



**SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON THE  
ORGANIZATIONAL PERFORMANCE THE CASE OF YEKABDI AGRO  
PROCESSING PLC**

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**JANUARY. 2022**

***ADDIS ABABA, ETHIOPIA***

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## **DECLARATION**

I hereby declare that this submission is my work towards the Masters of Business Administration prepared under the guidance of Ephrem Assefa(Ph.D.) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due Acknowledgment has been made in the text.

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## **CERTIFICATION**

This is to certify that Maeda Alemayehu has completed her thesis entitled “the effect of human resource management practices on the organizational performance in the case of yekabdi Agro processing plc.” As I have evaluated, her Master’s thesis is appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Business Administration (MBA).

Advisor: \_\_\_\_\_

Ephrem Assefa (PhD)

Signature and Date

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**ACRONYMS**

CSD—Central Supplier Database

FMCG-- Fast Moving Consumer Goods

GC---Gregorian calendar

HR-- Human Resources

HRM-- Human Resources Management

KM-- Kilometers

MA/MSC—Master of Art/ Master of Social

NEWDEPEND—Dependent Variable (organizational performance)

NEWEP—Employee Participation

NEWPA—performance Appraisal

NEWRCP—Reward and Compensation

Newrecurite—Recruitment and Selection

NEWTDP—Training and Development

NPM-- New Public Management

PLC-- Private Limited Company

SD-- Standard Deviation

SHRM--Strategic Human Resources Management

SHRMP--Strategic Human Resources Management practices

## **ABSTRACT**

*This study examines the Effect of human resource management that is Recruitment and selection, training and development, performance appraisal, reward and compensation, and employee participation, on the performance of Yekabdi Agro-Processing PLC (wow water).*

*The main objective of this study was to identify the Effects of Human Resources Management Practices on Organizational Performance in the Case of Yekabdi Agro-Processing PLC (wow water). Using descriptive and explanatory research design and, data were gathered from primary sources it has made use of primary data sources and 118 employees were selected through Simple random and purposive sampling. A structured questionnaire has been used to generate the primary data from sample employees. The data was analyzed by making use of simple descriptive statistical tools with the help of SPSS software and presented by using tables, charts and graphs Moreover, the study applied a mixed research approach and, data were analyzed via descriptive (frequency, percentage, and mean analysis) and inferential statistics (regression analysis). The results of descriptive statistics indicate that respondents have moderate or neutral perceptions towards HRM practices and organizational performance. Moreover, the results of regression analysis indicate that out of the five strategic human resource management practices, three practices namely reward and compensation; performance appraisal, and employee participation in decision making have a statistically significant positive effect on organizational performance. However, the study couldn't find a statistically significant effect of recruitment and selection as well as training and development practices on organizational performance. Thus, the management is recommended to emphasize strategic HRM practices notably reward and compensation; performance appraisal, and employee participation in decision making to improve the performance of the organization.*

*Keywords: Recruitment and selection; training and development; performance appraisal; reward and compensation; employee participation; organizational performance*

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## **CHAPTER ONE**

### **1. INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY**

Human resource management is an integral function for organizations in the private and public sectors. This process deals with a number of operational goals such as recruiting, properly training employees, selecting employees, evaluating employees, motivating and maintaining the right relationship with employees, and maintaining engagement. Maintain the well-being and health of the organization's employees through relevant national and state formulated laws. Human resource management is a process by which an organization utilizes its limited skilled human resources. The main purpose is to effectively use the existing human resources for the organization (Amin,2014).

Beyond this, Organizations use human resource management to properly use resources. The department also plays an important role in the overall development to encourage personal and career growth. It also helps to improve the professional skills and knowledge of our employees. Human resource management ensures a quality work life for employees. As a result, the importance of human resource management is apparent in relation to organizational efficiency .Many organization have made their own management human resource departments and understand the needs of modern business worlds (Armstrong, 2010).

