ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF HUMAN RESOURCE MANAGEMENT PRACTICES (THE CASE OF AWASH INSURANCE SHARE COMPANY, (AIC)

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Internal Examiner   Signature

Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Girma Tegene. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in pat or in full to any other higher learning institution for the purpose of earning any course of study.

JIJE KUNASE   -----------------

 Name of student   Signature

St. Mary's University College, Addis Ababa   June, 2023

ENDORSEMENT

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

Girma Tegene, (PhD)   _____

 Advisor   Signature

St. Mary's University College, Addis Ababa   June, 2023

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List of Abbreviations

- ➢ AIC   Awash Insurance Company

- ➢ AISC   Awash Insurance Share Company

- ➢ HR.   Human Resource

- ➢ HRM   Human Resource Management

- ➢ HRP   Human Resource Planning

- ➢ SPSS   Statistical package for social science

ABSTRACT

Human Resource (HR.) is the most important asset for any organization, and it is the source of achieving competitive advantage. Without having adequate human resource, the organization will be unable to achieve established goals and objectives. The main aim of this study is attempted to assess the Human Resource Management practices of the awash insurance share company (AIC). Using cross-sectional study design 66 participants would be recruited as a sample size using systematic-sampling method. The findings show that there are gaps in HRM practices regardless of HR. manager's high level of education in their respective job fields. On this ground, it has been concluded that AIC managers and supervisors need additional HR related skills and knowledge to carryout HRM functions and therefore, an organized effort from the organization and other concerned bodies is of paramount importance to address this lack of HR. management capacity. Based on the findings of this study, recruitment, performance appraisal, training and development, and compensation were the main variables that attract, motivate and retain employees in organizations. Therefore, AIC should work toward improving the HRM practices to achieve the goal of the organization.

Key words: - HRM Practices within AIC, Descriptive statistics

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

The term human resource management has relatively adopted in business organizations in place of personnel management. Human resource management can be defined as "the management of activities undertaken to attract, develop, motivate, and maintain a high performing workforce within the organization" (Harvey & Bowin, 1996). The role of human resource management practices starts with appointing people by an organization. Human resource management refers to the policies and practices including human resource planning, job analysis, recruitment and selection, orientation, compensation and rewards, performance appraisal, training and development, and labor relations (Dessler, 2007).

Human Resource (HR.) is the most important asset for any organization, and it is the source of achieving competitive advantage. Without having adequate human resource, the organization will be unable to achieve established goals and objectives'; hence managing human resource is the key role of success of an organization. (Werther & Davis, 1996). Poole (1990) stated that today's human resource management could be described as broad and strategic involving all managerial personnel, valuing employees as important assets of organizations, and being proactive in its responsibilities. Moreover, today human resource functions refer to those tasks and duties performed in both large and small organizations to coordinate human resources (Byars & Rue, 1991). Accordingly, these functions of human resource management practices can be listed as follows: To ensure that the organization apply equal employment opportunities and other government obligations, to develop and implement a plan that meet personnel and job requirements, to recruit employees needed by organization in order to achieve its objectives, to select personnel in order to fill vacant positions within an organization, to provide orientation and training to the employees, to design and implement management and organizational development programs, to design and implement performance appraisal system to evaluate employee performance, to design and implement compensation systems for employees. Today, it would be very difficult to imagine any organization achieving and sustaining effectiveness without efficient human resource management programs and activities.

Human resource management involves all management decisions and practices that directly affect the people who work for the organization.

Therefore, human resource management practice should be central to the organizational strategy (Barney, 1991). According to Ivancevich,"the contributions human resource management makes to organizational effectiveness are the following: Helping the organization reach its goal, employing the skills and abilities of the workforce efficiently, providing the organization with well trained and well-motivated employees, increasing to the fullest the employees' job satisfaction, communicating human resource management policies to all employees, and helping to maintain ethical policies and socially responsible behavior". Having this in mind, we will assess the HRMF and practices of Awash Insurance Company (AIC) which is playing a very important role in the society.

The human resource management (HRM) practices covered in this chapter include the following. First subject is human resource planning (HRP) which covers the identification of HR. needs in the organization as well as the designing of a plan to satisfy those requirements. It involves estimating of the required work force and the specific characters of the quality of employees needed.

The next subject will include the action of finding and engaging people required by the organization and then choosing the most appropriate candidates for employment, this is known as recruitment and selection (Armstrong 2010, 189-192).

The third topic is training and development of employees in the organization by which employees to improve their knowledge, skills and behavior. The other topic is performance management which presents the issues of finding ways to improve organizational, team and individual performance.

Compensation and Reward Management is the other topic which is closely related to the Performance Management. Reward can be financial or non-financial but altogether the objective is to motivate, attract and retain employees in organization. This means recognition and rewarding strategies and policies for successful performance in achieving the determined goals in individual, team or organizational level (Armstrong 2010, 247).

The empirical part of thesis is conducted through a qualitative and quantitative research. All employees of AIC from low level to top level filled the questionnaire to discover the actual HRM practices. The questionnaire for all employees was distributed to provide information about the administration and the execution of human resource practices in the organization. Interviews and observation was also conducted to get reliable data. On the other hand, it was necessary to examine whether the employees a knowledge those activities and practices and if they were satisfied with them.

The main aim of this study is to search for the problems and challenges in the management of human resources, followed with possible solutions and improvement suggestions for the organization.

1.2 Background of the Organization

Awash Insurance Company S.C. (AIC) is one of the first few pioneers' private insurance companies in Ethiopia launched following the liberalization of the financial sector in 1994. Founded on a solid base and uniquely on cross-sectional composition, AIC is progressing in renewing its commitment to excellence. AIC provides several types of insurance services.

Human Capital (Staff): AIC has at present 602.

Branch: AIC has +60 branches from which 59 are non-Life branches and one Life branch

Human Resource planning and development Management of Awash Insurance Share Company.

Human Resource Planning policy

Human resource planning identifies human   resource needs of the Company in reviewing human resource needs either by promoting internally or recruiting from external sources. The process of human resource planning begins in considering the strategies and objectives of Company. The human resource plan shall consider both the short and long- term perspectives.

Procedures Of Human Resource Planning Policy In AIC

Human resource planning involves the following steps:

* Understanding the Company's objective and strategies on human resource development.

* Conducting inventory of human resource in the Company.

* Gathering and consolidating human resource needs considering job requirement.

* Identifying the gap between existing and required human resources in the Company.

* Scanning external environment for changes influencing labor supply; and

* Coming up with human resource plan from the long term and short-term perspectives.

Recruitment & selection flowchart

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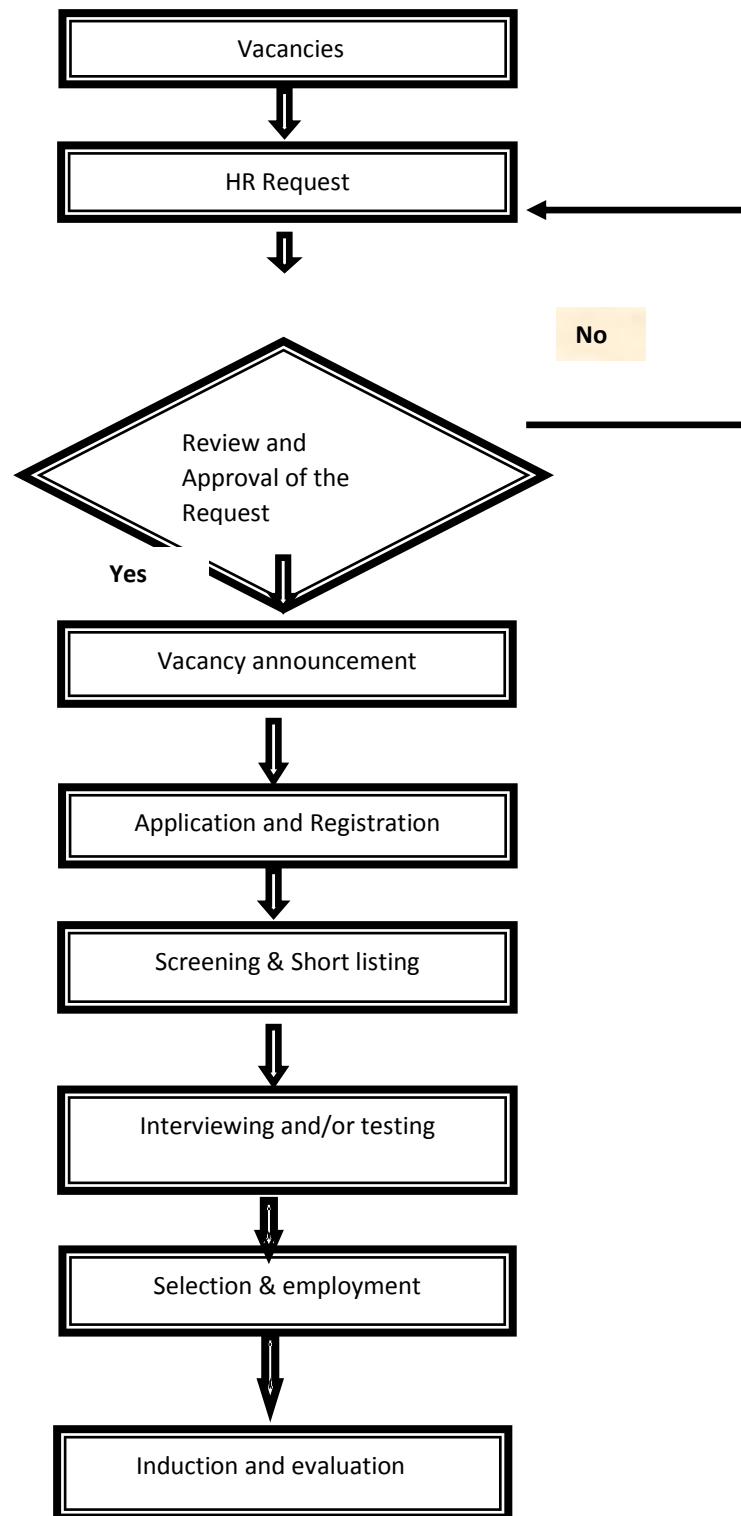
Source: Awash Insurance HR. Manual

Performance Appraisal

Employee Performance Appraisal Policy in awash insurance.

The Company shall apply latest evaluation methods of performance appraisal.

Performance appraisal requires the setting of specific measurable goals jointly with employees and the measurement of the feedback periodically.

The goals shall be linked to a time schedule, and be specific and measurable, and become the standard to measure the employee's performance.

