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EFFECT OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON ORGANIZATIONAL PERFORMANCE: THE CASE OF
LION INTERNATIONAL BANK S.C

BY:

MAHLET ABATE

JUNE 2024

ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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DECLARATION

I, the undersigned, declare that this study entitled **"Effect of Human Resource Management Practices on Organizational Performance: The Case of Lion International Bank S.C"** is my original work, prepared under the guidance of Yirgalem Tadelle (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Mahlet Abate

Student Name   Signature   Date

ST. Mary's University, Addis Ababa   **June 2024**

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University Advisor.

<u>Yirgalem Tadelle (PhD)</u>		<u>08/07/2024</u>
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List of Abbreviations and Acronyms

CR	Compensation & Reward
HR	Human Resource
HRM	Human Resource Management
LIB	Lion International Bank SC
MSI	Malaysian Skills Institute
NBE	National Bank of Ethiopia
OP	Organizational Performance
PA	Performance Appraisal
RS	Recruitment and Selection
SPSS	Statistical Package for the Social Sciences
TD	Training & Development

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ABSTRACT

This study examines various Human Resource Management (HRM) practices, including recruitment & selection, performance appraisal, training & development, and compensation & reward, and their impact on the overall performance of Lion International Bank. The study adopted a descriptive survey research design. A sample size of 291 employees from Lion International Bank was selected through stratified sampling techniques. Data were collected via a researcher-constructed questionnaire, achieving a response rate of 95.18%. The data were analyzed using the Statistical Package for Social Sciences (SPSS) software. The results indicate a significant positive correlation between effective HRM practices and organizational performance in Lion International Bank. Strategic recruitment and selection processes were found to lead to a more skilled and motivated workforce, while a fair and transparent performance appraisal system fostered a culture of accountability and high performance. Comprehensive training and development programs enhanced employee capabilities and productivity. Competitive compensation and benefits packages were crucial for attracting and retaining top talent. The findings underscore the critical role of HRM practices in shaping organizational performance within the bank. To maximize performance outcomes, it is recommended that the bank prioritize investments in employee engagement initiatives, talent management strategies, leadership development programs, and fostering a positive organizational culture. By aligning HR practices with organizational goals and fostering a culture of continuous improvement, the bank can enhance its competitive position, drive sustainable growth, and ensure long-term success in the dynamic banking landscape.

__Key words:__ Human resources management practice, Recruitment & Selection, Performance Appraisal, Training & Development, Compensation & Reward, organizational performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Human resources exist within organizations who are a group of people who have been given specific roles and responsibilities, who work together to successfully achieve the goals of the organization (Patterson, 2023). Effective organizations are increasingly realizing that of the varied factors that contribute to performance, the human element is clearly the most critical. Regardless of the size or nature of an organization, the activities it undertakes, and the environment in which it operates, its success is determined by the decisions its employees make and the behaviors in which they engage (Mello, 2015). Human resource is considered the most asset of an organization, but very few organizations are able to fully exploit its potential.

According to Armstrong (2006), Human resource management (HRM) is defined as a strategic and coherent approach to the management of an organization's most valued assets- the people working there who individually and collectively contribute to the achievement of its objectives. HRM practices and processes are part of the management of the human resource in the organization. There are several HRM practices which have potential to improve and sustain the organizational performance. Human resource management involves coordinating, managing, and allocating human capital, or employees, in ways that move an organization's goals forward.

Various authors on human resource management stress the importance of human resources to organizations and the inevitable concern to manage it. In fact, they agree that human resources are the principal determinant for the success of any organization and that its management should deserve serious attention (Davis, 2005). Hillman and Dawton (2010) emphatically state the pivotal vitality of human resources for the organization as: without effective employees, the organization produces its goods and services inefficiently and even places its survival at risk. Clearly, organizations need to be concerned about human resources (Bratton & Gold, 2007).

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).

In today's workforce, organizational performance can be defined as a company's ability to achieve goals in a state of constant change. Performance Management it is, in fact, a total and integrated process comprising activities like goal setting, training, evaluation, and rewarding employees. It is a goal-based process aimed at guaranteeing that organizational process produces the expected performances on the part of both the employees and the organization (Durai, 2012). Each banking and financial institution aims at becoming high-class provider of services and products to compute well in the industry. Employees and their performance play a vital role in improving operational efficiency and effectiveness of the banking processes.

In today's dynamic and competitive business environment, organizations, particularly in the banking sector, are increasingly recognizing the pivotal role played by human resources in achieving and sustaining a competitive advantage. The effective management of human resources is crucial for enhancing organizational performance and achieving long-term success. Banks, being knowledge-intensive organizations, heavily depend on the skills, expertise, and commitment of their workforce. As such, understanding the relationship between human resource management practices and organizational performance is of paramount importance. This study seeks to investigate how specific HRM practices effects the overall performance of banks, simplify on areas that may require attention and improvement.

The Banking industry 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 public. 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.

The banking sector is undergoing rapid changes due to technological advancements, globalization, and evolving customer expectations. In this context, the role of HRM practices becomes even more critical. However, despite the acknowledged importance of HRM in organizational success, there is a gap in the literature regarding the specific effects of HRM practices on the performance of banks. This study aims to bridge this gap and contribute to the existing body of knowledge in the field.

Lion International Bank S.C. (LIB) is one of the financial institutions in Ethiopia. The bank established on October 2, 2006 G.C and went operational on January 6, 2007 having 3,739 founding shareholders, subscribed capital of Birr 432.5 million and paid up capital of Birr 108.2 million. Lion International Bank is the frontier financial institution in the introduction and provision of late hour service until 7:00 PM and provision of agency banking digital service to the public through Anbesa Hello-Cash platform.

There could be several human resource management related issues responsible for the low level of staff motivation of staff of the bank. Poor recruitment and selection process, unfair compensation system, discriminatory performance appraisal system, and the limited involvement of employees in decisions that affect them have the propensity of causing a low level of motivation among workers (Segbenya and Ansah, 2020).The primary objective of this research is to examine the effect of human resource management practices on the organizational performance of the bank. By identifying the key HRM practices that significantly influence performance outcomes, the study aims to provide applicable insights for the bank to enhance its HRM strategies and, consequently, improve overall organizational performance. Thus, the focus of this study is to examine the effect of some selected human resource management practices on the organizational performance in the case of Lion International Bank.

1.2. Statement of the Problem

The key purpose of HRM practices is to achieve organizational goals through personnel and generating competitiveness within the organization. Human resource management practices are considered as a critical success factor for organizations (Rasool et al., 2019). 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).

In order 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).

In today's continuous changing business world, banking industry faces challenges of technology advancement, customer expectations, and evolving regulatory landscapes (Abbas, 2023). Thus, the effective management of human resources becomes crucial for sustaining a competitive edge and ensuring organizational success. However, despite the acknowledged importance of human resource management (HRM) practices, there is a scarcity of research that specifically explore into the subtle relationship between HRM practices and organizational performance in banks. This gap in the literature raises several pressing issues that warrant empirical investigation.

The absence of a standardized set of performance indicators makes it difficult to draw conclusive insights into the relationship between HRM practices and specific performance outcomes. Understanding which HRM practices contribute most significantly to key performance metrics, such as financial performance, customer satisfaction, and employee productivity, remains a critical gap in the current knowledge. A critical concern is the extent to which HRM practices align with the overall strategic objectives of banks. The absence of a clear understanding of the strategic alignment between HRM practices and organizational goals hampers the formulation of targeted interventions to enhance performance. Identifying

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and addressing any misalignment between HRM practices and strategic objectives is crucial for banks aiming to achieve sustainable competitive advantages.

The effect human resource management practices on organizational performance have been a widely researched area. Result of studies, from developed and developing countries showing that HRM practices have significant effect on organizational performance (Busienei, 2013). Human resource management is a critical function within organizations, playing a pivotal role in shaping the performance and success of workforce. However, despite its recognized significance, the correlation effective HRM practices and overall organizational performance remains a complex and multifaceted issues.

Lion International Bank operates in a competitive financial market where the efficiency of human resource management directly correlates with organizational success. The bank's ability to attract, develop, and retain talent, as well as motivate and reward employees, is fundamental to maintaining high performance and achieving strategic goals. Thus, the main aim of this study is to fill this existing gap by exploring the effect of HRM practices of Lion International Bank as well as examining whether there is a positive or negative effect of HRM practices on the organizational performance.

1.3. Research Questions

On the basis of the problem, the study is framed to answer the following research questions:

To what extent the recruitment and selection practices affects the performance of Lion International Bank?

How does performance appraisal practice affects the performance of Lion International Bank?

What is the effect of training and development practice on the performance of Lion International Bank?

How does the current compensation and reward practice affect the performance of Lion International Bank?

1.4. Objectives of the Study

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

1.4.1. General Objectives

The general objective of the study is to examine the effect of human resource management practices on the performance of Lion International Bank SC.

1.4.2. Specific Objectives

The specific objectives of the study are:

To determine how recruitment & selection practice affects the performance of Lion International Bank

To assess the effect of performance appraisal practice on the performance of Lion International Bank.

To scrutinize how training and development practice affects the performance of Lion International Bank

To examine the influence of compensation and reward practice on the performance of Lion International Bank.

1.5. Significance of the Study

The study examines the Human Resource Management practices of Lion International Bank such as recruitment & selection, performance appraisal, training & development and compensation & reward, and what effects they have on the performance of the bank.

The recommendations and findings of the study is useful to the banking sector in general and Lion Bank in particular, in order to improve their organizational performance by effectively use and focusing on organizational culture, employee retention, employee engagement, and development.

The study is relevant to the National Bank of Ethiopia (NBE) in terms of formulating and implementation of policies concerning the banking sector in the country.

The study also helps as a secondary source for further study on the area and it serves as a reference material to future researchers.

1.6.   Scope of the Study

The study focuses on the effect of HRM practices on the organizational performance in banking industry by scrutinizing the effectiveness of recruitment & selection, performance appraisal, training & development and compensation & reward on the performance of the bank. For the purpose of this study the researcher adopt the descriptive survey research design method and primary data through questionnaires was collected in order to carry out the research. The study was performed at Lion International Bank specifically at the head office and 20branches in Addis Ababa city located under four district offices.

1.7. Limitations of the Study

One of the limitations of this study is that the researcher could not able to cover wider geographical area but is limited at Addis Ababa City Branches and Head Office.

Secondly, the study is limited to four factors which were the independent variables in this research; recruitment & selection, performance appraisal, training and development, and compensation and reward from the many human resources management practices.

Finally, inadequate finance is the major constraints of this study, since this research is self sponsored.

1.8. Operational Definition of key terms

Human resource (HR): is the organizational function that deals with the people and issues related to people such as hiring, performance management, training and compensation.

Recruitment & Selection (RS): is the process of attracting, assessing, and hiring candidates to fill vacant positions within the bank, including activities such as job posting, screening, interviewing, and selection.

Performance Appraisal (PA):or employee appraisal is the method by which the job performance of an employee is documented and evaluated.

Training & Development (TD): is the systematic process of enhancing employees' skills, knowledge, and competencies through organized learning activities, workshops, and training programs to improve their performance.

Compensation & Reward (CR): is the total rewards provided to employees, including salary, bonuses, benefits, and other incentives to attract, retain, and motivate a competent workforce.

Organizational Performance (OP): means an organization's actual output or results as measured against its intended outputs (or goals and objectives).