As Strategic Human Resources Management (SHRM) refers to the role that human resource management systems play in performance, with a particular focus on using human resources to achieve a competitive advantage (Loshali, 2013). However, (Darwish, 2013)defines SHRM as a combination of all strategic goals of a company and talent strategy and execution. On the other hand, (Schuler, 2014)argues that organizations recognize that effective human resource policies and practices can improve performance in various sectors such as manufacturing, quality, and financial performance. They further argue that SHRM practices are being used by global companies to improve productivity and overall business performance.

With SHRMP, organizations can not only optimize resources, efficiency, and effectiveness but also continually improve the realization of set goals. SHRMP is characterized by an essential asset in creating a competitive advantage within the enterprise and the evaluation of employees as core partners. Strategic planning seeks to identify organizational decisions and measures that will bring greater benefits under various assumptions about the organization and its environment. Integrating talent into an organizational

strategy provides the foundation for human resources capabilities to support and implement strategic plans to achieve a competitive advantage(Eneh, 2016).

The main implication for managers is the need to coordinate strategic roles to increase employee involvement. Framework justification shows that all SHRM capabilities are in line with productivity gains and organizational goals. Therefore, managers and employees need to work together as a team in a stable and dynamic environment to develop new knowledge and perform tasks for effective productivity. At the organizational level, managers need to understand the various strategic characteristics that benefit both the company and its employees(Bisharat, 2017).

Organizations are trying to create as much competition in the market, reaching to manage their human resources in achieving the organizational performance required. Strategic HRM is a detailed process for human resource management throughout the organization that is integrated with the organization's overall strategy. Integrating the use of personnel practices into the strategic planning process enables an organization to better achieve its goals and objectives. Combining human resource practices, all with a focus on the achievement of organizational goals and objectives can have a substantial effect on the ultimate success of the organization(Mitchell, 2013).

Strategic human resources management has played an important role in management research and practice for 30 years. Ongoing analysis in this area usually focuses on how Human Resources Management (HRM) can add strategic value and achieve corporate success. According to this approach, used primarily in the private sector, people are an important resource and an important part of an organization's performance. The main reason for strategic HRM thinking is to integrate HRM into corporate strategy and use specific HR policies and practices to better manage employees and, as a result, improve individual and organizational performance(Snell, 2015).

At the international level, the transformation of systems structures, and processes inside public services have been well acknowledged over the past 20 years. The key rationale of these changes has been to improve the cost-effectiveness, efficiency, and performance of public organizations. Government-owned entities have therefore been under immense pressure to follow private sector managerial practices, such as performance management, customer orientation, and a heightened strategic focus (Truss, 2008).

According to Truss (2008), asserts that improved HRM helps facilitate the acquisition, training, and retention of esteemed employees, this serves to improve organizational cost-effectiveness and serve to create a performance-driven culture via the adoption of a strategic HR function. Truss further argues that the confirmation as to whether or not there have been any substantive changes in the role of the HR

function remains both incomplete and open to doubt despite the acknowledged significance of HRM under New Public Management (NPM). This study, contributes to the imperative discussion over the actuality of change in the public sector, while also trying to find out whether the HR function in the public sector has become more strategic and hence affecting organizational performance.

On the other hand, strategic human resources management (SHRM) policies encompass a bundle of practices such as strategic recruitment and selection, strategic training and development, strategic performance appraisal, and strategic compensation (Dessler, 2007). These practices affect the attitude, performance, and behavior of employees which further leads to effective organizational outcomes (Noe et al., 2010). For example, employee satisfaction and commitment are increased by performance appraisal as employees are provided opportunities to confer regarding their job performance (Abdulla et al., 2011; Poon, 2004; Levy and Williams, 1998). In a related stratum, strategic training and development assist employees in mastering the ability, skill, and knowledge which would then add to innovation concerning management practices, production processes, and products in day-to-day operations and provide a competitive advantage to the organizations (Noe and Tews, 2012). Therefore, strategic training and development assists in increasing the ability, skill, and knowledge of employees in the direction of performing efficiently in their job that will bring higher performance to an organization.

A strategic reward system and compensation grants monetary reward, recognition, and promotion to encourage employees to get hold of risk, fabricate innovative ideas, and develop captivating new products (Bateman and Snell, 2007; Guptal and Singhal, 1993).

