first specific objective of the study aimed to determine the effect of performance appraisal practice on organizational performance of Lion Insurance Share Company. The finding demonstrated that performance appraisal practice has significant and positive effect on organizational performance of Lion Insurance Share Company. The test for significance was showed that the effect was statistically significant. This means that performance appraisal practice has a higher potential of improving organizational performance level of Lion Insurance Share Company; so that the company should therefore leverage on this practice and used it as an important tool for improving the organizational performance.

The second specific objective of the study sought to assess the effect of training and development practiced on organizational performance of Lion Insurance Share Company. Results revealed that training and development practice has significant and positive effect on organizational performance of Lion Insurance Share Company. This is supported by the test for significance which showed that the effect was statistically significant. This means that training and development has a higher potential of improving organizational performance level of Lion Insurance Share Company so that company should therefore leverage on this practice and make it a reference point for improve the organizational performance.

The third specific objective of the study intended to assess the effect of compensation and reward management practice on organizational performance of Lion Insurance Share Company. The result illustrated that compensation management practice has significant and positive effect organizational performance of Lion Insurance Share Company. The test for significance also was showed that the effect was statistically significant. This means that compensation and reward management practice is good at predicting organizational performance of Lion Insurance Share Company. This implies that the company should therefore ensure that they leverage on compensation and reward management practice as one human resource management practice.

Overall, it can be concluded that all the three human resource management practice (performance appraisal, employee training & development and compensation management) influence organizational performance of Lion Insurance Share Company positively and significantly. The improvement of these human resource management practices by company has a higher potential of improving organizational performance. Thus, it can be concluded that improved human resource management practices are an increasingly important weapon to ensure the higher organizational performance. Therefore, the management of Lion Insurance Share Company should influence these four human resource management practices as a way of improving the company performance.

5.3 Recommendation

Based on the findings and conclusions of the study, the researcher provides the following recommendations aimed at ensuring that the human resources strategies and practices adopted by the company play a positive role in ensuring the improved performance and competitive advantage of the company.

- As regards the training and development practice, the company should formulate strategies for both short and long-term training and development policies for their employees. To achieve this, employees should be involved in all activities of the company starting from the formulation through implementation and up to evaluation of training and development strategies. More so, managements should undertake different HRD programs including continuing education and training, career development, etc. The

company managers should also ensure that training needs analysis is conducted regularly in order to establish the training needs of the employees in line with corporate strategy.

- Concerning the performance appraisal practice, the company should follow up the performance management process closely. The company needs to re-evaluate its performance appraisal within the context of its corporate and HR strategy to ensure that they are consistent with the necessary performance measures required by the insurance sector. Hence, the company should apply standard techniques for employees' job evaluation, performance measurement and audit as a routine work. The study also recommends that different raters can be used to increase the accuracy of performance evaluation and increase employee's perceptions of fairness. Different raters are capable of evaluating everything that entails a job where the managers may not succeed. Customers' evaluation of the individuals working within the company can be essential in boosting their performance. Subordinate evaluations and peers or co-workers should be used to give valuable information to better evaluate the individual performance. On the basis of the result, their duties and responsibilities should be redesigned and restructured. Because it will reduce the repetitive work and reduce monotonous environment. The measurement mechanisms also should be clear and measured accordingly.

- Regarding compensation and reward management, the company should make review on compensation system of the industry and should make adjustment if the variance is crucial. The benefit packages also should be revised and make a proper adjustment. More so, the reward should be given to the officers who are performing better than others and such incentives should be kept as a variable factor. The management should relate pay rise directly to performance. The company should also insist on doing the proper job analysis in the organizations along with wages and salaries. The company should offer attractive incentive pay that will be specifically designed to link certain predetermined behavior or outcome in order to meet the performance standards.