The system shall appraise the performance of employees on the basis of their results and the manner or behavior with which they perform their jobs.

Performance evaluation shall be the basis for annual increment in salary and other rewards.

Performance evaluation system serves as a means of planning work and individual development and receiving formal feedback. Immediate supervisors are required to keep performance records regularly and the feedback given to the employees to improve their level of performance.

Employee performance appraisal is primarily concerned with goal achievement and identification of weakness that deserves corrective action.

Performance appraisal system has the following benefits:

Enables to identify and recognize strength and weakness of employees and serves as a guide for the steps to be taken;

Serves as a systematic guide of planning employee training programs;

Assists proper placement and utilization of employee talents, skills and capabilities and sometimes might lead to review of work organization; and

Provides basic information for key personnel actions such as probation, promotion, transfer, determination of reward allocations and demotion.

Training and Development Policy In Awash Insurance Company

Training in the Company is primarily aimed at developing the skills of employee so as to make the employee more efficient and effective in their duty.

The Company endeavors to take individual aspirations into account while the main objective of training is to contribute towards meeting the goals of the Company.

The Company considers training to be an investment that generates benefit both to the employee and to the Company.

The Company is very keen in creating opportunities for employee development through education, training and career development programs. Employees shall enter into a contract with the Company to serve the latter for a defined period after training or to refund the cost to the Company upon leaving the Company.

The Company recognizes the mutual advantage and benefits in deploying employees according to their interest and preference. It shall support and encourage career development to meet its objectives and to motivate employees.

As the need and opportunity arises, an employee is entitled to participate in training programs to be organized by the Company.

Training Procedure In Awash Insurance Share Company

   A. Education

The Company conducts assessment of employees who have the potential and interest in self-development.

Human Resources and Facility Management Department is responsible to coordinate, facilitate trainings, design, and assess training needs in light of skill up grading so as to attain Company's mission, goals and objectives.

The Company encourages employees to improve their educational level.

Employees are expected to communicate to the Company the formal schedule of the education they are attending.

B. Training

Post-training evaluations will be conducted to assess the level of   performance improvement following the training.

Training budgets will be incorporated in the annual budget by indicating the user Company units.

The human power of the Company must be well trained and developed in a continuous manner to fulfill the Company's mission and objectives.

Training need assessment will be made for the identification of the gap between the skill, knowledge, and attitude requirements for a job. The need assessment shall focus on the following:

The strategic plan of the Company with respect to human resource development.

Current expectations on deploying employees in accordance with their potential:

Changes in work methods, technology and business environment.

Improving labor productivity and minimizing staff turnover; and

Improvement of performance and elimination of impediments.

1.3 Statement of the Problem

Human resource is the most important asset for any organization and it is the source of achieving competitive advantage. Human resource management system should be backed up by sound human resource management practices. Human resource management practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals.

There are different human resource management practices in an organization, acting on it, depending on different situations and objectives of that organization. Some of commonly known human resource management practices are recruitment and selection, training and development and performance management etc. These human resource management activities have their own impact on employees' behavior that has impact also on the achievement of organizational goal.

Awash Insurance Share Company as an organization, is using and managing its employees to achieve organizational goals. By the researcher personal observation, most common human resource management practices, like recruitment and selection, performance management, training and development, and also reward management have problems in practicing them. That means the recruitment and selection process is not based on human resource planning, the performance management system not properly managed to evaluate employees, the training

program not based on performance gap and also those employees with effective performance not recognized.

Therefore, such problems need to be assessed and checked by scientific method to see what extent that the indicated human resource management practices are practicing in the organization and also what employees' perceive on benefits of these practices to their performance. So, the research will assess the current situation of practices of human resource management and what level employees perceive these practices influencing their behavior, like performance.

1.4 Research Questions

This study mainly will focus on the following basic questions

- Is recruitment and selection of employee' practice fair and transparent in AIC?

- How are training and development carried out in the organization?

- How is employee's performance appraisal is conducted in the organization?

- How is compensation implemented in the organization?

1.5 Objectives of the Study

1.5.1   General Objectives

The general objective of the study is to assess and analyze the overall procedures and constraints in the implementation of selected human resource management practices within AIC.

1.5.2   Specific Objectives

To meet the overall objectives, the study will try to address the following specific objectives:

. To assess if recruitment and selection of employee' practice fair and transparent in AIC?

- To find out training and development are carried out in the organization.

- To assess employee's performance appraisal is conducted in the organization.

- To find out compensation is implemented in the organization

- To assess the challenges of selected HRM

1.6 Significance of the Study

The findings of this study are considered important to provide insight into the various human resource management practices needed and give feedback and help AIC to apply the recommendations.

The study can encourage using a well- designed human resource management practices to achieve its objectives. It will be useful to top management and human resource management officers and practitioners to design the HRM functions at organizational level to maximize productivity toward achieving its objectives.

Furthermore, this research paper can be useful for researchers and other readers who would like to know about the human resource management functions and practices issues for future research and the recommendations will be given to implement accordingly.

In addition, the study could serve as a reference to similar associations and others who want to benefit from the study.

1.7 Scope of the study

The study focused on Practices and challenges selected human resource management practices

in awash insurance share company. There was no intention to address all function of HRM

due to the broadness of human resource management function, resource, and time constraints. So

The researcher focused only on some aspects of human resource management function, namely the

Practices and challenges of recruitments, selection, training, and performance appraisal,

Compensation and reward system of Awash Insurance Company

Definitions of the key terms

Benefits: Indirect financial and non-financial payments employees receive for continuing their employment with the company (Dessler, 2003, 527).

Bonus: Agrant of money as a gratuity to works. A special earned payment based on for example production. Anything welcome that one receives over and above what is expected or usual (Webster, 1991, 110).

Direct financial payments: Pay in the form of wages, salaries, incentives, commissions, and bonuses (Dessler, 2003, 529)

Effectiveness: Achievement of goals (Robbins, 1998, 23)

Efficiency: The ratio of effective output to the input required to achieve it (Robbins, 1988, 23)

Employee compensation: All forms of pay or rewards going to employees and arising from their employment (Dessler, 2003, 528).

Human Capital (Resource):The knowledge, education, training, skills and expertise of a firm's workers (Dessler, 2003, 530).

Indirect Financial Payment: Pay in the form of financial benefits such as insurance (Dessler, 2003, 530).

Job Analysis: Developing a detailed description of the tasks involved in a job, determining the relationship of a given job to other jobs, and ascertaining the knowledge, skills, and abilities necessary for an employee to perform the job successfully (Robbins, 1888, 552).

Management Development: Any attempt to improve current or future management performance by imparting knowledge, changing attitudes, or increasing skills (Dessler, 2003, 531)

Merit Pay: Any salary increase awarded to an employee based on his or her individual performance (Dessler, 2003, 531).

Recruitment: The process of generating leads, inviting candidates, interviewing candidates, making offers, and hiring (Dessler, 2003, 98).

CHAPTER TWO

2. LITERATURE REVIEW

2.1 The Concept of HR and HRMF

Human Resource (HR.) is the most important asset for any organization, and it is the sources of achieving competitive advantage. Human resource is considered as the most important resource of the organizations and it became decisive for success of any organization (Werther and Davis, 1996).

Human Resource Management (HRM) function performed in organizations that facilitate the most effective use of people (employees) to achieve individual and organizational goals and objectives. Terms used interchangeably with HRM include personnel management, HRM and employee development. The term HRM has relatively adopted in business organizations in place of personnel management. HRM can be defined as the management of activities undertaken to attract, develop, motivate, and maintain a high performing workforce within the organization" (Harvey Bowin, 1996, P.6).

HRM refers to the policies and practices including HRP, job analysis, recruitment selection, orientation, compensation, performance appraisal, training development, and labor relation (Dessler, 2007). Dessler (1991) had made no differentiation between personnel management and HRM and saw that latter as a modern expanded version of the traditional personnel met due to technological change in the work environment and shift in societal values.

Torrington and Hall (1998) explained the difference between personnel management and HRM is considered as workforce centered whereas HRM as resource centered. There is no universal agreement on the meaning of HRM, and many definitions have been offered by different authors of HRM. Storey (1995) considered HRM as a distinctive approach to employment management, which seek to obtain competitive advantage through the deployment of a highly committed and skilled workforce using a six array of techniques. Beer et al (1984) viewed HRM as involving all management decisions that affect the relationship between the organizations and employees.

Poole (1990) stated that today's HRM could be described as broad and strategic involving all managerial personnel, valuing employees as important assets of organizations, and being proactive in its responsibilities.

Moreover, today's human resource functions refer to those tasks and duties performed in both large and small organizations to coordinate HRs (Byars and Rue, 1991). Accordingly, these functions of HRM practices can be listed as follows: to ensure that the organization apply equal employment opportunities and other government obligations, to develop and implement a plan that meet personnel and job requirements, to recruit employees needed by organization in order to achieve its objectives, to select personnel in order to fill vacant positions within organizations, to provide orientation and training to employees, to design and implement performance appraisal system to evaluate employees performance, and to implement compensation systems for employees.

It is well known that an organization enriched with motivated, talented, and competent HRs can achieve any kind of challenging goals even if it seems impossible success of HRM depend upon their capabilities in managing HRs (Budshwar and Debrah, 2001).

The purpose of HRM is to improve the productive contributions of employer and provide competitive advantage to the organizations (Werther and Davis, 1996). The role of HRM practices start with appointing people by an organization. HRM refers to the policies and practices including HRP, Job analysis, recruitment and selection, orientation, compensation and rewards, performance appraisal, training and development, and labor relations (Dessler, 2007).

According to John M. Ivancevich, "the HRM practices consists of activities including equal employment opportunity compliance, job analysis, HRP, recruitment and selection, motivation, orientation, performance evaluation and compensation, training and development, labor relations, safety, health and wellness."

Ivancevich said that the contribution of HRM make to organizational effectiveness are the following helping the organization reach its goal, employing the skills and abilities of the work force efficiently, providing the organization with well trained and well-motivated employees, increasing to the fullest of the employee's job satisfaction, communicating HRM policies to all employees, and helping to maintain ethical policies and socially responsible behavior.

Today, it would be very difficult to imagine any organization achieving and sustaining effectiveness without efficient HRM programs and activities. HRM involves all management decisions and practices that directly affect the people who work for the organization. Therefore, HRM practices should be central to the organization strategy (Barney, 1991).