Financial Performance: is the bank's success in achieving its financial goals, measured by metrics such as revenue growth, profitability, return on investment, and shareholder value.

Customer Satisfaction: is the degree of satisfaction and loyalty among the bank's customers, determined by factors such as service quality, responsiveness, and overall customer experience.

Employee Commitment: is a bond between the employee and the organization such that the employee wants to continue serving the organization and helping it achieve its objectives.

Innovation: is the ability of the bank to introduce and implement new ideas, processes, products, or services that enhance its competitive position and address evolving market demands.

1.9. 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. Moreover, 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, recommendations and conclusion further research suggestions.

CHAPTER TWO
LITERATURE REVIEW

2. Introduction

This chapter reviews relevant literature on theoretical, empirical, and conceptual framework issues essential to the research inquiry. The theoretical review aims to lay a solid groundwork for the research by exploring various theories and models pertinent to HRM practices. The empirical review synthesizes previous studies on the impact of HRM practices on organizational performance, particularly in the banking sector, highlighting key findings and identifying research gaps. The conceptual framework integrates these insights, proposing a model that illustrates the relationships between recruitment & selection, performance appraisal, training & development, compensation & reward, and organizational performance at Lion Bank.

2.1. Theoretical Review

2.1.1. Human Resource Management

Many previous researchers have contributed to the study of Human Resource Management from many perspectives. The most-used definition of 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. According to Patterson (2023), Human resource management (HRM) is an integrated set of processes, practices, programs, and systems in an organization that focus on the effective deployment and development of its employees. These processes include employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them.

The HRM concept has been attracting the attention of many executives and researchers because of its influence on organizational and employees' performance. 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). 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 also thought of as a set of consistent policies and procedures built into ensuring that human firms contribute to achieving their business objectives. Similarly, HRM methods is 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.

Moreover, 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.

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).

2.1.2. Human Resource Management Practices

Human resource management practices play a crucial role in achieving institutional excellence. 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.

2.1.2.1. Recruitment & Selection

Recruitment and selection are crucial components of Human Resource Management that directly influence the performance of the organizations. The primary task of human resource management is to choose the right kind of person for the right job. This is because the ability of an organization is determined to a great extent by the ability of its workforce. The old belief that capital was fundamental to the progress of the organization does not hold good any longer as employers around the world have begun to believe that a smart workforce is the key to the success of an organization (Durai, 2012).

Effective selection practices are critical for ensuring that the recruited individuals align with the bank's goals and culture. Studies by Cascio and Aguinis (2005) and Gatewood et al. (2008) underscore the importance of using multiple assessment methods, such as interviews, skills testing, and reference checks, to evaluate candidates comprehensively. Moreover, the research by Collins and Stevens (2002) and Bauer and Erdogan (2011) suggest that incorporating cultural fit assessments into the selection process positively influences employee engagement

and job satisfaction. Employees who align with the organizational culture are more likely to contribute to the bank's success.

2.1.2.2. 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. 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, 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). 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).

2.1.2.3. 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.

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. 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. 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.

2.1.2.4. Compensation and Reward Management

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.

2.1.3. Organizational performance

Organizational performance refers to the analysis of an organization's performance against its objectives and goals. Researchers consider organizational performance a key construct in the literature on management and organization. To survive and succeed in the current dynamic, complex and uncertain business environment, organizations are required to consistently enhance their performance. Being a complex and multidimensional construct, organizational performance, in the literature available, has been studied from three perspectives: financial perspective, employee perspective, and operational perspective. The financial viewpoint, which is the most widely used measure of organizational performance, encompasses monetary aspects that include corporate profitability, investment returns, growth in sales, growth in revenue, market performance, financial health, and capital raising ability (Liao & Wu, 2009; Obeidat et al., 2016; Ogunyomi & Bruninhg, 2016; Theriou & Chatzoglow, 2014).

Recently, researchers have also attempted to measure organizational performance using a balanced scorecard that Kaplan and Norton (2007) advanced, which evaluates performance within the purview of four dimensions: financial performance, customer service, social responsibility, and employee stewardship. To evaluate the performance of the sampled banks, this study employed the criteria of performance that has been used in previous studies: quality of products and services, development of new products, satisfaction of customers, ability to attract and retain competent individuals, relationship between employee and management, and

the relationships among employees (Pattnaik & Sahoo, 2000; Salman et al., 2020; Singh, 2004).

Research shows that HRM practices influence both, subjective and objective organizational performance measures. For instance, Pattnaik and Sahoo (2020), observed a significant link between HRM practices and organizational performance. According to Theriou and Chatzoglou (2014), organizational performance can be greatly enhanced by designing and implementing sound HRM practices. According to Masum et al. (2016) the strategic HRM practices significantly impact employee competencies that result in more satisfaction and retention of clients/customers and eventually lead to enhanced organizational performance. According to Salman et al. (2020) there is a favorable and substantial link between employee competencies and organizational performance. Therefore, it can be argued that organizations can considerably improve and sustain their performance in the present dynamic and exceptionally challenging business world by designing and implementing well-articulated and sound HRM practices

2.2. Empirical Review

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 recruitment & selection, training and development, use of performance management and competitive compensation system were highly related with organizational performance. 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.

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. Moreover, Tanver et al., (2011) on the article, journal, and "The effect 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 effect 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 four practices with employee performance based on the discussion of employees' behavior. Eventually, this research developed the association of these four HRM practices: recruitment & selection, compensation practices, training & development, performance evaluation practices (independent variables) have positive relationship with employees' performance (dependent variable).

2.2.2. Human Resource Management Practice: Ethiopian Context

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

Moreover, 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

1. **Recruitment & Selection**
2. **Performance Appraisal**
3. **Training & Development**
4. **Compensation & Reward**

Organizational Performance
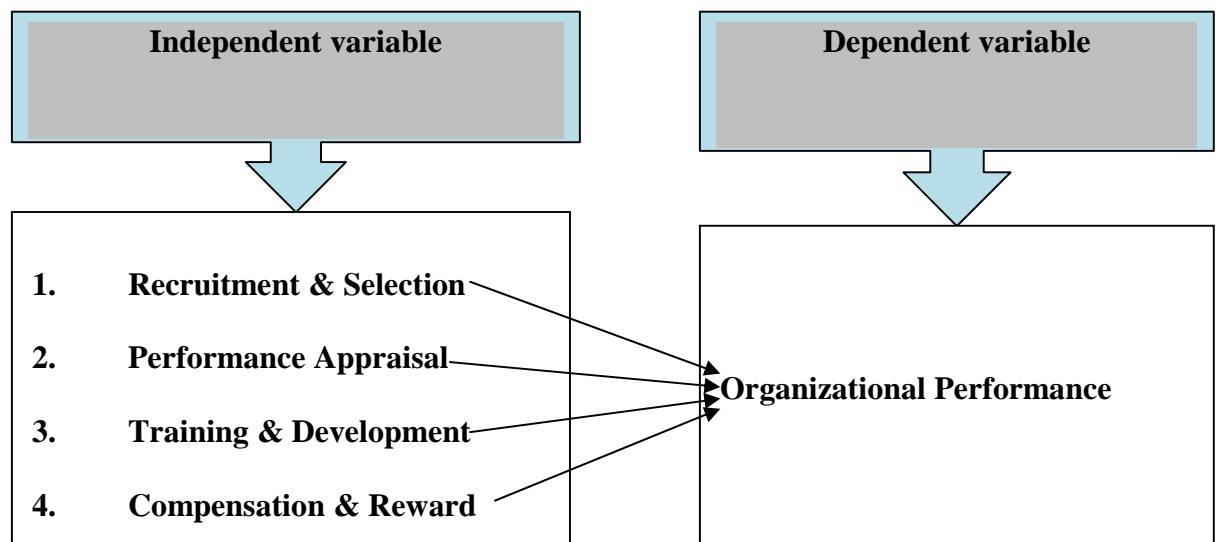
Source: arranged by the researcher, 2024

In this study organizational performance is a dependent variable (effect) whereas human resource management practices are the causes. In this research, human resource management (HRM) practices are measured through recruitment & selection, training & development, performance appraisal, and compensation & reward.

The recruitment & selection measured through candidate satisfaction, hiring cost, attrition rate etc. The performance appraisal is measured by performance appraisal standards, performance appraisal techniques, and performance appraisal objectives. Training & development is

measured in terms of HRD polices, directives & resources; need assessment; HRD Plans, objectives and roles; training method and evaluation. Compensation is measured by salary, benefit and rewards.

Overall, some of the research gaps are: limited research on how different HRM practices interact and create synergies that enhance organizational performance, lack of standardized metrics to measure the impact of HRM practices on organizational performance and this leading to inconsistencies in research findings, underexplored area of how employee perceptions and experiences of HRM practices influence their performance and, subsequently, organizational performance.

CHAPTER THREE
RESEARCH METHODOLOGY

3. Introduction

In this chapter, the researcher outlines the research design, population, sample size, and sampling techniques, as well as the methods of data collection and analysis, and ethical considerations. The research design provides a structured approach to the investigation, ensuring methodological firmness. The population and sample size are defined, along with the sampling techniques used to select participants. Methods of data collection, including the instruments and procedures, are described in detail. Data analysis methods are specified to ensure accurate interpretation of results. Ethical considerations are addressed to maintain integrity and confidentiality throughout the research process.

3.1 Research Design

According to Kothari (2004), research design is defined as the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The selection of a research design is influenced by the nature of the research problem, the researcher's personal experiences, and the target audience for the study (Creswell, 2009).

In this study, a descriptive research design is employed. Descriptive research is particularly useful when the aim is to identify different attributes such as characteristics, frequencies, trends, correlations, and categories. This design helps in understanding the nature of the relationships between independent and dependent variables, making it suitable for the current research objectives.

Given these definitions and the strengths of descriptive research, this design is justified as the most appropriate choice for examining the relationship between Human Resource Management (HRM) practices and organizational performance.

3.2. Population, Sample Size, and Sampling Techniques

3.2.1. Target Population

In this study, there are two types of population. These are 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 International Bank S.C. who are working at Addis Ababa City branches and Head Office. According to the annual report for the Fiscal Year 2022/23, the total number of employees of the bank reached around 2,846 at the end of June 30, 2023, which constitutes the target population of the study.

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 bank that working at Head Office and branches at Addis Ababa City. The study was chosen at the head office and branches at Addis Ababa City mainly for the reason that to smooth the conditions of conducting research, i.e., for easy access to data, cost effectiveness and easy manageability of the study. Over all, according to the bank's annual report for the fiscal year 2022/23, the bank has a total size of 1,069 employees at head office and branches at Addis Ababa city, which constitutes the target population of the study and captured in the sampling frame.

3.2.2. 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. 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 = 1,069/1+ 1,069(0.05) ^{2}

   = 1,069/3.67 = 291 respondents

As we can see from the result above computation,291respondents was selected from the total study population of 1,069 to maintain a 95% confident interval.

3.2.3. Sampling Techniques

For the purpose of this study, the researcher used probability sampling technique to select sample participants. Specifically, the selection and distribution of questionnaires among employees was based on simple random sampling. Simple random sampling was 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 used stratified random sampling technique on which the respondents are structured into two strata (Head Office and Branches). This is because each group of the respondents has 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 were 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 bank. Therefore, the sample size for each status (department

and branch) 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

S.N	Strata	No. of employees	% of the total employees.	Numbers of sample respondent
1.	Head Office	309	28.91	84
2.	Branches at Addis Ababa	760	71.09	207
	Total	1,069	100	291

Source: own computation, 2024

3.3Method of data collection

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. A questionnaire is a list of questions or items used to gather data from respondents about their attitudes, experiences, or opinions. Questionnaires can be used to collect quantitative and/or qualitative information. 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 was used administered to employees and to solicit their views concerning the effect of selected human resource management practices on the performance of Lion International Bank.