5.4 Area for Further Research

Although this research provides some significant insights into human resource management practices of Lion Insurance Share Company, there is still a chance to extend the findings to gain a more comprehensive understanding. Due to time and budget constraints this research was geographically delimited to employees of head office in Addis Ababa. Therefore, any future endeavor might include employees working outside the capital city if there are any variances in the study findings. The future research may also highlight human resource management practice in insurance industry in wider sample and comparative analysis on human resource management practice in insurance industry. More so, further research in the areas of human resource management practices would be useful in understanding the impact that the practices have on other performance indicators like employee performance, employee engagement and employee job satisfaction.

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Appendix I: Questionnaire

The purpose of this questionnaire is to collect data for post graduate study at St. Mary's University for the study entitled **" The Effect of human resource management practices on organizational performance: The case of Lion Insurance Company S.C."**. This questionnaire is required to assist in determining the objectives of the study. Your privacy will be kept anonymously and, therefore, no one knows who provided the information. Any information provided will be used for academic purpose only and will be treated in strict confidence. Therefore, you are kindly requested to provide your responses to different questions below. Thank you in advance for agreeing to participate in this study.

Part One: Respondents Profiles

Instruction: - Circle your response or indicate "√" in the box beneath for each question. You don't need to write your name.

1.	Sex:	a) Male b) Female
2.	Age:	a) 18-25years c. 41-55 years b) 26-40 years d. over 55 years
3.	Education level	a) Primary school d. First Degree b) Secondary school e. Master Degree and above c) Diploma
4.	For how long have you been employed in this company?	a) 1 – 5 years b) 6 – 10 years c) 11 – 15 years d) > 15 years
5.	Position in the Organization?	a) Clerical b) Professional c) Managerial

Section II. PERFORMANCE APPRAISAL PRACTICE

Please indicate the extent to which you agree with the following statements by putting √ in the space provided. 5= Strongly Agree   4=Agree   3 = Neutral   2= Disagree   1=Strongly Disagree

SN.	Performance Appraisal Standard Measures (PSM)	Rating scale				
		SA(5)	A(4)	N(3)	D(2)	SD(1)
1.	The supervisor appraises me based on job-related criteria rather than others.					
2.	The organization's Supervisors evaluate employee's performance based on his/her behavior.					
3.	The rater appraises employees' performance by their competencies.					
4.	The organization gives training for performance appraisers to improve the fair appraising evaluation system.					
5.	The appraiser communicates with employees in the appraisal process					
	Performance Appraisal Techniques or method (PAT)					
6	The rater uses the graphic rating scale method (excellent, good, average, and fair, poor) to appraise.					
7.	The rater compares every employee with every other employee in the workgroup.					
8.	Supervisors use behaviorally anchored rating method that is, a description of each assessment along a continuum (a numeric scale from low to high)					
9.	The rater uses the ranking method (best worker, average worker, and worst) for appraising employees.					
10.	The rater uses management by objective method (management setting goals with employees then evaluate performance finally reward according to the result)					
11.	Employees participate in setting standards and measuring performance					
12	The rater gives feedback after the appraisal result.					
	Performance Appraisal Objectives (PAO)					
13.	The company use performance appraisal-based payment, such as bonuses and incentives					
14.	Human resource management decisions for promotion, termination and layoff is purely based on Performance Appraisal					
15.	The result on Performance appraisal uses to reward good performer employees in a better way than other fewer performer employees.					
16.	The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment, etc.					

SECTION III: Human Resource Development Practices Questionnaire.

Please put (√) mark against each question that indicate your level of agreement for each question.
5= Strongly Agree, 4 =Agree, 3= Neutral, 2= Disagree, 1=Strongly Disagree