2.2 Objectives of HRM Activities and functions

The function of HRM increases organizational effectiveness as follows:

a) HRM implications serve the organization to reach its goal and objectives. To reach these objectives, HRM aims to employ skills and abilities of workforce effectively and efficiently and provides the organization with well-trained and well-motivated employees. HR activities also help to maintain ethical policies and behaviors within the organization.

b) HRM is responsible for communicating organization's policies to all employees and aims to increase the employee job satisfaction.

c) To manage changes in the field of HRM and benefit employees as well as organizations.

2.3 Human Resource Management Practices

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 (Martin sons, 1995).

HR. practices are designed to improve the knowledge, skills, and abilities of employees, boost their motivation, minimize, or eliminate loitering on the job and enhance the retention of valuable employees. The present study investigated the following HRM practices namely, Human Resource Planning, recruitment and selection, training and development, performance appraisal, compensation and reward and the effects of these practices in AIC was examined carefully in details.

2.3.1 Human Resource Planning (HRP)

Planning of the Human Resource in organization is an important activity in which the employer should be able to define what the requirements are and how these can be satisfied.

According to Geister, (1967)", HRP is the process including forecasting, developing, and controlling by which a firm ensures that it has the right number of people and the right kind of

people, at the right place, at the right time, doing work for which they are economically most useful." Organization dependence on the availability of the right person, at the right time for fulfilling job requirements cannot be debated. All well thought out plans for replacement of staff, growth of business, or for attempts to diversify depend on the timely availability of qualified employees.

The HRP is very important for the organization as the employees are constantly changing so management needs to respond to the changes and update the plans accordingly. Here, the aim is to explain what the HRP are and how the planning is executed in a challenging environment and changing of employees.

The HRP practice starts from planning which is an assessment of the future development and their possible impact on the employee issues (Armstrong 2010, 190). This plan is affected by the organization's strategy as well as with practices and methods. Then, there is need for workforce analysis internally and externally to define the present situation (Bratton and Gold, 2003, 194).

On the other hand, there is need for forecasting the future demand, supply and requirements of the current and potential employees.

Finally, it is required to make an action plan according to the forecasts which can include training, promotions or external recruitments (Armstrong 2010,190-191). Furthermore, it is management's responsibility to forecast and plan the HR. practices accordingly. The possible problems with HR. planning can be avoided with planning techniques that are used to identify the problems with the manpower. However, the main aim of the HRP is to reduce waste in employing people, reduce uncertainty about current manpower levels and future needs, and eliminate mistakes in staffing. Its purposes also include avoiding worker and skills shortages, stopping the profit eroding effects of being over or understaffed, preparing succession plans and shaping the optimum future workforce by hiring the right managers, technical specialists and skilled workers in appropriate numbers (Bratton and Gold 2003, 200).

Therefore, the purpose of having a HRP either in the short run or in the long run, is to have an accurate estimate of the number of employees required with matching skill requirements to accomplish the organization's goals and objectives.

2.3.2   Recruitment and Selection

Recruitment is a process of seeking and attracting a pool of people in order to select qualified candidates for vacant positions within the organization (Byars and Rue 1991).

Recruitment and selection is a process that consists of four different stages which are defining requirements, planning recruitment, attracting candidates and selecting candidates. This is part of the actionable HRP and all these steps should be taken according to the demands of the organization (Armstrong 2010, 192).

The defining of requirements starts from the organization strategy and the HRP which define the kinds of employees needed and what kind of activities they are to execute. This comes down to analysis and definitions of competencies and characters required for the specific job role (Bratton and Gold 2003, 2008). Armstrong suggests that the behavioral and technical competencies, qualifications, and experiences are part of job roles.

According to Flippo (1971) defined recruitment "as a process of searching for prospective employees and stimulating them to apply for jobs". According to him, the need for recruitment may arise out of the following situations:

(a) Vacancies due to transfer, promotion, retirement, termination, permanent disability, or death

(b) Creation of vacancies due to expansion, diversification, growth, or job reclassification. During recruitment process, organizations may use both internal and external sources to fill vacant positions.

Internal recruitment is looking for candidates among employees already working in the organization. It involves techniques like job posting. In this method, notices about vacant positions are posted in central locations. Throughout the organization and employees are given a time to apply these positions. Another method used in internal recruiting is to seek recommendations from present employees regarding friends who might fill vacancies.

External recruiting on the other hand, seeks for candidates from outside the organization. The methods of external recruiting can be listed as follows referrals media advertisements, campus recruitment, working with employment agencies using computer databases (Ivancevich, 1992).

Organizations are better to use realistic job previews to improve the effectiveness of recruitment process. "Recruitment is the process to discover the sources of manpower to meet the

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requirements of the staffing schedule and to employ effective measures for attracting the manpower in adequate numbers to facilitate effective selection of an efficient working force" – Yoder. After recruiting qualified candidate's applicants, the selection process begins".

Selection: According to Koontz "selection is the process of choosing from among the candidates from within the organization or from outside, the most suitable person for the current position or for the future position.

Every organization has its own selection policy. Selection is the decision of making process. Selection is the process of choosing from a pool of applicants the individuals who best fit their selecting criteria for a position (Harvey and Browin, 1996).

Generally, the organization selection process begins with the completion of the application form be the applicants.

The next step is preliminary screening interview in which minimum qualifications of applicants are screened and a brief personal interview is conducted to form general impression of the candidates and obtain key information about them.

The other step is to make employment tests such as knowledge and skills tests, emotional intelligence tests, integrity tests, personality tests and other work-related tests. The next step is employment interviews are conducted in which these interviews can be in different formats, structured, unstructured, or semi structured.

In the structured interview, the interviewee received a set of questions that have been prepared in advance by the interviewer. However, in unstructured interviews, the candidate controls the flow of the conversation. The interviewers do not direct the interviewees; rather they repeat the questions or statement by the candidates to encourage further discussion.

Unfortunately, unstructured interviews are subject to the interviewer's interpretations (Harvey and Browin, 1996). There are also other kinds of interviews such as panel, situational and stress interviews.

In panel interviews, the applicant is interviewed by a panel or group of individuals. In situational interviews, the applicant solves a particular problem or describes how they would behave in a specific job situation. In stress interviews, recruit is subjected to the stress supposedly encountered in the job situation (Harvey and Browin, 1996).

The other step is to check references and recommendation letters that are submitted by the candidates. As another step, some organizations require applicants take a physical examination tests and drug tests. The final hiring decision is made based on the results of the selection process mentioned above. In addition, there are some other tools that used in selection process such as work samples.

A work sample is a selection tool that requires the candidates to show how well they perform the tasks involved in a job under standardized situations.

Selection decision is important, and it requires the full attention of the management and selection errors might have great negative impact on the operations. This means that in any selection there are chances of selecting a wrong person and chances of losing a right person. So, it is very important to assess that candidate must possess all the required technical skills as well as the ability to perform well to be successful before selection made.

As a summary, it is good to remember that recruitment and selection are mostly about the description of the task and defining the essential competencies for executing them. In this way organizations can avoid hiring the wrong person for a job. The accuracy of selection decisions can often be increased if both HR. professionals and management are involved in hiring.

2.3.3 Performance Management (Appraisal)

Performance management is about performance, and it is a necessary part of HRM. Armstrong and Baron (1998), defined performance 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". It is concerned with performance improvement, employee development satisfying the needs and expectations of all the organization's owners, management, employees, customers, and the community.

Performance management is the process by which executives, managers, and supervisors work to align performance with the firm's goals. It is the activity used to determine the extent to which an employee performs work effectively.

In other terms, performance management includes performance appraisal, performance review, employee evaluation, employee appraisal and merit. It creates an environment in which a continuing discussion between managers and the members of their teams takes place to define

expectations and share information on the organization's mission, values and objectives performance management includes setting goals, evaluating outcomes, and giving feedback to improve the future performance of an employee, team or the organization in general. It is supposed to direct the behavior to desired direction and motivate people by having clear objectives and the opportunity to correct the behavior according to the feedback.

The way of giving corrective feedback should be practiced, and the manager should always stay polite, calm, and professional. It has been argued that the most powerful mean of performance management is goal setting. If the goals can be made and achieved in a certain period it would mean that a person has control over the environment as well as the time could be managed (Schneider and Barsoux, 2003, 162-163).

An effective performance appraisal system involves two-way communications between the supervisor and the subordinate about performance. Evaluation should not be viewed simply as a once-a-year completion of rating forms; it should be a continuing process. For a formal performance appraisal to be effective, six steps must be taken according to "Ivancevich."

1. Establish performance standards for each position.

2. Establish performance evaluation policies on when and how often to evaluate, who should evaluate, the criteria for evaluation to be used.

3. Have raters gather data on employee's performance

4. Evaluate employees' performance

5. Discuss the evaluation with the employee

6. Make decision and file the evaluation.

Performance evaluation interviews that involve feedback evaluation information can be effective if the evaluation information is meaningful, clear, and helpful. On the other hand, feedback information can be quite stressful if the evaluation is considered unfair, inaccurate, and poorly designed.

Selecting the best appraisal approach for the employees and managers to use is an important decision, properly performed performance evaluation contribute to organizational objectives and employee's development and satisfaction. If objective done well, the appraisal can help identify

a better worker from a poor one. 15 An effective appraisal system is an asset to the organization. Pareek and Rao (1981) viewed the objective of performance appraisal as follows: According to them, appraisal should serve the following objectives:

1. Help the employee to overcome his weakness and improving his strength and this enable him to improve his performance

2. Generate adequate feedback and guidance from the immediate supervisor to an employee working under him

3. Help identify employees for the purpose of motivating, training, and development them.

4. Identify employees for salary increase promotion and transfer

5. Identify training needs.

Therefore, a good performance plan can give a sense of direction and utilize human potential and enhance individual and organizational performance. Supervisors should work hard by helping employees to meet their expectations on the other hand, conducting periodic performance appraisal is very important by comparing the last period with the current period.

In addition, supervisors should identify the employee's strength and weakness, and may plan ways of avoiding their weakness and develop their skills, knowledge, and experiences to fully apply their strength toward improving the work performance effectively and efficiently.

2.3.4 Training and Development

Training and development constitute an ongoing process in any organization, and it is one of the HRM practices of organizations.

"Training is the formal and systematic modification of behavior through learning which occurs as a result of education, development, and planned experience (Armstrong, 2001:543)."

In contrast, staff development refers to the development of supporting technical and professional staff in organizations. Its aims are to enable such employees to perform their current and future role effectively (Collin, 2001:305).