The questionnaires are closed-ended questions. This is 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.

In addition, the study has 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 and used to extract essential information to strengthen the study findings.

3.3.1 Data Collection Procedure

Primary data was collected by distributing questionnaires to employees of Lion International Bank. During the full-scale survey, the questionnaire was distributed to the target population through personal contact by the researcher itself. The respondents were kindly filled the questionnaires and collected by the research on time.

3.4. 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 used as the major criteria used to evaluate measurement. Reliability used to ensure consistence of data whereas validity used to test the accuracy of the measurement process.

3.4.1 Validity

The validity of a research study refers to how well the results among the study participants represent true findings among similar individuals outside the study. It is the extent to which the scores from a measure signify the variable they are intended to. 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. Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari 2004).In recognition of this fact, therefore, a validity test of the questionnaires was done. 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 to content validity of the pilot questionnaire was tested. Moreover, the content validity was verified by

the advisor of this research, who looks into the appropriateness of questions and the scales of measurement.

3.4.2 Reliability

Reliability test used 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 researcher 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. 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 and the result was 0.956 and hence, the instrument is reliable.

Table 3.2: Cronbach's Alpha Testfor all items

Reliability Statistics	
Cronbach's Alpha	N of Items
.956	73

Source: own survey (SPSS output), 2024

As shown in the table 3.2 the overall set of items in the survey shows very high internal consistency, with a Cronbach's Alpha coefficient of .956. This indicates that the items in the survey collectively measure a single underlying constructs reliably, suggesting the survey instrument is robust and consistent.

Table 3.3: Cronbach's Alpha Test for domain variables

SN	Variables	Cronbach's Apha	N
1	Recruitment & Selection Practice	.803	10
2	Performance Appraisal Practice	.827	10
3	Training & Development Practice	.802	10
4	Compensation & Reward Practice	.843	10
5	Organizational Performance	.903	20

Source: own survey (SPSS output), 2024

The Cronbach's Alpha values are generally good, indicating that the variables are reliable measures within their respective constructs. A value above 0.7 is typically considered acceptable for research purposes, so all the variables exceed this threshold, suggesting good internal consistency. This reliability implies that the measures you've used for recruitment & selection, performance appraisal, training & development, compensation & reward, and organizational performance are consistent and dependable.

These findings indicate that practices related to recruitment, selection, performance appraisal, training, development, and compensation may indeed have a significant impact on organizational performance, as they are reliable measures.

3.5. Methods of Data Analysis

Data analysis is the process of cleaning, analyzing, interpreting, and visualizing data various techniques and business intelligence tools. Data analysis focuses on the process of turning raw data into useful statistics, information, and explanations. In this study, the primary data was collected from the distributed questionnaires. After the survey data was collected, the data has been analyzed through SPSS software.

The collected primary data from the questionnaire was analyzed by descriptive statistics and inferential analysis. Descriptive statistics such as mean scores, standard deviations, kurtosis, and skewness was computed to describe the characteristics of the variables of interest in the study and inferential statistics such as regression and correlation analysis was used to test the relationships and to determine the relative importance of each independent variable in explaining the variation organizational performance of the case bank.

3.6. Ethical Consideration

The researcher made its best to address ethical consideration of confidentiality, privacy, and informed consent. Consent was obtained from the concerned organ of the bank 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 informed that they have 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 ANALYSIS AND INTERPRETATION

4. Introduction

This chapter presents the data analysis and interpretation, starting with the response rate and demographic profile of respondents. It then moves on to descriptive statistics analysis, providing an overview of the key characteristics and trends observed in the data using mean, std deviation, kurtosis, and skewnes. Finally, inferential statistics analysis is conducted to draw conclusions about the relationships between human resource practices and organizational performance, offering insights and empirical evidence to support the study's objectives using model summary, Anova, Coefficients, and Pearson correlation. The researcher used the Statistical Package for Social Sciences (SPSS) version 26 to analysis the collected data.

4.1 Response rate

Two hundred ninety one employees from Lion International Bank participated in the study. From the distributed 291 questionnaires, 277 were returned properly and 5 questionnaires were not fully completed by the respondents whereas the rest 9 questionnaires were lost in transit. In other words, the response rate was 95.18%. The 95.18% response rate is considered to be excellent representative of respondents to provide enough information for analysis and to reach into conclusions. Conversely, from the total 271 collected questionnaires, 71% or 198 questionnaires were collected from respondents at City Branches and the rest 21% or 79 questionnaires were collected from respondents at Head Office.

4.2 Demographic Profile of Respondents

Under this section, the researcher collected information about the general background of the respondents. The demographic data included gender, age, educational level, work position and work experience.

4.2.1 Gender of the respondents

The pie chart illustrates the distribution of respondents based on gender, revealing that the majority of respondents were male, accounting for 55.6% of the total sample. This translates to

154 individuals out of the total surveyed population. In contrast, female respondents constituted 44.4% of the sample, comprising 123 individuals. This distribution provides insight into the gender representation within the surveyed population and highlights the predominance of male respondents compared to female respondents.

Respondent's Gender
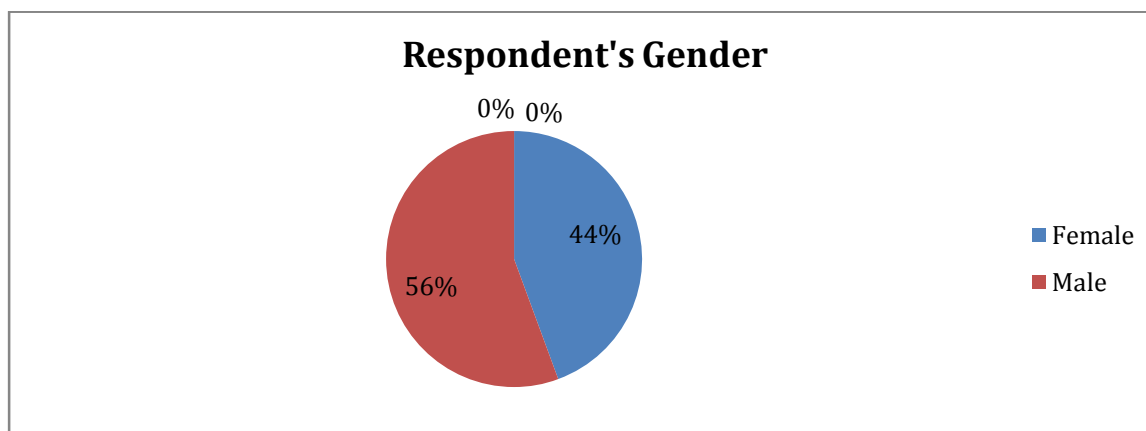
Source: Own survey

4.2.2 Age of the respondents

The majority of respondents, comprising 50.5% of the total sample, fell within the age interval of 25-30 years. The prevalence of respondents in this age group suggests that the bank has a substantial proportion of young and energetic employees. Furthermore, about 13% of respondents were in the 20-25 age intervals, indicating the presence of a considerable number of individuals who are relatively new to the workforce. This demographic segment may bring fresh perspectives, enthusiasm, and adaptability to the organization. While respondents in the 30-35 age interval accounted for 20.9% of the sample, indicating a notable presence of mid-career professionals within the bank. This group may contribute experience, expertise, and stability to the workforce. The data also show smaller percentages of respondents in older age intervals, with diminishing representation as age increases. This suggests that the bank may have fewer employees in the later stages of their careers, which could impact factors such as leadership succession planning and knowledge retention.

Overall, the predominance of respondents in the 25-30 age intervals suggests that Lion International Bank has a youthful and dynamic workforce.
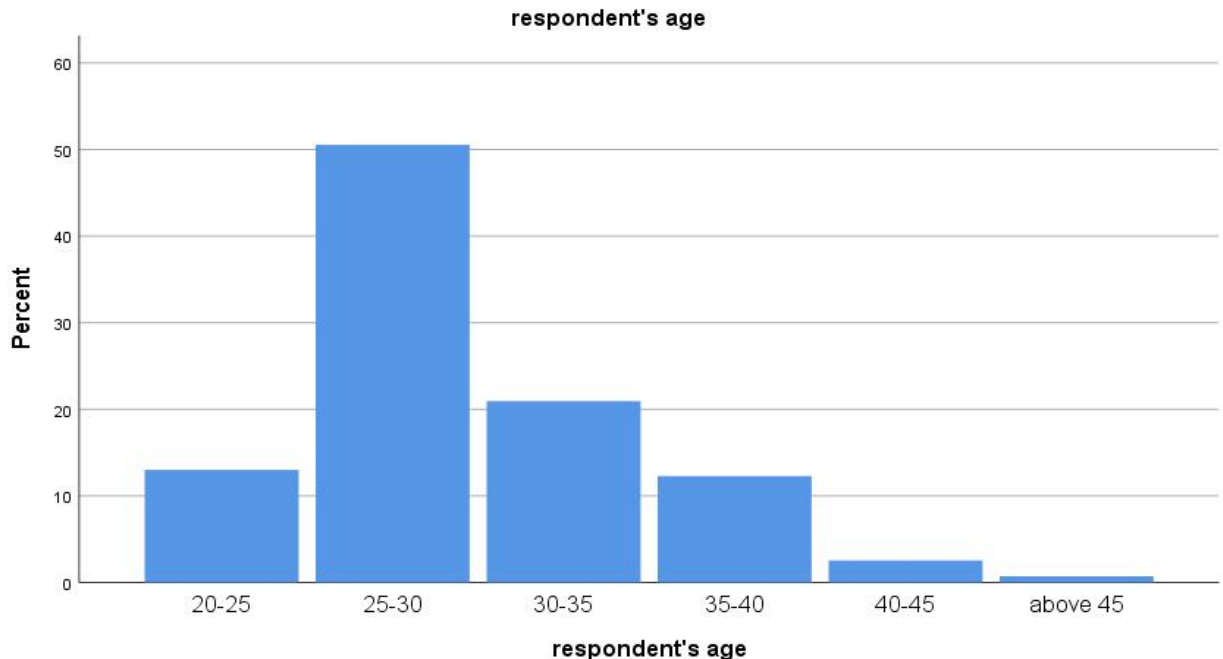
respondent's age

Source: Own survey (SPSS output), 2024

4.2.3 Educational level of the respondents

Viewing the educational background, the majority of respondents, comprising 71.1% of the total sample, hold a Bachelor's degree. This indicates that a significant proportion of the bank's workforce has completed undergraduate education, which typically provides foundational knowledge and skills relevant to various roles within the bank. Following Bachelor's degree holders, 27.8% of respondents have attained a Master's degree. This suggests that a considerable portion of the bank's workforce has pursued further education beyond the undergraduate level, potentially specializing in specific areas or gaining advanced knowledge and skills relevant to their roles. A smaller percentage of respondents, 1.1%, hold a Diploma. While this group represents a minority within the surveyed population, individuals with Diploma qualifications may still bring valuable skills, practical knowledge, and technical expertise to their roles within the bank.

Overall, the prevalence of respondents with Bachelor's and Master's degrees suggests that Lion International Bank has a highly educated workforce.