No.	Item	1	2	3	4	5
	HRD practice in the context of Polices, directives & resources					
1.	The company has defined training and development policy.					
2.	HRD practices are conducted based on rules and regulations.					
3.	Training and development Policies and programs are integrated to the objectives of the organization					
4	There is serious attention to allocate sufficient budget and resource for the training and development					
	HRD Needs Assessment Practice					
5.	In the company, there is SMART manual & instrument of need assessment.					
6.	The need assessment checklist filled without bias and is genuine.					
7.	The training & development need analysis methods enable to clearly identify the employees' skill and knowledge gap.					
8.	Training and development need analysis conducted is able to produce relevant findings on performance gaps.					
	HRD Plans, Objectives and Roles					
9.	Training and development objectives are set in advance					
10.	The Company training and development plan preparation allow the participation of all employees.					
11.	Training and development program of the Company is designed in compatible with the actual job to be performed.					
12.	Training and development programs allow acquiring skills, knowledge and attitude and improve employee's performance.					
	Methods of Training & Development Delivery Practice					
13.	The Company gives both on-the-job and off-the-job training.					
14.	The delivery method that the Company employed is proper to acquire the necessary knowledge, skills and attitudes.					
15.	The Company is employed trainee- centered training and development as well as delivery method.					
16.	The trainers have knowledge, skills and ability to transfer and demonstrate the content of training and development appropriately					

No.	Item	1	2	3	4	5
	Training and Development Evaluation Practice					
17.	The organization evaluates the training and development practice before, on the process and after the program					
18.	The organization use feedback at the end of the training and development program					
19.	Training evaluation is used to identify potential candidate for current training & future development					
20.	Training evaluation assesses the gap before and after delivery of the training					

Section IV: Compensation Management Practices

Please put (√) mark against each question that indicate your level of agreement for each question.
5= Strongly Agree, 4 =Agree, 3= Neutral, 2= Disagree, 1=Strongly Disagree.

No	Item	1	2	3	4	5
	Pay					
1.	I feel I am being paid a fair amount for the work I do.					
2.	I am satisfied with my current salary.					
3.	My salary is competitive with similar jobs I might find elsewhere.					
4	My salary does match with cost of living in the country.					
	Benefits					
5.	I am not satisfied with the benefits I receive.					
6.	The benefit package we have is equitable.					
7.	The benefits we receive are as good as most other organizations offer.					
8.	There are no benefits we do not have which we should have.					
	Rewards					
9.	There are more rewards for those who work here.					
10.	I do feel my efforts are rewarded the way they should be.					
11.	I do feel that the work I do is appreciated					
12.	When I do a good job, I receive the recognition for it that I should receive.					

Part V: Organizational Performance Measure

Please indicate the extent to which you agree with the following statements by putting √ in the space provided. 5= Strongly Agree   4=Agree   3 = Neutral   2= Disagree   1=Strongly Disagree

NO.	Compensation	SD 1	D 2	N 3	AG 4	SD 5
1.	Amount of company net income has been increasing over the time.					
2.	The company market share has increased over time.					
3.	The number of customers has been increasing over the years.					
4.	The company is able to achieve stated goals.					
5.	The reputation and brand image of the company has improved.					
6.	The company product and service quality has improved over the year.					
7.	Each section understands the role it plays in achieving organizational goals.					
8	The organization functions smoothly with a minimum of internal conflict.					
9	The job done by employees maintains work accuracy.					
10.	The satisfaction of customers has improved over the years					

Appendix II: List of Sample Branch Offices

1. Main Branch, (Lion Insurance Building, Haile Gebreselasse Avenue)

2. Genet Branch (K.Kare Building, Around Genet Hotel)

3. Gerji Branch (Sami Building, Near Imperial Hotel)

4. Gofa Branch (Gofa Mazoria, Near Gofa Hotel)

5. Kality Branch (Kaleb Building, Near Kality Customs Office)

6. Raguel Branch (Merkato Maekel Building, Near Reguel Church)

7. Olmpiya Branch (Getu Commercial Center, Bole Road)

8. Cathedral Branch (Country Trading Building, Piassa).

9. Messalemia Branch (Keremela Building, Infront of cross country Bus Station)

10. Lideta Branch (Dashen Bank Building , Lideta)

11. Stadium Branch (Yeha Real Estate Building, Stadium Area)

12. T/Haimanot Branch (Geotraco Building, Teklehaymanot area)

13. Gurdshola Branch (Daminarof Building, Gurdshola area)

14. Bole Medhanealem Branch (Berhane Africa Building, Bole Medhanealem area)

15. Kazanchis Branch (Nega City Mall Building, Kazanchis area)

16. Arat Kilo Branch(Dink Sira Building ,Arat Kilo Area)

17. Hayahulet Branch(Comet Building, Near to Axum Hotel)

18. Lebu Branch(Sara Building, Lebu Area)

Appendix III: Regression Result

Regression Tables

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.702[a]	.493	.481	3.558	1.708