Training and development encompass three main activities: training, education and development. Firms that offer training and employee development are making a visible investment in

employees. Among its positive outcomes, this investment increases employability for the individual employee

In the environment of today's business an employee is needed to cope with various pressures and are required to keep their skills and knowledge current to stay and remain competitive. Thus, demand for a well-qualified workforce becomes a strategic objective.

The human resource training and development system of an organization is a key mechanism in ensuring the knowledge, skills, and attitudes that are necessary to achieve organizational goals and create competitive advantage (Peteraf, 1993). Training is planned effort that facilitates the acquisition of job-related knowledge, updating of skills sets, and influences the behavior of an employee.

In the implementation of HRM tools training is an important factor responsible for productivity. Higher productivity observed in organizations is a direct outcome of training programs." Untrained workers tend to change job more often.

An increasing in high performance work practices, converts decreasing in turnover" (Bradley, Petrescu and Simmons, 2004).

Training programs are particularly helpful when an employer is experiencing a high degree of employee turnover more so during the times of economic uncertainty. Even during the times when the business is flourishing an organization should proactively have earmarked their investment for on-the-job training and other training programs balancing the cost of training with the perceived benefits of productivity.

On the other hand, a trained worker has the required skills and knowledge and can be candidate for job turnover because, after having training, employee may decide to leave the organization to find a better job in another organization.

Therefore, job satisfaction is crucial factor to retain the employee from shifting his or her jobs. It is expected that firm's investments in training will have a positive impact on the extent to which the firm succeeds in developing the skill and knowledge of its employees.

Organizations with superior training programs may experience lower staff turnover than organizations that neglect staff development.

In the field of HRM, training and development is the field concerned with organizational activity aimed at improving the performance of individuals and groups in organizational settings. HRM practices influence employee skills through the acquisition and development of firm's human capital (Huselid M.A., 1995). Organizations can adopt various HRM practices to enhance employee skills (Delaney and Huselid, 1996). First, such practices can be used for improving the quality of the individuals hired by raising the skills and abilities of current employees. Second, organizations can improve the quality of current employees by providing comprehensive training and development activities after selection of workers.

Therefore, firms with superior training programs are likely to experience lower staff turnover than companies that neglect staff development (Arthur, 1994).

Also more investment in training and employee development is positively related to organizational effectiveness, increased productivity and reduces employee's intent to leave the organization (Harel and Tzafrir, 1996).

The investment in employee learning, training and development is a way of creating a primary internal market, and policies aimed at upgrading skill reduce an organization's dependency on external source of skill (Bratton and Gold, 2007:306).

A good system of training and development starts with the identification of training need assessment. An organization needs to assess its people's skills. Training needs by variety of methods and then structure the way that the training and development is to be delivered and the top-level management being with HRM should give due attention on training and development programs and help their employees in training so that they can be competent and effective in their work performance to achieve the organization's objectives are met.

2.3.5 Compensation (Reward) Management

Compensation is one of the human resource management functions that deals with every type of reward individuals receive in exchange for performing organizational tasks, such as wages, salaries, and bonuses.

The objective of the compensation function is to create a system of rewards that is equitable to the employer and employees. Huselid (1995) asserts that the compensation system is recognized as employee merit, and it is widely linked with firm outcomes. Compensation by its definition

means all monetary payments and all commodities used instead of financial to recompense employees.

 The reward system was organized to attract and motivate to keep employees.

According to Bratton and Gold (2007: p 360)," Reward refers to all the financial, non-financial and psychological payments that an organization gives for the employees in exchange for the work they perform." Regardless of any other rewards, it gives to its employees, an organization must make three main decisions about monetary reward how much to pay, for whom to pay, and how much to pay. Emphasis should be placed on monetary reward as part of the total employment relationship.

Thang (2004) suggests, "Compensation and reward can be powerful tools for getting efforts from the employees to fulfill the organizations goals." Reward management is closely related to the performance management as usually the rewards follow successful performance.

Rewards can be divided into financial and non-financial rewards and different strategies can be adopted for the allocation of rewards (Armstrong 2010, 267).

In practice, the rewarding should be based on the type of job the individual is doing and how one performs the job, although the demand and supply of the labor force are increasingly affecting the rewarding. The reward is seen as a tool of managing which supports the success of organization and motivates the workforce to act according to the values and objectives of the organization.

The rewarding has many different systems to follow. The financial rewards can be base pay, and performance related pay. Base pay is determined with internal and external rates that are the form of job evaluation and market rates and it is expressed with relation to a certain time period. i.e. year, month, and week. The levels of pay are agreed with individual agreements or with collective agreements /with labor unions (Armstrong 2010, 275).

To complement financial rewards, there are different tools of non-financial rewards. Those focus on the needs that people have for recognition, achievement, responsibility, influence and personal growth. Money alone cannot be relied on motivating employees to work, so it should be reinforced with these non-financial rewards. If the motivation is achieved in such means, it can have longer lasting and powerful effect on people (Armstrong 2010, 279).

However, choosing an appropriate compensation mechanism is probably the core problem of HRM and represents the heart of personnel economics (Gar, Baldi p, 2006, P 82). Further, he stated that compensation packages must be consistent with profit maximization on the part of the firms, but they should also provide workers with the incentives to do as well as possible.

In addition, incentive compensation has a positive impact upon organizational performance, lower employee turnover and increases sales growth (Arthur, 1994). 20 Particularly, salary growth effects on turnover are greatest for high performers, that is high salary growth performing employees in the organization.

To summarize, employees need to be paid so that they are able to live. Pay needs to be adequate and equitable.

Money is not the only reward and compensation and may not motivate employees to be more productive, other benefit also needs to be looked at

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the study Methodology utilized in this research. It addresses the research design, approach, the population and sampling design, sampling frame, and sample size for this study. The chapter also covers the data collection, research procedures and data analysis method.

3.2 Study Design and Research Approach

The research design is descriptive type and studies HRM practices in AIC with about 69 employees operating. The design of the study was based on primary and secondary data that employed both qualitative and quantitative types research approach were, Quantitative research methods involve using numbers to measure and analysis the data and qualitative research tools that allow exact exploring of the excellences and attitude of the people in addition.

The researcher has employed descriptive type of research method because of the various intention of the study is to describe the existing practices of HRM practices in AIC and describing the characteristics of certain groups to estimate the frequency of the subject in the population.

a) The study focused on HRM practices in AIC. Therefore, the population of this study was all the managerial and non-managerial employees who are working in AIC Head Quarter.

b) The study used census as it collected data from all respondents who are working for AIC Head Quarter.

3.3 Research population

Population of interest is homogeneous and population studies are more representative because everyone has an equal chance to be included in the final sample that is drawn. The target population for this study is the 69 employees Awash Insurance share company at head quarter.

3.4 Data Sources and Methods of Data Collection.

Data have been gathered from 66 AIC staff members using open and closed ended questionnaires. The respondents embodied various hierarchies of the departments of AIC starting from support staff to higher level of the organization. Furthermore, the perception and ideas of middle and senior management staffs of AIC have been incorporated to compliment the study. The data collection has been done by using a combination of different methods as described below:

Primary Data:

Primary data was collected through different data collection methods.

a) Questionnaires: Standardized Questionnaires (Close ended questionnaires) were distributed to lower support staff members of the organization in all five departments using Likert's five rating scale to respond accordingly.

Questionnaire was distributed to the middle and senior level managers and employees to respond using the Likert's five rating scale plus forward their perception and ideas for improvement. To this study, thirteen structured questionnaires were prepared and were organized in to two sections to collect the primary data.

The questionnaires and interview assessment were carried out in the months of January and February 2023.

The two sections of the questionnaire are as follows: Section one consisted of seven questions regarding the general information of respondents such as age gender, 23 marital statuses, qualification level, experience in current organization, and department in which they belong to.

Section two was designed to assess employees' perceptions about HRM practices and level of their satisfaction in AIC. A five point of Likert's Scale has been used in the second section of the questionnaire to measure the HRM practices in the organization in which they work.

Each statement was rated using the 5-point rating scale. The scaling is 5 for strongly agree, and 4 for Agree, 3 for Neutral, 2 for Disagree, whereas 1 for strongly disagree, have been given in order to analyze data.

Note that, four questions were asked to test HRP, five questions to test recruitment and selection, seven questions to test training and development, four questions to test the performance appraisal, five questions to test compensation and rewards, and finally two questions were asked to test the satisfaction level of employee's questions with HRM practices, out of these five of them were open ended questions, intended to get the most important facts and figures from respondents. (Refer questionnaire).

Furthermore, a structured questionnaire was prepared into two appendices, I for middle and senior level employees, whereas II was for low level and support employees. Out of sixty-nine employees, sixty-six of them filled the questionnaire and returned to the researcher, their response with returning rate of 95.65%. The respondents were all employees of AIC.

b) Interview: Telephone Interview was made with those in the field base in three regions, one in Nekemte, one in Bahir Dar; four of them were in North and South Wello, at the time of assessment. The research was done with qualitative research tools that allow exact exploring of the excellences and attitude of the people in addition, this interview was chosen to achieve the employee's own viewpoint of these certain HRM activity and how it is practiced and perceived in their daily life in the organization.

c) Observation: In addition, observations were used for the research of assessing the routine and interactional design in the AIC context. This is a way of witnessing what and how for example managers and supervisors deal with the employees or how the communication channels are open in practice. Note that, the observer was already familiar with the research environment. This is essential for the success of the research in AIC.

 Secondary Data Collection:

Secondary data sources were used to analyze the situation to put the study in the context of AIC. Sources include books, journals, AIC HR. manual, annual reports, and other related publications.

3.5 Measurement of HRM Practices

In this study, the researcher has adopted those HRM practices most consider prior theoretical and empirical work in the field (Arthur, 1994, Huselid, 1995, Ulrich, 1997). These practices included like HR. planning, recruitment and selection, performances appraisal, training and development, compensation, and Rewards.

Therefore, using a five-point Likert's scale ranging from one (strongly disagree) to 5 (strongly Agree), respondents were asked to indicate their perception on the HRA practices in AIC. (For more details about questions see appendices I and II.

3.6 Method of data Analysis

The collected data has been sorted out through applicable table. The necessary analytical devise, such as frequency and percentage were in place to verify the facts associated with human resource practices in AIC using SPSS version 20.

3.7 Validity and Reliability of Instrument

Validity explains how well the collected data covers the actual area of investigation (Ghauri and Gronhaug, 2005). Validity basically means that it measures what is intended to be measured (Field, 2005). To ensure content validity of instruments/i.e the questionnaire/ the researcher constructed the instrument with all the items that measure variables of the study. The researcher also had consulted the advisor for proper guidance. Reliability refers to the extent to which the data collection techniques would yield consistent findings. Reliability concerns the extent to which a measurement of a phenomenon provides stable and consist of result (Carmines and Zeller, 1979). Reliability is also concerned with repeatability.