Educational level

- Diploma
- Degree
- Master

0%   1%
28%
71%
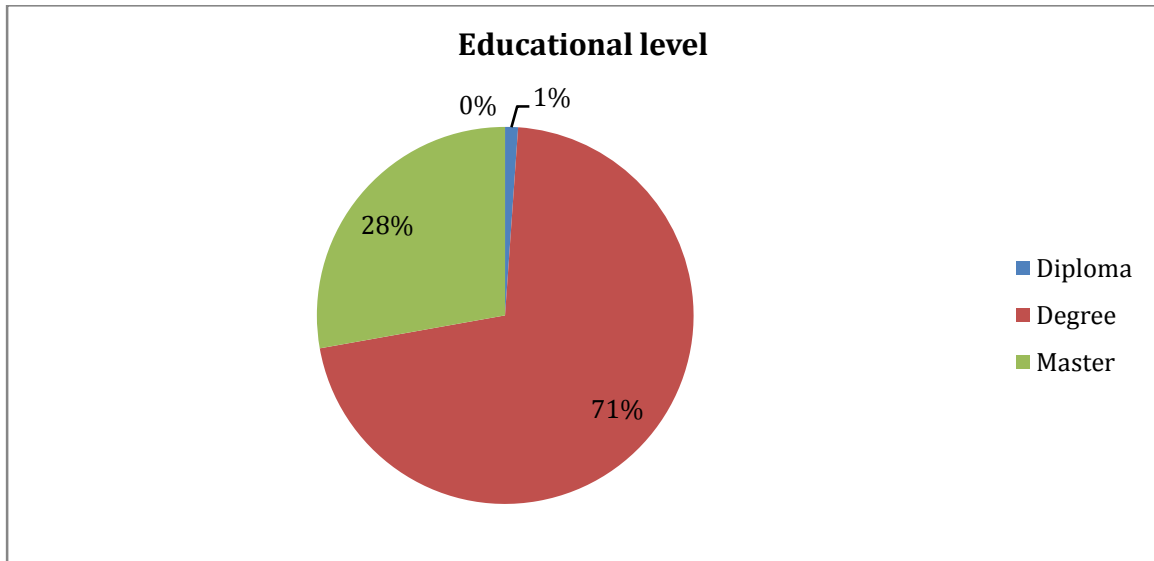
Source: Own survey (SPSS output), 2024

4.2.4 Work position of the respondents

As shown in the table 4.1, the largest proportion of respondents, comprising 24.9% of the total sample, were customer service officers. This suggests that customer service is a significant functional area within the bank, with a substantial number of employees dedicated to serving customers and addressing their needs. Following customer service officers, bank trainees represent 18.4% of the respondents. This indicates that the bank may have a structured training program or entry-level positions designed to groom and develop new talent within the organization. Senior officers accounted for 11.6% of the respondents. Additionally, customer service managers, branch managers, and other roles such as resident auditors each represented 7.2% of the respondents, indicating the presence of mid-level management positions and specialized roles within the bank's organizational hierarchy. A notable proportion of respondents, 23.5%, fell into the remaining categories.

Overall, the distribution of respondents across different job roles reflects the diverse functions and responsibilities within Lion International Bank.

Table 4.1: Work position of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank Trainee	51	18.4	18.4	18.4
	Junior Officer	19	6.9	6.9	25.3
	Customer Service Officer	69	24.9	24.9	50.2
	Senior Customer Service Officer	18	6.5	6.5	56.7
	Officer	17	6.1	6.1	62.8
	Senior Officer	32	11.6	11.6	74.4
	Customer Service Manager	20	7.2	7.2	81.6
	Branch Manager	20	7.2	7.2	88.8
	Head Section	10	3.6	3.6	92.4
	Division Manager	1	.4	.4	92.8
	Other	20	7.2	7.2	100.0
	Total	277	100.0	100.0	

Source: own survey (SPSS output), 2024

4.2.5 Work experience of the respondents

Regarding service year, a majority of respondents, comprising 54.9% of the total sample, have been serving the bank for less than five years. This indicates a significant proportion of employees who are relatively new to the organization, suggesting a dynamic and potentially evolving workforce. About a quarter of respondents, representing 24.9% of the sample has served the bank for a duration ranging from five to ten years. This segment of employees likely has accumulated moderate experience and tenure within the organization, indicating a mix of established professionals and individuals who have grown and developed within the bank over time. A smaller percentage of respondents, 17.3%, fall within the ten to fifteen years service range, suggesting a subset of employees with more extensive experience and tenure within the organization. Lastly, only 2.9% of respondents have served the bank for over fifteen years, indicating a minority of long-tenured employees. Overall, the distribution of respondents based on years of service highlights the diversity of experience and tenure within Lion International Bank.

Table 4.2: Work experience of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	152	54.9	54.9	54.9
	5-10 years	69	24.9	24.9	79.8
	10-15 years	48	17.3	17.3	97.1
	above 15 years	8	2.9	2.9	100.0
	Total	277	100.0	100.0	

Source: own survey (SPSS output), 2024

4.3 Descriptive Statistics Analysis

Descriptive statistics are brief informational coefficients that summarize a given data set, which can be either a representation of the entire population or a sample of a population. The primary goal of descriptive statistics is to provide a clear and concise overview of the data's main features. Inthissegment,thestudyexhibitedtheresultsofdatacollectedfrommeasurementsofindependentvariables(Recruitment & selection practice, performance appraisal practice, training & development practice, and compensation & reward practice) and dependent variable (Organizational performance) through mean, std deviation, kurtosis and skewness.

4.3.1 Descriptive statistics of recruitment and selection practice
Table 4.3:Descriptive statistics of recruitment and selection practice

Descriptive Statistics			
	N	Mean	Std. Deviation
The bank's recruitment process effectively identifies candidates with the necessary skills and qualifications	277	4.10	.761
The recruitment process ensures a diverse pool of qualified candidates	277	4.21	.494
Employees hired through the bank's recruitment process demonstrate a high level of performance in their roles	277	4.21	.471
The bank's recruitment practices contribute to the achievement of organizational goals and objectives	277	4.27	.534
The recruitment process efficiently fills vacant positions within the bank	277	4.19	.516
Employees recruited by the bank are well-suited to the organizational culture and values	277	4.11	.661
The bank's recruitment practices help to minimize employee turnover rates	277	4.17	.462

	N	Mean	Std. Deviation
I feel confident in the bank's ability to attract and retain top talent through its recruitment processes	277	4.23	.473
The bank's recruitment practices align with industry best practices and standards	277	4.24	.490
Overall, I believe that the bank's recruitment & selection practices positively impact its organizational performance	277	4.27	.463
Valid N (listwise)	277		

Source: own survey (SPSS output), 2024

The above table 4.3 shows the mean scores for each question range from 4.10 to 4.27. Since these scores are well above the midpoint of the scale they indicate a generally positive perception of recruitment and selection practices among the respondents. On the other hand, the standard deviation values are relatively low, indicating that the responses are clustered closely around the mean. This suggests that there is a high level of agreement among respondents regarding the impact of recruitment and selection practices on organizational performance.

The descriptive statistics suggest a robust positive consensus among respondents regarding the effectiveness of recruitment and selection practices in improving organizational performance. The high mean scores coupled with low standard deviations highlight both a positive perception and a strong agreement among the respondents. This indicates that the organization's recruitment and selection strategies are likely well-received and effective in driving performance

4.3.2 Descriptive statistics of performance appraisal practice
Table 4.4: Descriptive statistics of performance appraisal practice

Descriptive Statistics			
	N	Mean	Std. Deviation
The bank's performance appraisal process provides clear and objective criteria for evaluating employee performance	277	4.25	.439
Performance appraisal feedback is provided in a timely manner, allowing employees to address areas of improvement promptly	277	4.21	.439
The performance appraisal system helps to identify and recognize high-performing employees effectively	277	4.25	.444
Performance appraisal outcomes are used to inform decisions related to promotions, compensation, and career development	277	4.24	.443

	N	Mean	Std. Deviation
The performance appraisal process encourages employee engagement and accountability	277	4.26	.462
Employees perceive the performance appraisal system as fair and unbiased	277	4.29	.470
The bank's performance appraisal practices contribute to improved employee morale and motivation	277	4.26	.481
Performance appraisal discussions facilitate constructive dialogue between employees and supervisors	277	4.23	.449
The bank regularly reviews and updates its performance appraisal system to ensure effectiveness and relevance	277	4.29	.470
Overall, I believe that the bank's performance appraisal practices positively impact its organizational performance	277	4.24	.462
Valid N (listwise)	277		

Source: own survey (SPSS output), 2024

As indicated in the above table4.4, the mean score is 4.25 with a standard deviation of approximately 0.45. This indicates that, on average, respondents rated Recruitment and Selection Practice favorably, with a tendency towards higher scores.

The standard deviation values range from 0.439 to 0.481, which are quite low. This indicates that respondents' answers are closely clustered around the mean, showing a high level of agreement among respondents.

Overall, the descriptive statistics for performance questions indicate that respondents have a favorable view of organizational performance, as evidenced by mean scores consistently above 4. The low standard deviations suggest a high level of agreement among respondents about these positive perceptions. This strong consensus reinforces the idea that the organization's performance is viewed positively by its stakeholders.

4.3.3 Descriptive statistics of training & development practice

Table 4.5:Descriptive statistics of training & development practice

Descriptive Statistics			
	N	Mean	Std. Deviation
The bank provides relevant training programs to enhance employee skills and knowledge	277	4.30	.498
Employees have access to opportunities for professional development and career advancement	277	4.27	.478
Training programs offered by the bank align with the skills and competencies required for job roles	277	4.30	.489

	N	Mean	Std. Deviation
The bank encourages employees to apply newly acquired skills and knowledge in their work	277	4.30	.482
Employees perceive the training and development opportunities provided by the bank as valuable	277	4.29	.479
The bank's training initiatives contribute to increased employee productivity and performance	277	4.32	.483
Employees feel supported by the bank in their efforts to pursue further education or professional certifications	277	4.32	.482
Training and development practices in the bank help to attract and retain top talent	277	4.27	.478
The bank regularly evaluates the effectiveness of its training and development programs to ensure alignment with organizational goals	277	4.31	.486
Overall, I believe that the bank's training and development practices positively impact its organizational performance	277	4.34	.491
Valid N (listwise)	277		

Source: own survey (SPSS output), 2024

The mean (average) rating is approximately 4.3, with a standard deviation of around 0.48. This suggests that, on average, respondents perceive the effect of training and development practices on organizational performance to be quite positive, with slight variability in opinions among respondents. Thus, there is a generally favorable perception of the impact of training and development practices on organizational performance within Lion International Bank. The consistency in ratings, as indicated by the relatively low standard deviation, suggests a degree of agreement among respondents regarding the effectiveness of these practices.