a. Predictors: (Constant), CM, TD, PA
b. Dependent Variable: OP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1588.321	3	529.440	41.831	.000[b]
	Residual	1632.702	129	12.657		
	Total	3221.023	132			

a. Dependent Variable: OP
b. Predictors: (Constant), CM, TD, PA

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-45.93	7.710		-5.957	.000	-61.18	-30.67					
	PA	.361	.083	.332	4.347	.000	.197	.526	.593	.357	.273		
	TD	.335	.120	.212	2.789	.006	.097	.573	.526	.239	.175	.675	1.48
	CM	.596	.154	.310	3.882	.000	.292	.900	.597	.323	.243	.680	1.47

a. Dependent Variable: Organizational Performance

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	23.12	37.67	29.54	3.469	133
Std. Predicted Value	-1.852	2.344	.000	1.000	133
Standard Error of Predicted Value	.315	1.101	.597	.157	133
Adjusted Predicted Value	22.79	37.46	29.53	3.473	133
Residual	-7.748	8.408	.000	3.517	133
Std. Residual	-2.178	2.363	.000	.989	133
Stud. Residual	-2.211	2.393	.001	1.005	133
Deleted Residual	-7.984	8.617	.010	3.637	133
Stud. Deleted Residual	-2.245	2.438	.002	1.012	133
Mahal. Distance	.044	11.658	2.977	2.107	133
Cook's Distance	.000	.136	.009	.016	133
Centered Leverage Value	.000	.088	.023	.016	133

a. Dependent Variable: Organizational Performance

Regressions Charts

Regression output (Figures)

Histogram

Dependent Variable: OP

Mean = -9.26E-16
Std. Dev. = 0.989
N = 133
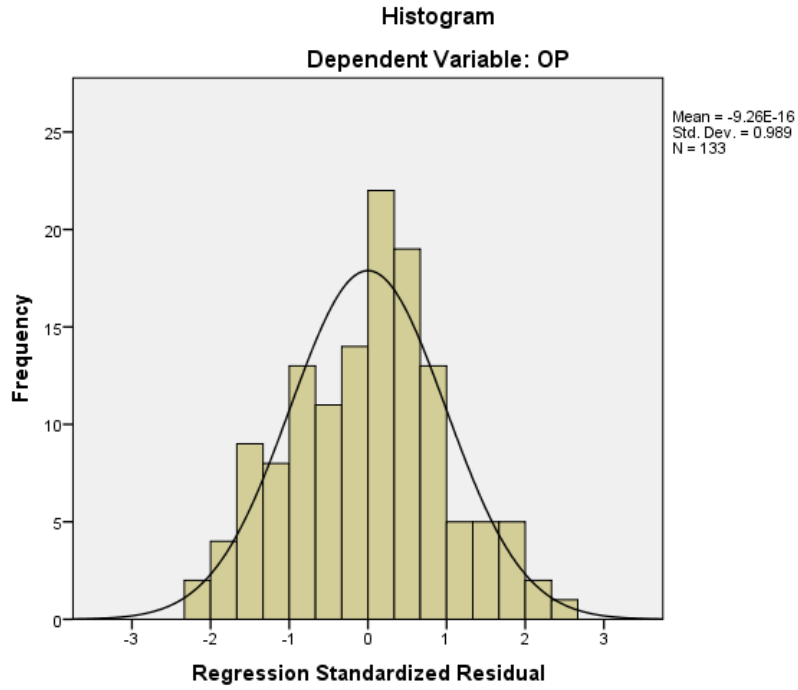
Normal P-P Plot of Regression Standardized Residual

#### Dependent Variable: OP

Scatterplot
Dependent Variable: OP

Partial Regression Plot
Dependent Variable: OP

Partial Regression Plot

Dependent Variable: OP

Partial Regression Plot

Dependent Variable: OP