Cherenkov (2012), state that the coefficient value of alpha is the average of all possible split half coefficients resulting from different ways of splitting the scale item. This coefficient of alpha varies from 0 to 1, and the value of 0.6 or less is generally indicates unsatisfactory internal consistency reliability. The measure of reliability test calculated indicated a Cronbachs alpha of .630 Based on the below range all the variables designed were found to be a good measure of the internal consistency ($\alpha > .60$).

The reliability coefficient study of variance

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.630	.616	29

3.8 Ethical Consideration

Upholding high ethical standards remained essential and a priority during the research. Respect for privacy and confidentiality were also paramount so as to build trust with the participants. Obtaining informed consent from research participants implies that they grant their permission to participate in a study. It also implies that they understand the nature of the research, as well as what their participation will involve (Israel, 2015).

All participants' information kept private and confidential. The participants also participated voluntarily even need to have right to withdraw partly or completely from the process.

Participants provided with a survey questionnaire and in its cover there had been a brief explanation of the purpose of the survey and its benefits and details regarding participant's confidentiality.

To ensure anonymity, respondents need was not allowed to indicate their names in the questionnaire and the researcher himself ensured that no individual would be implicated in the study. Since anonymity was there, respondents were expected to give honest responses without fear of any act.

CHAPTER FOUR

4. DATA ANALYSIS AND RESULTS

4.1 Introduction and Result about Demographic Variable

The chapter is briefly describing the presentation and analyzing of general information of respondents collected through structured questionnaire. Seven questions have been used for collecting general information from the respondents. General information includes age, gender, marital status, education qualification, service year, department and category of job.

4.2 Presentation of General Information

Collected general information has been presented as follows:

Age, gender, and marital status

Table 1 Demographic Variable

Age of Respondents

Variables	Frequency	Percent	Valid Percent	Cumulative Percent
20-25	2	2.7	3.0	3.0
26-30	13	17.6	19.7	22.7
31-40	27	36.5	40.9	63.6
41-50	16	21.6	24.2	87.9
51-60	4	5.4	6.1	93.9
greater than 61	4	5.4	6.1	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

Age distribution of respondents is presented in table 1. It shows that 2 of the respondents are age between 20-25 and most of the respondents are in age category of 31-40. That is 40.9% of

respondents. 16 respondents are in the age category of 41-50, whereas 13 are in the age category of 26-30.

Table 1. 1 : Gender of Respondent

Variables	Frequency	Percent	Valid Percent	Cumulative Percent
Male	38	51.4	57.6	57.6
Female	28	37.8	42.4	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

According to table 1.1, there are 66 respondents, out of which 28 (42.4%) were female and 38(57.6%) were male respondents.

Table 1. 2 : Marital status

Marital status				
Variables	Frequency	Percent	Valid Percent	Cumulative Percent
Married	44	59.5	66.7	66.7
unmarried	22	29.7	33.3	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

Out of 66 respondents, 44 (66.7%) are married employees and the rests of others 22 are unmarried employees.

4.3 Educational qualification of participants

Respondents were asked to indicate their highest educational qualification is presented in the table 2 below.

Table 2 Educational level

Educational level				
Variables	Frequency	Percent	Valid Percent	Cumulative Percent
12th	6	8.1	9.1	9.1
Certificate	2	2.7	3.0	12.1
Diploma	10	13.5	15.2	27.3
Bachelor's degree	22	29.7	33.3	60.6
MAMBA/MSC/MPH/ MD PHD	23	31.1	34.8	95.5
Others	3	4.1	4.5	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

According to the given data in the table 2 (MA, MBA, MSC, MPH) were recorded as the highest educational qualification of most of the respondents in the sample. That is 23 employees have got the highest educational qualification in AIC.22 of the respondents has professional qualification of bachelor's degree, whereas 10 diploma, six 12th and two have certificates.

Table 2. 1work experience

work experience				
Variables	Frequency	Percent	Valid Percent	Cumulative Percent
1-2 years	25	33.8	37.9	37.9
3-5 years	23	31.1	34.8	72.7
6-10 years	12	16.2	18.2	90.9
11-15 years	4	5.4	6.1	97.0
Greater than 15 years	2	2.7	3.0	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

Data on service period of Respondents questionnaire was "How long have you worked for the present organization; gathered data on the question is presented in table 2, most of the respondents 25 (37.9%) have 1-2 years' experience in the present organization and 2 which is 3% have more than fifteen years of service.

Table 2. 2 Service unit (Department)

Variables	Frequency	Percent	Valid Percent	Cumulative Percent
Research ,training and publication department	23	31.1	34.8	34.8
project management department	17	23.0	25.8	60.6
Administration and finance department	16	21.6	24.2	84.8
Members affairs and networking department	4	5.4	6.1	90.9
Executive director's office	6	8.1	9.1	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The employees were asked to indicate under which department they are working. According to the collected data, respondents reported that 23 (34.8%) employees work under research, training, and publication department (6.1%) employees are under Members & Networking Department. There are 17 employees work under project Management Department, whereas, 16 employees were reported to work under Administration & Finance Department, and six employees are working under Executive Director's Office.

Table 2. 3 Job Categories

Table 2.3 Job Categories				
VARIABLES	Frequency	Percent	Valid Percent	Cumulative Percent
Senior Management group	14	18.9	21.2	21.2
Middle Management group	24	32.4	36.4	57.6
support staff	28	37.8	42.4	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

According to data from the category of job they belong to, 28 (42.4%) employees reported that they belong to support staff 24 and 14 employees reported that they are belong to middle management senior management respectively.

4.4 Human Resource Management (HRM)

HRM Functions and Practices

Human Resource Management practices refers to the organizational activities directed at managing a pool of human resources and ensuring that the resources are employed towards the fulfillment of the individual and organizational goals. Human resource management practices include HRP, recruitment and selection, performance management, training and development, and compensation/reward management of employees.

4.4.1 Human Resource Planning (HRP) Practices in AIC

HR. planning which is one of the main functions of HRM field was examined in this section for exploratory purposes.

• Who prepares human resource planning in AIC?

The above question is directed to the employees whether they can indicate who prepares the HRP for the organization. The responses of the respondents can be seen in the following Table 3.

Table 3: Who Prepares Human Resources Plan and Evaluation Status?

Preparation of Human Resource planning

Variable	Frequency	Percent	Valid Percent	Cumulative Percent
project Management department	21	28.4	31.8	31.8
Management committee	6	8.1	9.1	40.9
Human Resource Management Unit	18	24.3	27.3	68.2
All department separately	21	28.4	31.8	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January- February 2022 (own)

As shown in the Table 3 above, 21 employees identified that project management department is the responsible section to prepare the HRP for the organization, and 21 employees said that all department separately prepare the plan for the organization, while 18 employees indicated that it is the responsibilities of the human resource unit to prepare the human resource plan for AIC.

On the other hand, six employees responded that management committee is the responsible agent to prepare the HR. plans for the organization. As can be seen from the table, the frequency analysis revealed that 6.3.6% of the respondent indicate project management department and all department separately prepare the organization's human resource planning respectively and 9.1% responded management committee prepares the HRM plan for AIC.

Finally, the researcher found that all departments separately prepare and bring to the project management and finance section to formalize for the sake of getting budget from the Donors. However, there is planning and monitoring unit to coordinates the departments to undertake the overall planning in the organization. It should be noted that, HR. planning is an important activity that can plan by assessing the present and future developments and their possible impact on the employee issues (Armstrong 2010, 190).

The possible problems with HR. planning can be avoided with planning techniques that are used to identify and explore the problems with manpower. The researcher found out that, the organization should strengthen its HRM to undertake its activities plan.

• **How often do you evaluate the effectiveness of HRP in AIC?**

The Questionnaire presented to the employee's attention to indicate how often to evaluate the effectiveness HR. planning. frequency analysis revealed how often they evaluate the plan and as the 41 respondents responded , it was evaluated twice a year that is 62.1% out of 100%.

Next, 14 respondents responded that it is evaluated annually & one said monthly. However, the researcher found that the evaluation takes place twice a year in AIC.

 4. Do you have knowledge, skills, and experience in preparing HR. planning

Source: Assessment Data, January - February 2023 (own)

One of the activities of HR. is to plan or forecasting the future for short period and long period. Therefore, the purpose of having a HRP, either in the short run or in the long run is to have an accurate estimate of the number of employees required with matching skill requirements to accomplish the organizations' goals and objectives (Bratton & Gold 2003, 200).

The collected data analysis revealed the responses from respondents demonstrates that is 48.5% employees have the knowledge, skill and practice to plan whereas, 34 or (51.5%) respondents responded that they don't have knowledge, skills and experience to plan.

The HR. department must assess the capability of its employees in every aspect to work toward the improvement of work performance to achieve the goals of the organization. Furthermore, HRM should monitor and evaluate the effectiveness of HRP and receive comment from each employee for improvements.

.Awash Insurance used Newspaper, and Internet for Job advertisement used to recruit

According to data collected,

Therefore, the findings revealed that the organization used newspaper & internet advertisement was evaluated as an effective way of recruiting employees.

4.4.2 Recruitment & Selection

Getting the right person in the right place at the right time remains the key objective in any recruitment process. The aim is to attract the widest pool of suitably qualified and competent candidates. In this section recruitment & selection process of HRM is evaluated by means of conducting frequency analysis the methods of recruitment applied in AIC, that is advertising by using newspaper, and internet, steps, fairness and transparent practices.

The most common ways of attracting applicants include advertisements, website (internet), professional agencies, referrals with these channels the organization can convey their values and desired image for labor force.

In recent years, the online recruitment has been rapid growth and it is widely used in many organizations (Bratton & Gold 2003, 230).

• The recruitment & Selection process is fair and transparent

Table 4: Fairness and transparency

Recruitment and selection

Variable	Frequency	Percent	Valid Percent	Cumulative Percent
Job Transparency strongly disagree	1	1.4	1.5	1.5
Disagree	6	8.1	9.1	10.6
Neutral	14	18.9	21.2	31.8
Agree	24	32.4	36.4	68.2
strongly agree	21	28.4	31.8	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

Based on the above table 5, result revealed that Employees were asked whether recruitment and selection process is fair and transparent, and responses can be found 45 (68.2%) employees agreed on the fairness and transparent of the organization concerning recruitment and selection. As a result, this enhances the chance of getting qualified employees and contributes for improving employees' productivity.