4.3.4 Descriptive statistics of compensation and reward practice

Table 4.6:Descriptive statistics of compensation and reward practice

Descriptive Statistics			
	N	Mean	Std. Deviation
The bank offers competitive salaries and benefits packages	277	4.26	.486
Performance-based incentives motivate employees to achieve their goals	277	4.27	.482
The bank's compensation structure is aligned with industry standards	277	4.23	.484
Employees perceive the bank's compensation and reward system as fair and transparent	277	4.27	.475
Rewards and recognition programs in the bank effectively acknowledge employee contributions and achievements	277	4.27	.453
The bank's compensation and reward practices help to attract and retain top talent	277	4.31	.477

	277	4.26	.465
Employees are satisfied with the overall compensation and benefits offered by the bank	277	4.26	.465
The bank's compensation and reward management practices positively impact employee morale and motivation	277	4.29	.477
The bank regularly reviews and updates its compensation and reward policies to ensure alignment with organizational goals and market trends	277	4.29	.507
Overall, I believe that the bank's compensation and reward management practices positively impact its organizational performance	277	4.34	.483
Valid N (listwise)	277		

Source: own survey (SPSS output), 2024

As revealed in the above table, the mean scores show consistency across the responses, with most falling between 4.23 and 4.34. The standard deviation values range from 0.453 to 0.507, which are relatively low. This indicates that respondents' answers are tightly clustered around the mean, showing a high level of agreement among respondents. The respondents generally hold similar perceptions about the relationship between compensation and reward practice and organizational performance. Given the consistently high mean scores and low standard deviations, it can be inferred that respondents believe that effective compensation and reward practices positively influence Lion International Bank's organizational performance.

4.3.5 Descriptive statistics of human resource management practice

Table 4.7: Descriptive statistics of human resource management practice

Descriptive Statistics			
	N	Mean	Std. Deviation
The bank effectively recruits and hires qualified candidates	277	4.22	.465
The bank provides adequate training and development opportunities for its employees	277	4.24	.467
Performance appraisal systems in the bank are fair and transparent	277	4.21	.427
The bank encourages employee engagement and participation in decision-making processes	277	4.26	.463
The bank offers competitive compensation and benefits packages	277	4.23	.447
There are opportunities for career advancement and growth within the bank	277	4.23	.433
The bank promotes a positive work culture and values diversity and inclusion	277	4.26	.454
The bank effectively manages employee relations and addresses conflicts promptly	277	4.23	.437
HR policies and procedures in the bank are communicated clearly and consistently	277	4.23	.449
Employee feedback is actively sought and valued by the organization	277	4.25	.466

The bank promotes a healthy work-life balance for its employees	277	4.30	.465
Employees believe that HRM practices are a key factor in the success of the organization	277	4.31	.485
HRM practices positively contribute to the bank's overall performance	277	4.30	.476
Valid N (listwise)	277		

Source: own survey (SPSS output), 2024

The mean scores for the HRM practices questions range from 4.21 to 4.31 and this indicates that respondents, on average, have a highly positive perception of the organization's HRM practices and on the other hand the standard deviation values range from 0.427 to 0.485, which are relatively low. This indicates that respondents' answers are tightly clustered around the mean, showing a high level of agreement among respondents. Interpreting this data, we can conclude that there is a generally positive and consistent perception of the impact of human resource management practices on organizational performance within Lion International Bank. The average rating indicates a favorable view, and the low variability in ratings suggests a high degree of agreement among respondents regarding the effectiveness of these practices.

4.3.6 Descriptive statistics of organizational performance
Table 4.8: Descriptive statistics of organizational performance

Descriptive Statistics			
	N	Mean	Std. Deviation
The bank is providing personalized and tailored services to meet individual customer needs	277	4.22	.457
The bank's products and services align with customer preferences and expectations	277	4.26	.441
The bank promotes a customer-centric culture among employees	277	4.21	.444
The bank tries to proactively anticipate and address customer needs	277	4.23	.439
The bank's overall commitment to ensuring customer satisfaction is excellent	277	4.15	.622
The bank recognize and reward employee contributions and achievements	277	4.21	.452
I have a good impression on the loyalty towards the bank	277	4.28	.474
I am very committed in achieving the goals and objectives of the bank	277	4.30	.497
I have plenty trust on the leadership and management of the bank	277	4.23	.447
I am very satisfied with the job assigned to me at the bank	277	4.28	.482
The profitability and revenue growth of the bank is encouraging	277	4.24	.483
The bank's cost management practices and efficiency measurement is optimal	277	4.23	.441

	277	4.23	.465
The bank effectively manages its resources to optimize financial performance	277	4.23	.465
I have a confident on the bank's ability to achieve its financial targets and goals	277	4.25	.486
The bank effectively allocates financial resources to support business growth and development	277	4.24	.467
The bank's culture of innovation encouraging new ideas and creativity among employees	277	4.25	.473
The bank's investment in research and development to foster innovation is sufficient	277	4.28	.488
The bank effectively implements innovative solutions to improve its products and services	277	4.26	.481
The bank is adopting new technologies and processes to enhance efficiency and customer experience	277	4.28	.465
The bank fosters a culture of continuous learning and improvement to drive innovation	277	4.25	.464
Valid N (listwise)	277		

Source: own survey (SPSS output), 2024

The mean (average) rating is approximately 4.24, with a standard deviation of around 0.47. This indicates that, on average, respondents perceive the effect of human resource management practices on organizational performance to be quite positive. The standard deviation indicates that respondents' answers are mostly tightly clustered around the mean, showing a high level of agreement among respondents. The descriptive statistics for organizational performance questions indicate that respondents have a very favorable view of the organization's performance, as evidenced by mean scores consistently above 4. The low standard deviations suggest a high level of agreement among respondents about these positive perceptions. This strong consensus reinforces the idea that the organization's performance is viewed positively and is likely contributing to overall employee satisfaction and organizational success. Overall, these findings suggest that Lion International Bank's human resource management practices are likely contributing positively to its organizational performance, as perceived by those within the organization.

4.3.7 Descriptive statistics in Kurtosis

The kurtosis values provided offer insights into the shape and distribution of the data on the effect of human resource management practices on organizational performance at Lion

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International Bank. Kurtosis measures the flatness of a distribution compared to a normal distribution. A positive kurtosis indicates a relatively peaked distribution, meaning that the data has more extreme values and heavier tails compared to a normal distribution. On the other hand, a negative kurtosis suggests a relatively flatter distribution with fewer extreme values than a normal distribution.

Table 4.9: Descriptive statistics in Kurtosis

Descriptive Statistics			
	N	Kurtosis	
	Statistic	Statistic	Std. Error
Organizational Performance	10	-.483	1.334
Recruitment & Selection Practice	10	-.013	1.334
Performance Appraisal Practice	10	-.231	1.334
Training & Development Practice	10	1.023	1.334
Compensation & Reward Practice	20	1.995	.992
Valid N (listwise)	10		

Source: own survey (SPSS output), 2024

Interpreting the kurtosis values:

1. Kurtosis = -0.483: The distribution is slightly flatter than a normal distribution, indicating fewer outliers and a more uniform spread of data. Organizational performance scores are fairly evenly distributed, suggesting there are no extreme deviations in performance levels.

2. Kurtosis = -0.013: The Kurtosis is very close to zero, indicating a distribution that is nearly normal. Recruitment and selection practices show a typical distribution with no significant number of extreme values.

3. Kurtosis = -0.231: The distribution is slightly flatter than normal, indicating fewer outliners. Performance appraisal practices are evenly spread across the data, with no significant extreme values.

4. Kurtosis = 1.023: The distribution is more peaked than normal, suggesting more outliers. Training and development practices show a higher number of extreme values.

5. Kurtosis = 1.995: The distribution is quite peaked, suggesting a significant number outliers. Compensation and reward practices vary widely, with some

Overall, the kurtosis values indicate that most of the variables have distributions close to normal, with the exception of Training & Development Practice and Compensation & Reward Practice, which show higher kurtosis. These higher kurtosis values suggest more variability and outliers in these practices, highlighting areas where there might be significant differences in how the organization approaches these practices.

4.3.8 Descriptive statistics in Skewness

The skewness values provided offer insights into the symmetry or lack thereof in the distribution of the data on the effect of human resource management practices on organizational performance at Lion International Bank. Skewness measures the degree of asymmetry in the distribution. A positive skewness indicates that the distribution is skewed to the right, meaning that the tail of the distribution extends more to the right side and there are more data points on the left side of the peak. Conversely, a negative skewness indicates that the distribution is skewed to the left, with the tail extending more to the left side and more data points on the right side of the peak. A skewness value around zero suggests that the distribution is approximately symmetric.

Table 4.10: Descriptive statistics in Skewness

Descriptive Statistics			
	N	Skewness	
	Statistic	Statistic	Std. Error
Organizational Performance	10	-.653	.687
Recruitment & Selection Practice	10	.204	.687
Performance Appraisal Practice	10	-.003	.687
Training & Development Practice	10	.625	.687
Compensation & Reward Practice	20	-.866	.512
Valid N (listwise)	10		

Source: own survey (SPSS output), 2024

Interpreting the skewness values:

1. Skewness = -0.653: This negative skewness value indicates a distribution that is slightly skewed to the left. It suggests that there may be more data points on the right side of the peak, but the skewness is not extreme.

2. Skewness = 0.204: The distribution is slightly skewed to right. There is a slightly tendency the score to be lower close to normal distribution.

3. Skewness = -0.003: The distribution is almost symmetrical. Performance appraisal practices are evenly distributed, with no significant skew towards higher or lower values.

4. Skewness = 0.625: The distribution is moderately skewed to the right. It suggests that there may be more data points on the left side of the peak, but the skewness is not extreme.

5. Skewness = -0.866: The distribution is moderately skewed to the left. Indicates the compensation and reward practice is generally well managed.

Overall, these skewness values provide insights into the symmetry or lack thereof in the distribution of responses regarding the impact of human resource management practices on organizational performance at Lion International Bank. The findings suggest that while some areas like performance appraisal and recruitment are well-balanced in the bank, there are significant variances in training, development, and compensation practices.

4.4 Inferential Statistics Analysis

Inferential statistics helps to develop a good understanding of the population data by analyzing the samples obtained from it. It helps in making generalizations about the population by using various analytical tests and tools. The researcher used regression and correlation analysis in order to find out the statistical relationship between the dependent and independent variables.

4.4.1 Correlation Analysis

Correlation analysis, also known as bivariate, is a statistical test primarily used to identify and explore linear relationships between two variables and then determine the strength and direction of that relationship.

Table 11: Correlation analysis using Pearson Correlation

Correlations						
		Organizational Performance	Recruitment & Selection Practice	Performance Appraisal Practice	Training & Development Practice	Compensation & Reward Practice
Organizational Performance	Pearson Correlation	1	.374**	.475**	.394**	.473**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	277	277	277	277	277
Recruitment & Selection Practice	Pearson Correlation	.374**	1	.480**	.508**	.474**
	Sig. (2-tailed)	.000		.000	.000	.000

		277	277	277	277	277
Performance Appraisal Practice	Pearson Correlation	.475[**]	.480[**]	1	.435[**]	.437[**]
	Sig. (2-tailed)	.000	.000		.000	.000
	N	277	277	277	277	277
Training & Development Practice	Pearson Correlation	.394[**]	.508[**]	.435[**]	1	.450[**]
	Sig. (2-tailed)	.000	.000	.000		.000
	N	277	277	277	277	277
Compensation & Reward Practice	Pearson Correlation	.473[**]	.474[**]	.437[**]	.450[**]	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	277	277	277	277	277
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: own survey (SPSS output), 2024

The correlation table provides insights into the relationships between human resource management practices (specifically recruitment & selection, performance appraisal, training & development, and compensation & reward practices) and organizational performance at Lion International Bank.

The interpretation of the key statistics:

- The correlation coefficients range from -1 to 1, where:
    - 1 indicates a perfect positive linear relationship,
    - -1 indicates a perfect negative linear relationship, and
    - 0 indicates no linear relationship.