• When you were recruited for the first time to join AIC, how did you find the job opening? The following table shows how employee found the job opening when they were recruited for the first time.

6. How did you find the job opening at AIC for the first time?

As a result from collected data , majority of the employees 56 (83.3%) were recruited through information in newspaper and internet advertisement and 10 (16.7%) employees recruited through word of mouth, which is an informal and internal source of recruitment whereas, two were employed on campus recruitment. This implies the company uses variety of recruitment methods and this will assist the efforts of finding qualified employees as job opening will be accessible to many potential applicants.

• There are two kinds of recruitment, internal and external. Which methods are used by Awash Insurance Share Company Internal, external and both?

Out of 66 respondents, 35 (53.03%) employees replied that external recruitment is mostly used to hire than internal recruitment because, external recruitment can have the chances of getting skilled, experienced and competent candidates from the labor market, whereas, 31 employees replied that internal is recruitment. no respondents agree to both method used. This implies both methods are used and this will enhance existing employees' motivation when they are found to be qualified and diversify employees in terms of KSA and improve the creativity of the organization as new employees may come with new ideas.

4.4.3 Training & Development

a) Is there department assigned to follow up training and development program in AIC?

Training & Development are necessary practices of HRM in organization for improving the quality of work of employees at all levels. Kundu, (2000) stressed that companies should invest heavily in training the workforce for implementation of customer focused strategy.

A good system of training starts with the identification of training need assessment.

Table 5 Department that follow up training and development program

Training and Development

There is a department to follow Training and Development		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	7	9.5	10.6	10.6
	Disagree	11	14.9	16.7	27.3
	Neutral	18	24.3	27.3	54.5
	Agree	17	23.0	25.8	80.3
	strongly agree	13	17.6	19.7	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The findings in table 5 revealed that 30 employees with the 45.45% proved that there is department that follow up the training & development program, whereas 18 employees disagree that the organization doesn't have such a department that follow up the case whereas, 18 respondents stood neutral.

Table 5. 1 The top management give due attention for training & development program.

The response from respondents

Top managements due attention for training		Frequency	Percent	Valid Percent	Cumulative Percent
Rating	strongly disagree	5	6.8	7.6	7.6
	Disagree	14	18.9	21.2	28.8
	Neutral	22	29.7	33.3	62.1
	Agree	18	24.3	27.3	89.4
	strongly agree	7	9.5	10.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

As it can be seen in the above table 5.1, 18 employees agreed that top management give due attention for training & development, that is 27.3%, whereas, 14 employees disagree, and 22 employees are neutral on the idea and the rest 7 agreed.

The researcher identified that the employees need to be trained and the management should give due attention for training its employees. Furthermore, an organization needs to assess its people skills training needs by variety of methods and then structure the way that the training and development is to be delivered. Managers and supervisors play a key role in helping this process being with HRM department.

Table 5. 2 The training methods are relevant and effective.

Effectiveness of training method

The training methods are relevant and Effective		Freque ncy	Percent	Valid Percent	Cumulative Percent
Ratin g	strongly disagree	3	4.1	4.5	4.5
	Disagree	3	4.1	4.5	9.1
	Neutral	19	25.7	28.8	37.9
	Agree	18	24.3	27.3	65.2
	strongly agree	23	31.1	34.8	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

23 employee's respondents with 34.8% strongly agreed that the training methods are relevant and effective. and 3 respondents 4.5 %   disagree that, the training methods are relevant and effective, whereas 19 respondents with 28.8 are neutrals while 18 just agreed that the , the training methods are relevant and effective and 3 have strongly disagree on the pointed idea. so from this the researched able to concluded that the training methods are relevant and effective.

Table 5. 3 The training materials and contents are highly related to the actual job.

Training materials relation to the actual job

The training materials and contents are highly related to the actual job		Frequenc y	Perce nt	Valid Percent	Cumulative Percent
Rat ing	strongly disagree	4	5.4	6.1	6.1
	Disagree	7	9.5	10.6	16.7
	Neutral	19	25.7	28.8	45.5
	Agree	27	36.5	40.9	86.4
	strongly agree	9	12.2	13.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The above table 5.3 clearly indicated the responses of employees and showed The training materials and contents are highly related to the actual job. As the finding in table 7.3 revealed it clearly, 27 employees with 40.9% reported that the training materials and contents are highly related to the actual job, and 19 employees on the neutral position, whereas 12 which is 7 disagree and 4 strongly disagree employees reported that the training material and the actual job doesn't not match.

Table 5. 4 : Selection for training is based on a proper need assessment.

Selection for training is need based assessment		Frequency	Percent	Valid Percent	Cumulative Percent
Rating	strongly disagree	5	6.8	7.6	7.6
	Disagree	8	10.8	12.1	19.7
	Neutral	27	36.5	40.9	60.6
	Agree	19	25.7	28.8	89.4
	strongly agree	7	9.5	10.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

According to AIC HR. manual need assessment should be undertaken by HRM department, 26 employees responded saying that the training is based on the need assessment whereas, which is 19 agree and 7 strongly agree. whereas, 27 neutral and 14 employees were disagreed. They believe the organization does not follow the right process to select for training

Table 5. 5 Employees Satisfaction With The Tanning Program

Respondents are Satisfied with Training and development program		Frequency	Percent	Valid Percent	Cumulative Percent
Ratin g	strongly disagree	7	9.5	10.6	10.6
	Disagree	7	9.5	10.6	21.2
	Neutral	23	31.1	34.8	56.1
	Agree	20	27.0	30.3	86.4
	strongly agree	9	12.2	13.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

20 employees satisfied, 9 strongly satisfied, 23 neutrals, whereas 14 which is 7 strongly disagree and 7 agreed total 14 employees were unsatisfied. Hence, the organization should train its employees so that satisfaction be maintained and work performance improved.

Table 5. 6 Opportunity Given For Skill Development Program

Respondents are given the opportunity for Skill development		Fre que ncy	Perc ent	Vali d Perc ent	Cumulative Percent
Rating	strongly disagree	7	9.5	10.6	10.6
	Disagree	11	14.9	16.7	27.3
	Neutral	21	28.4	31.8	59.1
	Agree	18	24.3	27.3	86.4
	strongly agree	9	12.2	13.6	100.0
	Total	66	89.2	100. 0	

Source: Assessment Data, January - February 2022 (Own)

Employees improved productivity, enhance quality of products and services, affect positive changes in process and delivery quality services to customers. 27 which means 18 agree and 9 strongly agreed stand respondents with 40.9% agreed the given opportunity helped them to improve their skills, where 21 respondents are neutral position on the idea presented, and 11 employees were disagree and 7 strongly disagree, because they were not given chance of getting training to improve their skills.

Table 5. 7 Training available matches Job

Training relation to the job				
Training available matches Job	Frequency	Percent	Valid Percent	Cumulative Percent
Rating	strongly disagree	4	5.4	6.1	6.1
Disagree	18	24.3	27.3	33.3
Neutral	22	29.7	33.3	66.7
Agree	15	20.3	22.7	89.4
strongly agree	7	9.5	10.6	100.0
Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

As data from the above table indicate, 15 respondents agreed on the training available matches the job, 7 strongly agreed the training matches their job while 22 respondents are neutral on the idea raised and 18 disagree and 4 strongly disagreed.

4.4.4 Performance Appraisal

Performance appraisal is a mechanism used for improving employee performance and method for developing effective work forces

Table 6 Performance Appraisal and Employees participate in planning of their departmental activities.

Performance Appraisal

Employees participate in planning of their departmental activities.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	4.1	4.5	4.5
	Disagree	6	8.1	9.1	13.6
	Neutral	19	25.7	28.8	42.4
	Agree	27	36.5	40.9	83.3
	strongly agree	11	14.9	16.7	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The frequency analysis in table 6 revealed that, 38 employees which is 27 agree and 11 strongly agree reported that they participate in planning of their departmental activities, while 9 employees reported no awareness created to participate in planning of their departmental activities whereas, 19 employees are on the neutral position to witness the situation.

The result of the frequency analysis showed that 57.58% witnessed that the organization created awareness to its employees. The majority indicated as they participate in the planning. This will instill a sense of ownership of departmental activities thereby improve employee's motivation.

Table 6. 1   There is a well- designed performance appraisal system in AIC.

The design of Performance apprisal

There is a well- designed performance appraisal system in AIC		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	5.4	6.1	6.1
	Disagree	7	9.5	10.6	16.7
	Neutral	19	25.7	28.8	45.5
	Agree	27	36.5	40.9	86.4
	strongly agree	9	12.2	13.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The above table 6.1 clearly indicated the responses of employees and showed a well- designed performance appraisal system. As the finding in table 6.1 revealed it clearly, 36 employees 27 agree and 9 strongly agree with 54.55% reported that the organization has a well- designed performance appraisal system, and 19 employees on the neutral position, whereas 11 employees reported that the organization doesn't have a well- designed performance appraisal system by showing disagreement.

Table 6. 2   Most criteria of performance appraisal system are job related and objective

Criteria of Performance appraisal

Most criteria of performance appraisal system are job related and objective		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	5	6.8	7.6	7.6
	Disagree	14	18.9	21.2	28.8
	Neutral	22	29.7	33.3	62.1
	Agree	18	24.3	27.3	89.4
	strongly agree	7	9.5	10.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

As it can be seen in the above table 6.2 , 25 employees, 18 agreed and 7 strongly agreed that Most criteria of performance appraisal systems are job related and objective, that is 37.88%, whereas, 19 employees disagree which topic given, and 22 employees are neutral on the idea.

The researcher identified that the employees need to be given performance appraisal system which are job related and objective. Furthermore, an organization needs to assess its people skills training needs by variety of methods and then structure the way that the training and development is to be delivered.

Table 6. 3   immediate supervisors evaluate employee's performance.

Immediate supervisors evaluate performance		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.7	3.0	3.0
	Disagree	5	6.8	7.6	10.6
	Neutral	13	17.6	19.7	30.3
	Agree	34	45.9	51.5	81.8
	strongly agree	12	16.2	18.2	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

As can be seen in table 6.3. , the findings revealed that 46 employees (71.2%) which is 34 agree and 12 strongly agree reported that, the organization's supervisors evaluate the employee's performance by showing their agreement and strongly agreement, 12 employees (18.18%) are on the neutral position whereas, 7 employees with (10.6%) showed their disagreement by reporting supervisors are not responsible for evaluating employees' performance.

Table 6. 4 Performance appraisal takes place twice a year in AIC

Frequency of performance a pprisal

Performance appraisal takes place twice a year in AIC		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	7	9.5	10.6	10.6
	Disagree	11	14.9	16.7	27.3
	Neutral	21	28.4	31.8	59.1
	Agree	18	24.3	27.3	86.4
	strongly agree	9	12.2	13.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

as indicated in table 6.5. Frequency analysis was conducted to find the response. The finding revealed that 27 which is 18 agree and 9 employees reported that the performance appraisal takes place twice a year, 21 on neutral position while 18 employees showed their disagreement which is 7 strongly disagree and 11 disagree.

Table 7 Compensation management and The focus of compensation /reward is to motivate, attract and retain employees.

Compensation and reward

Compensation management and The focus of compensation /reward is to motivate, attract and retain employees.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.5	1.5
	disagree	7	9.5	10.6	12.1
	neutral	6	8.1	9.1	21.2
	agree	16	21.6	24.2	45.5
	strongly agree	36	48.6	54.5	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The focus of compensation /reward is to motivate, attract and retain employees.

Table 7 is clearly identified the responses of employees that is, 52 employees 36 strongly agree and 16 agree with (77.27%) proved that the focus of compensation/reward is to attract, motivate and retain employees in organization, 6 neutrals and 8 employees disagree with idea by showing their disagreement.

Table 7. 1 The reward and compensation schemes provided by AIC are competitive.

Compensation schemes Competitiveness

The reward and compensation schemes provided by AIC are competitive.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	15	20.3	22.7	22.7
	disagree	25	33.8	37.9	60.6
	neutral	18	24.3	27.3	87.9
	Agree	5	6.8	7.6	95.5
	strongly agree	3	4.1	4.5	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

As can be seen above in table 7.1, 8 employees proved that reward system is competitive, 18 stood neutral while, 40 employees disagree that the scheme is not competitive.

Table 7. 2 The reward and compensation schemes provided by AIC are mainly based on merit.

The reward and compensation schemes provided by AIC are mainly based on merit.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	5.4	6.1	6.1
	disagree	5	6.8	7.6	13.6
	neutral	13	17.6	19.7	33.3
	Agree	20	27.0	30.3	63.6
	strongly agree	24	32.4	36.4	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The frequency analysis revealed that 44 employees (86.67%) identified that The reward and compensation schemes provided by AIC are mainly based on merit, 13 neutrals whereas, 9 employees disagree on the reward and compensation schemes provided by AIC are mainly based on merit

Table 7. 3 Are you satisfied with current salary and other benefits?

Salary and benefit satisfaction level

am satisfied with current salary and other benefits.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	18	24.3	27.3	27.3
	disagree	16	21.6	24.2	51.5
	neutral	13	17.6	19.7	71.2
	Agree	17	23.0	25.8	97.0
	strongly agree	2	2.7	3.0	100.0
	Total	66	89.2	100.0	

As the finding in table 7.3, revealed it, 19 employee's responded current salary & benefits are satisfactory, 12 stood neutral whereas, 34 employees 18 strongly agree and 16 agree were unsatisfied with the current salary and other benefits by showing their disagreement. The majority indicated, as they are not satisfied with the current salary and other benefits. As a result, this enhances the chance of getting qualified employees to turnover and contributes for low employees' productivity.

Table 7. 4 The amount of working material expenses allowed is sufficient.

working material allowance sufficiency

The amount of working material expenses allowed is sufficient.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	13	17.6	19.7	19.7
	disagree	21	28.4	31.8	51.5
	neutral	11	14.9	16.7	68.2
	Agree	16	21.6	24.2	92.4
	strongly agree	5	6.8	7.6	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The findings presented in the table 7.4 revealed that 21 employees disagree that the working material expenses allowed is sufficient, 11 stood neutral and 34 employees (51.5%) identified that the work equipment expenses allowed is sufficient by showing their agreement.

- How are you satisfied with HRM practices in   AIC

Table 8 Employees Job Satisfactions with the Human Resources Practices

Job satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Rating	Highly dissatisfied	1	1.4	1.5	1.5
	Dissatisfied	4	5.4	6.1	7.6
	Average	20	27.0	30.3	37.9
	Satisfied	27	36.5	40.9	78.8
	highly satisfied	14	18.9	21.2	100.0
	Total	66	89.2	100.0	

Source: Assessment Data, January - February 2022 (Own)

The above table 8 finding revealed that 41 employees are satisfied with human resource practices and 20 employees stood neutral while, 5 employees were unsatisfied with AIC human resource practices by showing their agreement.

4.5. The Independents of Human Resource Management Practices

The responses of Human Resource Management Practices in Awash Insurance Share Company, and the degree of agreement Human Resource Management Practices in Awash Insurance Share Company, is summarized below. The mean indicates to what extent the sample group on average agrees or does not agree with the different statement. On the scale from 1 to 5 (1 strongly agree to 5 strongly disagree) the lower the mean, the more the respondents disagree with the statement. The higher the mean, the more the respondents agree with the statement.

Table 9 Scale Statistics

Mean	Variance	Std. Deviation	N of Items
88.7576	88.125	9.38749	29

4.6. Interview Results

Challenges of Human resource management Practice in Awash insurance

As it is clearly stated in chapter three, the study used interview as a source of primary data for triangulation purpose. And on this final part of the chapter, the researcher tried to assess the challenges which human resource management practice face in awash insurance

Accordingly, the interview results were analyzed here under so as to answer the first two research questions as planned.

The first question raised by the researcher for the respondent was "What Does Strategic Human Resource Planning Means to you?". The interview results for this question revealed that c human resource planning as a long range plan which ensure the right people are in the right place at the right time and it must be linked with the plans of the total organization.

For the second question, as per the interview result, Even if the HR director has no seat on the board of director, he/she is invited on semi-annual and annual meeting to present HR

performance report. The function of the board in Awash insurance company context is approval of budget and some strategic actions. Strategy formulation and implementations are solely performed by senior management teams of the company. From the company organizational structure, HRD director is found on the top-level organizational hierarchy and among the senior management teams of the company. This allowed HR issues to become part of the overall business strategy. Therefore, based on the above interview results Awash insurance S.C HR Director has good influence on the strategic decision on senior management team of the company.

Regarding the top management support in formulating HR strategic plan, the interview results revealed that the responsibility of formulating HR plan is HR team. The HR team came up with initial strategic plan and present it to the senior management of the company. After the senior management discussed and gave feedback on the initial draft of the document, it became the strategic HR plan of the company. Therefore, the above interview results implied that there is low level of management support on the formulation of HR strategic plan.

According to the interview result for what are the factors, do you think hinder your company to achieve HR plan? Lack of sense of ownership among senior management towards the strategic HR plan, low level of involvement of operation managers in the development of HR plan, lack of sense of ownership from senior management of the company and poor communication of the plan are the factors that hinder the company to achieve its strategic HR plan.

CHAPTER FIVE

5. Discussion, Conclusion and Recommendation

5.1 HRM Practices in AIC

The objective of the present study was to examine the current HRM practices in Awash insurance share company (AISC). The study clearly explains the variables of HR. practices namely Human Resource Planning, recruitment and selection, performance appraisal, training & development and compensation reward management prospectively.

The Human Resource Planning (HRP) practice starts from making a plan which is an assessment of the future development and their possible impact on the employee and organization (Armstrong 2010, 190). The results of the present study revealed that AIC management is the responsible body to forecast and plan the future demand, supply and requirements of the current potential employees. The main purpose of HR. planning is to avoid worker and skills shortage in the organization (Bratton & Gold 2003, 200).

Management should understand the importance of HRM functions and practices as a strategic partner and should incorporate HRM input in strategic decision making. The research revealed that 21 employees responded by identifying project management department was responsible to prepare HRP and 21 employees also responded that all departments used to prepare HRP and 6 replied saying management committee.

The study revealed that, all departments separately prepared and give it to project management, management committee approved the human resource plan. Recruitment and selection were the most frequently applied activities in AIC. Getting the right person in the right place at the right time remains the key objective in any recruitment process.

The process of staffing employee in the organization consists of finding, evaluating and assigning people to work (Harel and Tzafrir, 1996).

AIC's recruitment selection process is fair, transparent and consistent according to the research finding revealed it. Vacancy is advertised on the newspapers and internet to attract applicants to the organization.

In recent years, the online recruitment has been rapid growth and it is widely used in many organizations (Bratton and Gold 2003, 230). Vacant posts are carefully reviewed by recruitment Committee in consultation with Administration & Finance Director and approval is undertaken by AIC Executive Director.

The recruitment and selection process is done following the AIC HR. manual. The recruitment & selection process in AIC is fair and transparent as 45 employees with (65%) witnessed that the organization is doing well accordingly. As the research revealed, most of the employees 82% witnessed that they found the job opening through the newspaper and internet (online) channels.

Training and Development: Training & development is vital for the improvement of individual and organizational goals attainment. A good system of training and development starts with the identification of training need assessment. An organization need to assess its people's skills training needs and structure the way the training to be delivered, and managers and supervisors play a key role helping this process implemented. Firms with superior training programs are likely to experience lower staff turnover than that neglect staff development (Arthur 1994).

AIC recognized the importance of relevant training & development opportunities to its staff to help work effectively and professionally. Relevant training is provided to the staff following the recommendations given by its supervisors either internally or abroad depending on the availability of the budget.

Furthermore, training is effective in motivating employees and the assessment procedures need attention.

On the contrary, evaluating training effectiveness is very important to check to what extent the trainee understand the subject matter that match his/her job.

Performance appraisal is a necessary part of Human Resource Management. A good performance plan can give a sense of direction and utilize human potential and enhance individual and organizational performance. Performance appraisal is used as mechanism for improving employee performance. The system should be based on fairness, objectivity, ethicality, standardization and widely communicates (Bernardin et al, 1998). Performance appraisal is a vital means to offer promotion, recognition, and career development (Larsson et al 2007).

A study conducted at AIC revealed that the performance appraisal system suffers from lack of transparency, weak follow-up and the linkage between performance and reward system is loose. The study revealed that the organization conduct performance evaluation twice a year.

Performance appraisal is the base for contract extension & annual salary increment. In AIC, performance appraisal is done by immediate supervisors in consultation with the next higher supervisors and the process is coordinated by Administration & Finance Director.

Furthermore, AIC has a well-designed performance appraisal system. On the other hand, compensation system that organization offers to the employees plays a key role in increasing employee motivation, (Milgrom and Roberts, 1992 P.388), performance and productivity.