- **Strength of Correlation**:
    - All correlations between Organizational Performance and the independent variables are positive, indicating that higher scores in the independent variables tend to be associated with higher scores in Organizational Performance.
    - Correlation coefficients range from 0.374 to 0.508, indicating moderate to strong positive relationships between Organizational Performance and the independent variables.
    - The strongest correlations are observed between Organizational Performance and Performance Appraisal Practice (r = 0.475) and between Organizational Performance and Training & Development Practice (r = 0.394).

- **Significance**:

- o All correlations are significant at the 0.01 level (2-tailed), indicating that the observed relationships are unlikely to be due to chance.

Overall, the significant and positive correlations between Organizational Performance and each of the independent variables suggest that improvements in Recruitment & Selection Practice, Performance Appraisal Practice, Training & Development Practice, and Compensation & Reward Practice are associated with higher levels of Organizational Performance.

4.4.2 Testing Assumptions of Linear Regression

Regression analysis is a set of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. It can be utilized to assess the strength of the relationship between variables and for modeling the future relationship between them. Hence, this part included explanation about effect of human resource management practice of LIB on organizational performance.

Multiple Linear Regression analysis is a powerful statistical technique that models the relationship between one dependent variable and two or more independent variables, offering insights into how various factors influence outcomes.

4.4.2.1. Normality of residuals assumption test

The normality assumption in linear regression analysis requires that the residuals, not the independent variable(s), follow a normal distribution. A normal distribution is characterized by a bell-shaped curve, where the majority of the residuals cluster around the center of the distribution. If the residuals are approximately normally distributed, as indicated by a bell-shaped histogram, it suggests that the assumption of normality is not violated. This is generally favorable for the validity of the linear regression model. When the residuals are normally distributed, it implies that the errors made by the model in predicting the dependent variable follow a pattern that is expected and consistent with statistical assumptions. Hence, as shown in the below histogram, the model is normally distributed and violation of normality is not suspected.
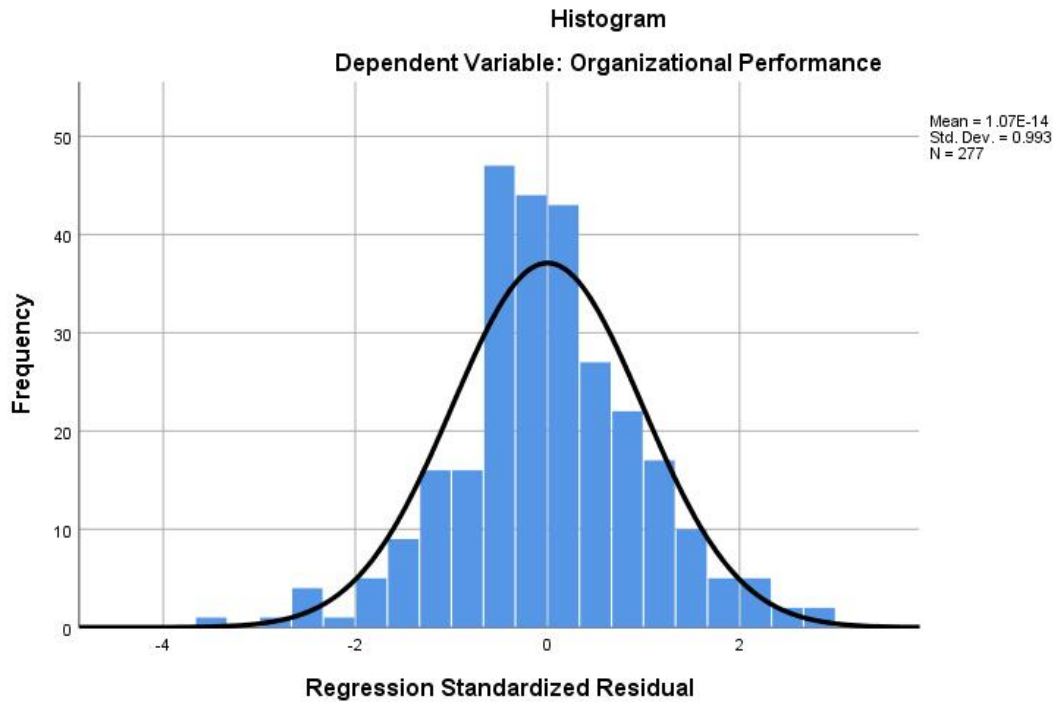
Figure: 4.1: Normality of residualsSource: own survey (SPSS output), 2024

4.4.2.2 Independence of errors

The Durbin-Watson statistic, which measures the independence of errors, is a value that ranges from 0 to 4. A value around 2 indicates no autocorrelation (independence of errors). Positive autocorrelation could indicate that the residuals are not entirely random and may follow a certain pattern over time or across observations. This could lead to biased coefficient estimates and inefficient hypothesis testing. Further diagnostic tests, such as residual plots or additional statistical tests for autocorrelation, may be necessary to confirm this potential issue and take appropriate corrective actions if needed. Consequently, the Durbin-Watson statistic for the regression model with organizational performance as the dependent variable is 2.061, indicating no significant autocorrelation in the residuals. This implies that the errors are independent, supporting the validity and reliability of the regression model. Consequently, any inferences or predictions made using this model are likely to be accurate and dependable.

4.12: Independence of errors

Test	Dependent variable	Value
Durbin-Watson	Organizational Performance	2.061

Source: own survey (SPSS output), 2024

4.4.2.3 Multicollinearity assumption Test

The multicollinearity assumption is assessed using tolerance and variance inflation factor (VIF) statistics for each independent variable. Tolerance is the proportion of variance in anindependent that is not explained by the other independents, while VIF quantifies the severity of multicollinearity by indicating how much the variance of an estimated regression coefficient is inflated due to multicollinearity. The tolerance values range from 0 to 1, with higher values indicating lower multicollinearity. Similarly, VIF values greater than 10 are often considered indicative of multicollinearity.

- **Tolerance Values**: All tolerance values are above 0.5, indicating that each independent variable explains more than 50% of its own variation not accounted for by the other independents. This suggests low multicollinearity.
- **VIF Values**: All VIF values are below 10, with the highest being 1.613. VIFs less than 10 generally indicate low multicollinearity.

Overall, the collinearity statistics indicate that multicollinearity is not a concern in the regression model. The independent variables, namely Recruitment & Selection Practice, Performance Appraisal Practice, Training & Development Practice, and Compensation & Reward Practice, demonstrate low levels of intercorrelation, ensuring that the model can provide accurate and meaningful insights into the relationship between these HR practices and organizational performance

Table 4.13: Multicollinearity assumption test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Recruitment & Selection Practice	.620	1.613
	Performance Appraisal Practice	.687	1.457
	Training & Development Practice	.660	1.515
	Compensation & Reward Practice	.683	1.464

Source: own survey (SPSS output), 2024

4.4.2.4 Homoscedasticity assumption test

Homoscedasticity can be examined through visual inspection of residual plots or through statistical tests such as the Breusch-Pagan test or White test. A common graphical method to assess homoscedasticity is by plotting the residuals against the predicted values. If the points in

the residual plot are randomly scattered around the horizontal axis with no apparent pattern, it suggests that the assumption of homoscedasticity is met. On the other hand, if the spread of residuals varies systematically across different predicted values, it indicates heteroscedasticity, or violation of the homoscedasticity assumption. Hence, as shown in the Figure 4.2, the points are randomly scattered around the horizontal axis with no apparent pattern, it suggests that the assumption of homoscedasticity is met.
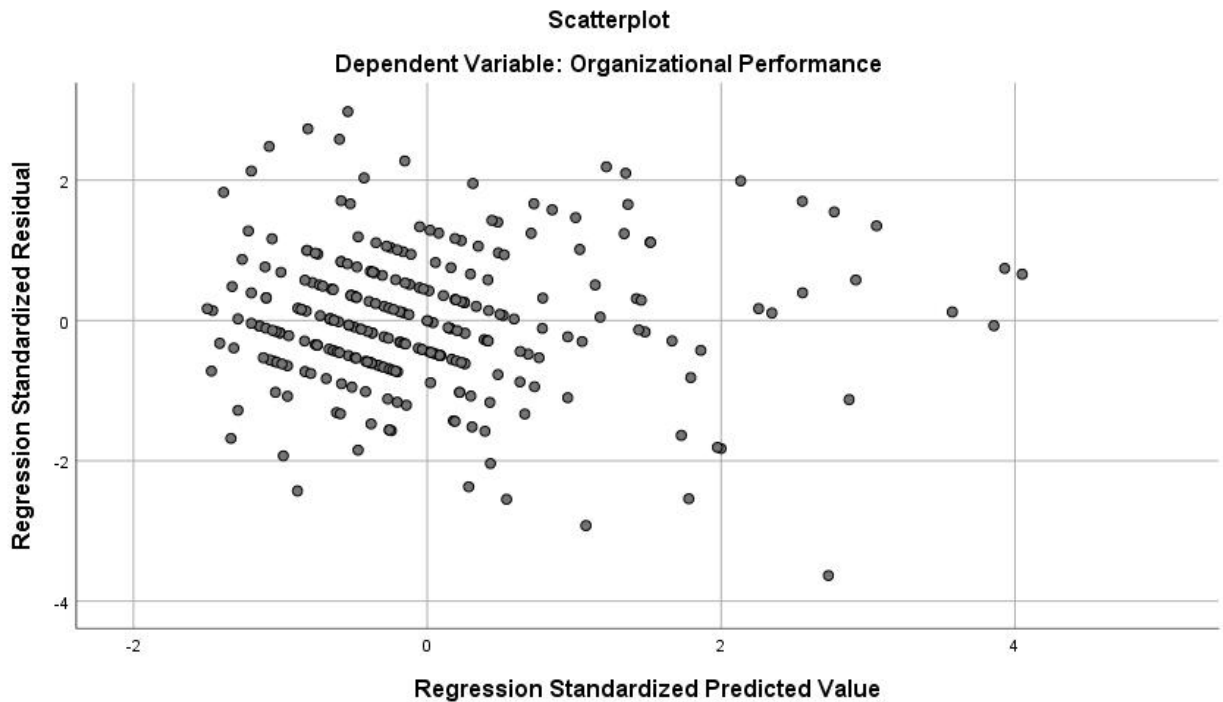
Figure 4.2: Homoscedasticity   Source: own survey (SPSS output), 2024

4.4.2.5 Linearity assumption test

The linearity assumption in regression analysis states that there is a linear relationship between the independent variables and the dependent variable. This means that the effect of a one-unit change in an independent variable on the dependent variable is constant across all levels of that independent variable. Assessing the linearity assumption typically involves visually inspecting scatterplots of the independent variables against the dependent variable. If the relationship between each independent variable and the dependent variable appears to be linear, then the linearity assumption is likely met.