One of the most important role of a manager/supervisor is to motivate, encourage, build, train, reinforce and modify behavior of the subordinates (Yoder, 1981). This can be happening only if there is regular and frequent interaction between the supervisor and subordinates.

According to Patton suggestion, compensation should be equitable, adequate, cost effective, secure, incentive providing and acceptable to the employee.

The goal of compensation system is to attract, motivate and retain the competent employees in the organization. The reward includes financial and non-financial that may create satisfaction for the employers. AIC makes effort to improve the living standard of its employers and maintained fair and equitable salary structure.

AIC provides salary that attracts, retain & motivate competent employees according to the assessment made by the researcher.

However, the study reveals that the compensation & benefits provided is not sufficient and must be improved. Mathis and Jackson (2004) argued that a balanced, fair and competitive compensation and reward system affect the retention of employees.

The present study revealed that most of the people about 41 employees that 63% were satisfied with the overall HRM practices of Awash insurance share company.

5.2 Conclusion

The study assessed the HRM practices in AIC and highlighted the importance of HRM practices to achieve and sustain superior performance in changing business environment and need for an

integrated approach toward implementation of practices. Every organization strives to attain maximum productivity by improving the functionality of the organization.

The human resource practices have to be proactive to constantly engage employees at all levels and should examine the behavior and performance of the employees.

The following human resource management practices namely HRP, recruitment & selection, performance management, training & development and compensation management practices play a crucial role towards enhancing job satisfaction of employees. The powerful affirmative link between HR. practices and job satisfaction offer a perspective way as to how an organization can encourage an employee to work effectively and efficiently. Job satisfaction has a direct effect on employee turnover.

Thus, the organization needs to take into consideration the job satisfaction and apply appropriate HRM practices in the workplace to minimize turnover and achieve the organization goal efficiently and effectively.

The Study revealed that firms with superior training programs are likely to experience lower staff turnover than those that neglect staff development (Arthur, 1991, Fey et al, 1999). With regard to retention strategies, proper assessment of the impact of current retention strategies in AIC is required.

As a result, further training & development, HRP, improving performance appraisal system and reward management system is required in order to have the necessary competencies to perform well. There is a need to expand the human resource professional knowledge and competencies for the effective management of HR. in AIC. There is also a need to increase the pool of competent human resource professionals.

5.3 Recommendations

Based on this study, the following points are recommended to improve and remedy the problems encountered.

• AIC should review the existing HR. manual, policies and regulations update and relevant to the current situation.

• Due to the dynamic nature of the world nowadays, AIC's HR. should be trained to update themselves.

• Managers and supervisors need to develop competencies that will enable them to perform the HRM practices and functions effectively and efficiently.

• Competent and experienced employees may leave organization for different reasons. However, identifying and analyzing cause of employee's turnover and designing practical retention mechanisms is one of the major competencies required of HR. managers and top-level managers.

• Some measures have been taken to improve HR. practices and these measures should be continued.

• Develop a capacity building program for employees and short term trainings locally and abroad should be undertaken based on the need assessment.

• Encourage employees to work together (team work), share ideas, develop a sense of ownership over their job and their work place.

• AIC should follow democratic management system in the organization and apply rules regulations, supervise and evaluate timely.

• There must be a proper planning, follow up and evaluation system in the organizational judgment accordingly. (Make the planning process participatory).

• There has to be a mechanism to check out whether the provided training has improved the trainee's managerial skills & knowledge as well as their performance.

• AIC mgt. should create good working environment and encourage employees through the application of different incentive mechanisms both financially and non-financially to achieve organizational goals.

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The questionnaire

This questionnaire is prepared by Jije Kunase, a graduating student of st, marry University, Ethiopia, majoring in Master of Business Administration (MBA). The objective of this questionnaire is to collect data on the practices of human resource management in AIC which will be used to prepare a thesis as a partial fulfillment of my MBA Degree.

You (respondent) are kindly requested to read the questions thoroughly and respond accordingly. The result of this assessment will be treated with utmost confidential and will be strictly used for academic purpose only. I thank you very much in advance for your cooperation, participating in this assessment and providing your thoughtful feedback.

Instructions:

➢ There is no need to write your name.

➢ Close – ended questionnaire will be answered by placing ☑ in the given box.

Please Note:

Give your assessment of human resource management practices in AWASH Insurance share company(AIC) by rating each statement using the 5-point scale.

A rating of 5 indicates that the statement is almost always true with organization (AIC) A rating of 4 indicates that the statement is mostly true while, a rating of 3 indicates that the statement is sometimes true. A rating of 2 indicates that the statement is rarely true whereas, rating of I indicates not at all time.

5= Strongly agree	5= Highly satisfied
4= Agree	4= Satisfied
3= Neutral	3= Neutral
2= Disagree	2= Dissatisfied
1= Strongly disagree	1=Highly Dissatisfied

Section I: Background Information. Please tick mark ☑ in the appropriate box.

Q # 1) Your Age?

☐ 1.20 - 25   ☐ 2.26 - 30   ☐ 3.31 -40   ☐ 4.41 - 50   ☐ 5. 51 -60

☐ 6. > 61

Q # 2) What is your gender?

☐ 1. Male   ☐ 2. Female

Q # 3) What is your Marital Status?

☐ 1. Married   ☐ 2. Unmarried

Q # 4) Educational Level Achieved.

☐ 1. 12th   ☐ 2. Certificate   ☐ 3. Diploma   ☐ 4. Bachelor Degree   ☐ 5.
MA/MBA/MSC/MPH/MD PhD   ☐ 6. Others

Q # 5) How long have you worked for AIC?

☐ 1. 1 – 2 year's   ☐ 2. 3 – 5 years   ☐ 3. 6 – 10 years   ☐ 4. 11 -15 years   ☐ 5.
>15

Q # 6) Under which department are you working?

☐ 1. Research, Training and Publication Dept.   ☐ 4. Project Management Department

☐ 2. Administration & Finance Dept.   ☐ 5.. Members Affairs & Networking Dept.

☐ 3. Executive Director's Office   ☐ 6. M & Communication Unit

Q# 7) What category best describe your job?

☐ 1. Senior Management Group   ☐ 2. Middle Mgt. Group   ☐ 3. Support staff

Section II: Please give your assessment of Human Resource Management Practices in Awash Insurance Company by rating using tick mark ☑ in the box.

Human Resource Management (HRM) involves all management decisions and practices that directly affect the people / employees who work for the organization and provide competitive advantage to the organization. It includes the human resources planning, recruitment and selection, orientation, training and development, performance appraisal, compensation and rewards, as well as labor relations matters.

Q # 8) Human Resource Planning (HRP): It ensures the organization has the right persons at the right time at the right place on the right job.

a) Who prepares human resources planning in AIC?

☐ 1. Project Management Dept.   ☐ 3. Management Committee

☐ 2. HRM Unit   ☐ 4. All Departments Separately

b) How often do you evaluate the effectiveness of HRD plan in AIC?

☐ 1. Monthly   ☐ 2. Quarterly   ☐ 3. Twice a year   ☐ 4. Annually

c) Do you have knowledge, skills, and experience in preparing of human resource planning?

☐ 1. Yes   ☐ 2. No

Please tick mark ( ) one cell for each statement.

Q # 9) Recruitment and Selection

Recruitment and selection: Recruitment is a process an organization uses to attract job applicants who have abilities, skills and experiences to help the organization achieve its objective while; selection is to choose from a list of applicants who best meet the selection criteria for the position available.	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
a) Job advertisement in Newspaper and internet is used by AIC to recruit					

employees.				
b) The recruitment and selection process in AIC is fair and transparent.				

c) When you were recruited for the first time to join AIC, how did you find the job opening?

☐ 1. Television   ☐ 2. Newspaper   ☐ 3. Internet

☐ 4. on campus recruitment   ☐ 5. Word of mouth

d) There are two kinds of recruitment, internal and external Which methods are used by Awash Insurance Share Company (AIC)?

☐ 1. Internal   ☐ 2. External   ☐3. Both

Please tick mark ☑ using the 5-point scale below.

Q# 10) Training and Development

Training and Development; Training and Development is the art of increasing the knowledge and skills of an employee for performing a particular job, while development is the process of transition of an employee from a lower level of ability, skills, and knowledge to that of higher level by education, training, work experience and both are complementary to each other	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
a) There is department assigned to follow up training and development program in AIC.					
b) The top management give due attention for training and development program for employees					

in AIC.					
c)The training methods are relevant and effective					
d)The training materials and contents are highly related to the actual job					
e) Selection for training is based on a proper need assessment.					
satisfied with the training and development program at AIC.					
g) I am given opportunity to improve my skills in AIC.					

Q # 11) Performance Appraisal

Performance Appraisal: Performance Appraisal is the Appraisal is the process of measuring and evaluating employees' performance. It is useful tool for employee development.	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
a) Employees participate in planning of their and departmental activities performance appraisal.					
b) There is a well-designed performance appraisal system in AIC.					
c) Most criteria of performance appraisal system are job related and objective					

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
d) Immediate supervisors evaluate employees' performance in AIC.					
e) employee's Complaints Feedback is timely provided					
f) Performance appraisal of employee's be conducted twice a year					

Q # 12) Compensation and Rewards

Compensation is the Human Resource Management functions that deals with every type of reward individuals receive in exchange for forming organizational tasks. The main goal of compensation and reward system is to attract, retain, and motivate good employees in the organization.

Compensation & Rewards	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
a) compensation and reward attract and retains employees in organizations.					
b) The reward and compensation schemes provided by AIC are competitive.					
The reward and compensation schemes provided by AIC are mainly based on merit					
c) I am satisfied with current salary and other benefits I earn in AIC.					
d) Amount of working material expenses allowed is sufficient.					

Q # 13) How are you satisfied with human resource management practices in AIC?

☐ 1. Highly Dissatisfied   ☐ 2. Dissatisfied   ☐ 3. Average

☐ 4. Satisfied   ☐ 5. Highly Satisfied

Thank you very much!

APPENDIX II

INTERVIEW GUIDELINE QUESTIONS SCHOOL OF GRADUATE STUDIES ST, MARRY UNIVERSITY, ETHIOPIA, MAJORING IN MASTER OF BUSINESS ADMINISTRATION (MBA).Interview Guideline Questions for human resource Planning and management Practice

1. What Does Human Resource Planning Means to you?

2. Does the HR head is involved in the strategic business planning process? If yes to what extent?

3. How do you evaluate the support from the top management in formulating HRM Plan?

4. What are the factors do you think hinder your company to achieve strategic HR plan?