A preferable method of detection is an examination of residual plots (plots of the standardized residuals as a function of standardized predicted values (Osborne and Waters, 2002). As shown below table the linearity assumption test for the study variables are is likely met.
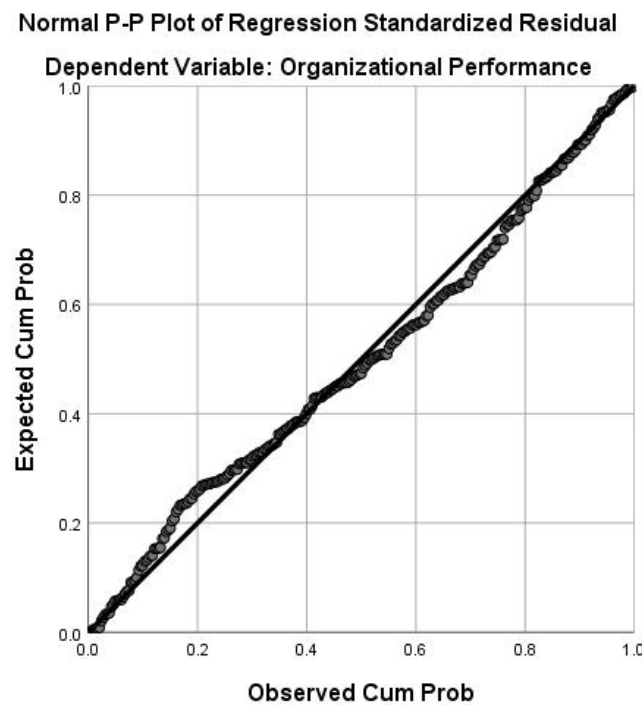
Figure 4.3: Linearity   Source: own survey (SPSS output), 2024

4.4.2.6 Model Summary

The regression model summary offers insights into the relationship between human resource management practices and organizational performance at Lion International Bank.

Table 14: Regression analysis using Model Summary

<table>
<tr><th colspan="6">Model Summary^b</th></tr>
<tr><td>Model</td><td>R</td><td>R Square</td><td>Adjusted R Square</td><td>Std. Error of the Estimate</td><td>Durbin-Watson</td></tr>
<tr><td>1</td><td>.716^a</td><td>.513</td><td>.507</td><td>.23031</td><td>2.061</td></tr>
<tr><td colspan="6">a. Independents: (Constant), Compensation & Reward Practice, Training & Development Practice, Recruitment & Selection Practice, Performance Appraisal Practice</td></tr>
<tr><td colspan="6">b. Dependent Variable: Organizational Performance</td></tr>
</table>

Source: own survey (SPSS output), 2024

The interpretation of the key statistics:

- **R (.716)**:The multiple correlation coefficients, R, measure the strength of the relationship between the observed and predicted values of the dependent variable. An R value of .716 indicates a strong positive correlation between organizational performance and the independent variables.

- **R Square (.513)**:The R Square (R^2) value indicates the proportion of the variance in the dependent variable (organizational performance) that is predictable from the independent variables. An R^2 of .513 means that 51.3% of the variability in organizational performance can be explained by the four HR practices.

- **Adjusted R Square (.507)**:The Adjusted R Square accounts for the number of independents in the model and adjusts the R^2 value accordingly. It provides a more accurate measure of the goodness of fit for models with multiple independents. An adjusted R^2 of .507 indicates that after adjusting for the number of independents, approximately 50.7% of the variance in organizational performance is still explained by the model.

- **Standard Error of the Estimate (.23031)**:The standard error of the estimate measures the typical distance that the observed values fall from the regression line. A lower value indicates a better fit of the model to the data. In this case, the standard error is .23031, suggesting that on average, the predicted organizational performance values deviate from the observed values by .23031 units.

Overall the regression model indicates a strong positive relationship between organizational performance and the HR practices included as independent variables. The result explains about 51.3% of the variance in organizational performance, and the model appears to fit the data well, with no significant autocorrelation in the residuals.

4.4.2.7 ANOVA
The ANOVA table provided summarizes the results of the analysis of variance for the regression model examining the effect of human resource management practices on organizational performance at Lion International Bank.

Table 15: Regression analysis using ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.052	4	1.763	33.236	.000[b]
	Residual	14.428	272	.053		
	Total	21.480	276			
a. Dependent Variable: Organizational Performance						
b. Independents: (Constant), Compensation & Reward Practice, Performance Appraisal Practice, Training & Development Practice, Recruitment & Selection Practice						

Source: own survey (SPSS output), 2024

The interpretation of the key statistics:

- **Regression Sum of Squares**: This source of variation represents the differences in the dependent variable (Organizational Performance) explained by the independent variables (Compensation & Reward Practice, Performance Appraisal Practice, Training & Development Practice, and Recruitment& Selection Practice). The regression model with these independents accounts for a significant amount of variation in organizational performance, as indicated by the mean square value of 1.763 and the associated degrees of freedom (df).

- **Residual Sum of Squares**: This source of variation represents the differences in the dependent variable that are not explained by the independent variables. It represents the error term in the regression model. The mean square value of 0.053 indicates the average variance of the residuals, which is the unexplained variance in organizational performance after accounting for the independents.

- **Total Sum of Squares**: This is the total variation in the dependent variable. It is the sum of the variation explained by the regression model and the unexplained variation (residuals). In this case, the total variation is partitioned into the variation explained by the regression model and the residual variation.

The ANOVA table confirms the significance of the regression model in explaining the variation in organizational performance. The independents included in the model collectively contribute to predicting organizational performance, as indicated by the significant F-statistic and the high mean square value for the regression component. The low mean square value for

the residuals suggests that the model provides a good fit to the data, with relatively little unexplained variation in organizational performance.

4.4.2.8 Coefficients

The coefficients table provides information about the relationship between human resource management practices (specifically recruitment & selection, performance appraisal, training & development, and compensation & reward practices) and organizational performance at Lion International Bank.

The interpretation of the key statistics:

- **Unstandardized Coefficients (B)**: For every one-unit increase in Compensation & Reward Practice, there is an estimated increase of 0.059 units in Organizational Performance.

- **Standardized Coefficients (Beta)**: Performance Appraisal Practice has the highest standardized coefficient (Beta = 0.278), indicating that it has the strongest influence on Organizational Performance among the independent variables.

- **T-value**: All t-values except for Compensation & Reward Practice are statistically significant at the 0.05 level, indicating that these independents have a significant effect on Organizational Performance.

- **Significance (Sig.)**: A p-value less than the chosen significance level (often 0.05) indicates that the coefficient is statistically significant

The coefficients table provides valuable insights into the relationships between the independent variables (HR practices) and Organizational Performance. Performance Appraisal Practice appears to have the strongest influence on Organizational Performance, followed by Recruitment & Selection Practice, Training & Development Practice, and Compensation & Reward Practice. All independent variables except Compensation & Reward Practice are statistically significant independents of Organizational Performance. Additionally, low multicollinearity is indicated by the tolerance and VIF statistics, suggesting that the independents provide unique information in predicting Organizational Performance without redundancy.

Table 16: Regression analysis using Coefficients

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.415	.340		1.219	.224		
	Recruitment & Selection Practice	.059	.079	.047	.750	.454	.620	1.613
	Performance Appraisal Practice	.303	.065	.278	4.637	.000	.687	1.457
	Training & Development Practice	.145	.070	.126	2.068	.040	.660	1.515
	Compensation & Reward Practice	.380	.084	.272	4.527	.000	.683	1.464

a. Dependent Variable: Organizational Performance

Source: own survey (SPSS output), 2024

4.5 Discussion

The findings from the statistical analysis indicate a significant relationship between HRM practices (recruitment & selection, performance appraisal, training and development, compensation & reward) and organizational performance in the context of Lion International Bank. Let's substantiate these findings with previous empirical literature:

1. **Recruitment & Selection Practice:** The positive correlation coefficient (Pearson Correlation = 0.374, $p < 0.01$) between recruitment & selection practice and organizational performance aligns with previous research. Studies by Seaman, Upton, and Carlson (2006) and Tanver et al. (2011) have shown that effective recruitment and selection processes lead to better organizational performance.

2. **Performance Appraisal Practice:** The significant positive correlation coefficient (Pearson Correlation = 0.475, $p < 0.01$) between performance appraisal practice and organizational performance is consistent with findings from previous studies. Research by Horgan & Mohalu (2006) and Saira Hassan (2016) also supports the notion that well-designed performance appraisal systems contribute to improved employee performance and, subsequently, organizational outcomes.

3. **Training and Development Practice:** The positive correlation coefficient (Pearson Correlation = 0.394, $p < 0.01$) between training and development practice and organizational performance is in line with existing literature. Studies by Mohammad et al. (2014) and Yed & Yan (2012) have demonstrated that investing in employee training and development enhances skills, knowledge, and performance, thereby positively impacting organizational performance.

4. **Compensation & Reward Practice:** The significant positive correlation coefficient (Pearson Correlation = 0.473, $p < 0.01$) between compensation & reward practice and organizational performance is supported by previous research. Mansour (2010) and Ilyas et al. (2016) have found that competitive compensation packages and effective reward systems motivate employees, leading to increased performance and better organizational outcomes.

In summary, the findings align with previous empirical literature, indicating that effective implementation of HRM practices, including recruitment & selection, performance appraisal, training and development, and compensation & reward, positively influences organizational performance. These practices contribute to enhancing employee skills, motivation, and performance, ultimately leading to improved organizational outcomes. Therefore, the bank should continue to invest in these HRM practices and ensure their effective implementation to sustain and enhance its performance in the banking sector.

CHAPTERFIVE

SUMMARY,CONCLUSION AND RECOMMENDATION

5. Introduction

This chapter summarizes the findings, conclusions, and recommendations of the study. The findings highlight the significant impact of human resource practices on the organizational performance of Lion International Bank, as evidenced by the data analysis. Conclusions are drawn to underscore the importance of effective HRM practices in enhancing organizational efficiency and productivity. Based on these insights, recommendations are provided to improve recruitment & selection, performance appraisal, training & development, and compensation & reward practices, ultimately fostering better organizational outcomes.

5.1 Summary

♦ The recruitment and selection practice received high ratings, with mean scores ranging from 4.10 to 4.27 across various questions, indicating a positive perception of these practices among respondents.

♦ Performance appraisal practices were also rated highly, with mean scores between 4.21 and 4.29, reflecting a favorable view of these practices.

♦ Training and development practices received strong approval, with mean scores from 4.27 to 4.34, suggesting that respondents perceive these initiatives positively.

♦ Compensation and reward practices were rated highly, with mean scores between 4.23 and 4.34, indicating satisfaction with the bank's compensation and reward systems.

♦ Human resource management practices received positive feedback, with mean scores from 4.21 to 4.31, reflecting an overall favorable perception.

♦ Organizational performance metrics also received high ratings, with mean scores ranging from 4.15 to 4.30, suggesting a strong performance perception among respondents.

♦ The normality assumption was met, with the residuals following a normal distribution. The Durbin-Watson statistic of 2.061 indicated no significant autocorrelation. Multicollinearity tests showed low multicollinearity with tolerance values above 0.5

and VIF values below 10. The homoscedasticity assumption was satisfied, as indicated by the random scatter of residuals around the horizontal axis. The linearity assumption was also met, confirming a linear relationship between independent variables and the dependent variable.

♦ The regression model showed a strong relationship between the independent variables (recruitment & selection practice, performance appraisal practice, training & development practice, and compensation & reward practice) and organizational performance, with an R-square value of 0.513 and an adjusted R-square of 0.507

♦ The ANOVA results indicated a significant model ($F = 33.236$, $p < 0.000$), confirming the predictive power of the independent variables. Coefficients analysis revealed that performance appraisal practice ($= 0.278$, $p < 0.000$), training & development practice ($= 0.126$, $p < 0.040$), and compensation & reward practice ($= 0.272$, $p < 0.000$) significantly contributed to organizational performance

Overall, the findings suggest that the bank's employees have a positive perception of the recruitment and selection, performance appraisal, training and development, and compensation and reward practices, all of which significantly contribute to perceived organizational performance. The demographic data indicates a youthful and well-educated workforce, with a structured system for employee development and a focus on customer service. The regression analysis supports the importance of effective HR practices in enhancing organizational performance.

5.2 Conclusion

The comprehensive analysis conducted on the relationship between human resource management practices and organizational performance within Lion International Bank reveals compelling insights. The findings reveal a strong positive relationship between these HRM practices and the bank's performance outcomes, highlighting their critical role in driving success.

The first objective assessed **recruitment and selection**, demonstrating a statistically significant positive effect on organizational performance. This emphasizes the importance of effective recruitment strategies in building a competent workforce that enhances overall performance.

The second objective focused on **performance appraisal**, which also showed a significant positive impact on organizational performance. This finding indicates that systematic evaluations contribute to employee effectiveness and organizational success.

The third objective investigated **training and development** practices, revealing a significant positive relationship with organizational performance. This underscores the necessity for continuous investment in employee development to boost performance levels.

The fourth objective explored **compensation and reward management**, which similarly demonstrated a significant positive effect on organizational performance. This highlights the importance of competitive compensation strategies in motivating employees and fostering organizational success.

In summary, all four HRM practices—recruitment and selection, performance appraisal, training and development, and compensation and reward—positively and significantly influence the organizational performance of Lion Bank. Strengthening these HRM practices is essential for fostering growth and achieving sustained success. Therefore, management should prioritize these areas to optimize performance and maintain competitiveness in the banking sector.

5.3 Recommendations

Based upon the findings of the analysis, several recommendations are proposed to enhance HRM practices and optimize organizational performance at the banking industry at large and specifically at Lion International Bank SC:

1. **Reform Recruitment and Selection Processes:**
    ♦ **Comprehensive Screening:** the department shall conduct thorough screening processes, including structured interviews and personality assessments, to ensure candidates are a good fit for the organization.
    ♦ **Refined Job Descriptions:** the Human Capital Management Department should review and update job descriptions to accurately reflect the skills and qualifications required for each position. Ensure clarity and precision in job postings.

2. **Enhancement of Performance Management Systems:**

- ♦ **Regular Feedback Mechanisms:** the Human Capital Management Department should enhance performance appraisal systems to provide regular, constructive feedback. Implement all-around feedback systems to gather comprehensive performance insights.
- ♦ **Employee Development Plans:** the department shall incorporate individual development plans within the performance management framework to support employee growth and address skill gaps.

3. Investment in Training and Development:

- ♦ **Tailored Training Programs:** the bank should implement comprehensive training programs aimed at enhancing both technical and soft skills. This should include leadership development initiatives and mentoring programs tailored to the needs and aspirations of employees.
- ♦ **Continuous Learning Culture:** the bank shall foster a culture of continuous learning by providing access to e-learning platforms and encouraging employees to pursue relevant certifications and courses.

4. Reviewing Compensation and Reward Structures:

- • **Competitive Compensation Packages:** the concerned organs of the bank must regularly review and adjust compensation packages to remain competitive within the industry. Conduct market analyses to benchmark against industry standards.
- • **Recognition Programs:** the bank shall develop both monetary and non-monetary recognition programs to regularly acknowledge and reward employee contributions, fostering motivation and engagement.

By implementing these recommendations, Lion International Bank can enhance its organizational performance by leveraging their human capital effectively, fostering a culture of continuous improvement, and aligning human resource practices with strategic business objectives.

5.4 Suggestion for further Study

While the current study provides valuable insights into the relationship between human resource management practices and organizational performance at Lion International Bank, there are several opportunities for further research that could enhance our understanding of this complex relationship. Moreover, there may be some areas where improvements or adjustments

could further enhance the effectiveness of these practices. Further analysis or qualitative feedback could provide additional insights into specific areas of strength or areas for improvement within the bank's HR management practices. Hence, the bank should take into consideration to do further analysis on the subject.

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APPENDIX

Dear Sir/Madam,

This survey is conducted as my research project, which shall be submitted as a part of fulfillment of the Master of Business Administration Degree from the St. Mary University for the entitled **"Effect of human resource management practices on organizational performance: The case of Lion International Bank S.C."**

Please try to answer all of the questions as honestly and accurately as possible. All responses to this survey will hold in strictest of confidential. The findings from this survey will reported only in aggregated level and anonymity of individuals that respond to this questionnaire is guaranteed.

The survey will take less than 15 minutes. Your participation is very much appreciated. Should you have any questions or comments regarding this questionnaire, do not hesitate to contact me on my cell phone 0927818242 (Mahlet A.) or by email at atbatem@gmail.com.

Thank you for your value cooperation and assistance

Section 1: Background of the respondents

Instruction: Please indicate ( ) in the box for each question and you don't need to write your name.

1. Are you

   Male   Female

2. What is your age?

   20-25   35-40

   25-30   40-45

   30-35   Above 45

3. What is the highest level of formal education you have completed?

Diploma   Master Degree

Degree   Other _____

4. What is your position in the bank?

Bank Trainee   Junior Officer   Customer Service Officer

Senior Customer Service Officer   Officer   Senior Officer

Customer Service Manager   Branch Manager   Head Section

Division Manager   Other_____

5. Work experience in the bank industry

1-5 Years   10-15 Years

5-10 Years   above 15 Years

Section 2: Recruitment & Selection Practice

Please indicate your level of agreement by putting ( ) in the space provided with the following statements regarding the recruitment and selection practices in the bank.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

SN	Questions	Rating scale				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The bank's recruitment process effectively identifies candidates with the necessary skills and qualifications					
2	The recruitment process ensures a diverse pool of qualified candidates					
3	Employees hired through the bank's recruitment process demonstrate a high level of performance in their roles					

4	The bank's recruitment practices contribute to the achievement of organizational goals and objectives					
5	The recruitment process efficiently fills vacant positions within the bank					
6	Employees recruited by the bank are well-suited to the organizational culture and values					
7	The bank's recruitment practices help to minimize employee turnover rates					
8	I feel confident in the bank's ability to attract and retain top talent through its recruitment processes					
9	The bank's recruitment practices align with industry best practices and standards					
10	Overall, I believe that the bank's recruitment & selection practices positively impact its organizational performance					

Section 3: Performance Appraisal Practice

Please indicate your level of agreement by putting ( ) in the space provided with the following statements regarding the performance appraisal practices in the bank.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

SN	Questions	Rating scale				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The bank's performance appraisal process provides clear and objective criteria for evaluating employee performance					
2	Performance appraisal feedback is provided in a timely manner, allowing employees to address areas of improvement promptly					
3	The performance appraisal system helps to identify and recognize high-performing employees effectively					
4	Performance appraisal outcomes are used to inform decisions related to promotions, compensation, and career development					
5	The performance appraisal process encourages employee engagement and accountability					
6	Employees perceive the performance appraisal system as fair and unbiased					
7	The bank's performance appraisal practices contribute to improved employee morale and motivation					
8	Performance appraisal discussions facilitate constructive dialogue between employees and supervisors					
9	The bank regularly reviews and updates its performance appraisal system to ensure effectiveness and relevance					

| 10 | Overall, I believe that the bank's performance appraisal practices positively impact its organizational performance | | | | | |

Section 4: Training & Development Practice

Please indicate your level of agreement by putting ( ) in the space provided with the following statements regarding the training & development practices in the bank.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

SN	Questions	Rating scale				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The bank provides relevant training programs to enhance employee skills and knowledge					
2	Employees have access to opportunities for professional development and career advancement					
3	Training programs offered by the bank align with the skills and competencies required for job roles					
4	The bank encourages employees to apply newly acquired skills and knowledge in their work					
5	Employees perceive the training and development opportunities provided by the bank as valuable					
6	The bank's training initiatives contribute to increased employee productivity and performance					
7	Employees feel supported by the bank in their efforts to pursue further education or professional certifications					
8	Training and development practices in the bank help to attract and retain top talent					
9	The bank regularly evaluates the effectiveness of its training and development programs to ensure alignment with organizational goals					
10	Overall, I believe that the bank's training and development practices positively impact its organizational performance					

Section 5: Compensation & Reward Management Practice

Please indicate your level of agreement by putting ( ) in the space provided with the following statements regarding the compensation & reward management practices in the bank.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

SN	Questions	Rating scale				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The bank offers competitive salaries and benefits packages					
2	Performance-based incentives motivate employees to achieve their goals					
3	The bank's compensation structure is aligned with industry standards					
4	Employees perceive the bank's compensation and reward system as fair and transparent					
5	Rewards and recognition programs in the bank effectively acknowledge employee contributions and achievements					
6	The bank's compensation and reward practices help to attract and retain top talent					
7	Employees are satisfied with the overall compensation and benefits offered by the bank					
8	The bank's compensation and reward management practices positively impact employee morale and motivation					
9	The bank regularly reviews and updates its compensation and reward policies to ensure alignment with organizational goals and market trends					
10	Overall, I believe that the bank's compensation and reward management practices positively impact its organizational performance					

Section 6: Human Resource Management Practices

Please indicate your level of agreement by putting ( ) in the space provided with the following statements regarding the human resource management practices in the bank.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

SN	Questions	Rating scale				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The bank effectively recruits and hires qualified candidates					
2	The bank provides adequate training and development opportunities for its employees					

3	Performance appraisal systems in the bank are fair and transparent					
4	The bank encourages employee engagement and participation in decision-making processes					
5	The bank offers competitive compensation and benefits packages					
6	There are opportunities for career advancement and growth within the bank					
7	The bank promotes a positive work culture and values diversity and inclusion					
8	The bank effectively manages employee relations and addresses conflicts promptly					
9	HR policies and procedures in the bank are communicated clearly and consistently					
10	Employee feedback is actively sought and valued by the organization					
11	The bank promotes a healthy work-life balance for its employees					
12	Employees believe that HRM practices are a key factor in the success of the organization					
13	HRM practices positively contribute to the bank's overall performance					

Section 7: Organizational Performance

Please indicate your level of agreement by putting ( ) in the space provided with the following statements regarding the organizational performance of the bank.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

SN	Customer Satisfaction	Rating scale				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The bank is providing personalized and tailored services to meet individual customer needs					
2	The bank's products and services align with customer preferences and expectations					
3	The bank promotes a customer-centric culture among employees					
4	The bank tries to proactively anticipate and address customer needs					
5	The bank's overall commitment to ensuring customer satisfaction is excellent					
	Employee Commitment					

		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
6	The bank recognize and reward employee contributions and achievements					
7	I have a good feel a sense of loyalty towards the bank					
8	I am very committed in achieving the goals and objectives of the bank					
9	I have plenty trust you have in the leadership and management of the bank					
10	rate your overall satisfaction with your job at the bank					
	Financial Performance	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
11	The profitability and revenue growth of the bank is encouraging					
12	The bank's cost management practices and efficiency measurement is optimal					
13	The bank effectively manages its resources to optimize financial performance					
14	I have a confident on the bank's ability to achieve its financial targets and goals					
15	The bank effectively allocates financial resources to support business growth and development					
	Innovation					
16	The bank's culture of innovation encouraging new ideas and creativity among employees					
17	The bank's investment in research and development to foster innovation is sufficient					
18	The bank effectively implements innovative solutions to improve its products and services					
19	The bank is adopting new technologies and processes to enhance efficiency and customer experience					
20	The bank fosters a culture of continuous learning and improvement to drive innovation					