A strategic reward system and compensation persuade employees to turn out to be motivated, so enhance their participation in supplying new innovative ideas, which contributes to the high performance of the organization. Strategic recruitment and selection contribute to assisting in identifying and employing the right and capable candidates by using external sources (Sparrow et al., 1994). Selection and recruitment grant superior importance to a person's job fit. Therefore, the higher level of execution of recruitment that suits a person-organizational fit, is likely to bring about the higher performance of an organization (Boon et al., 2011).

Therefore, it is important to study how strategic human resource management practices contribute to boosting the performance of an organization.

## **1.2. BACKGROUND OF THE ORGANIZATION**

Yekabdi Agro-Processing plc has its vision and mission statement, Yekabdi Agro-processing is established as a private local manufacturing company in Ethiopia by its mother company Tenkir Bekele Plastic shoes manufacturing PLC in the year 2013 GC with the paid-up capital of 130 million birr

. The company entered the country's Fast Moving Consumer Goods (FMCG) industry through manufacturing and supplying of "WOW" natural purified bottled water. Wow, water is extracted from the Gurage chained mountain which is found 175 KM south of Addis Ababa in the Southern Ethiopia national and nationalities region, Cheha Woreda, at Adoche and Atulche kebele. Where there are natural green mountains with no contamination which gives the water clarity and cleanliness and reaches mineral contents from nature. We used state-of-the-art machinery with a production capacity of 12,000 bottles per hour. These fully automatic technologically advanced machineries enable the purifying and packing process to be 100% free of human contact. This gives our customers and consumers' confidence that Wow water is pure, clean, and contamination-free. Goal As the demand opportunity for the brand is highly positive, it is planned to expand the production capacity to 24,000 bottles per hour. In addition to this, the company aspires to produce CSD and packed juices soon and contribute to the betterment of the country's economy.

## **1.3. STATEMENT OF THE PROBLEM**

Strategic human resource management (SHRM) is a broad view of human resource management (HRM) that encompasses all HRM functions including strategic recruitment and selection, strategic planning, strategic training and development, strategic compensation and reward systems, strategic succession, and strategic appraisal(Çalışkan, 2010).

According to Waiganjo, (2012), these SHRM activities are associated with a strong competitive advantage, increased production, improved quality of life, and increased profits. To justify these consequences, Mukulu, (2012), states that these practices from different sectors need to be evaluated.

Becker, ( 2006), suggests that most previous studies on the relationship between performance and SHRM have been conducted primarily in Europe. Universal and accidental scientists disagreed when the debate about SHRM practice and performance arose. As sometimes the researcher argues that there are certain combinations of HR practices that help ensure a competitive advantage while maintaining the effective performance of the enterprise. Prepared for contingencies many researchers argue that achieving excellence is determined by achieving the "best match" between HRM practice and the characteristics of



other companies. There is ongoing debate as to whether the relationship between SHRM practices and performance indicators is widespread.

Similarly, according to Stavrou(2010), who argued that the directly improve performance by maximizing bundles of best practices from HR practices such as employee performance evaluation, recruitment, training, and compensation systems. Besides this, according to (Dimba, 2010), strategic HRM practices are not standardized, and as a result, researchers tend to choose different SHRM practices from a theoretical perspective.

Mutua (2012) found that performance-based salaries, training, and hiring have a strong positive correlation with company performance. Khan (2019)also conducted a study, and his results show a positive correlation between compensation, performance evaluation, training and development, recruitment and selection itself, and organizational performance. Moreover, a study conducted by Hamid J., (2013) has shown that the SHRM practices have a positive relationship with both financial and operational performance.

Therefore, there is consensus among various studies that it is the intertwined system of SHRM practices that improves performance (Sani, 2012). As a result, different studies use different HR practices. In addition, some studies have shown that SHRM and performance have a positive relationship, but depend on other factors such as organizational climate and motivation (Adil, 2015).

In the Ethiopian context, Mekonnen W. &. (2021) have studied the role of SHRM practices on organizational effectiveness within selected insurer companies in Ethiopia. Based on the results of the study each SHRM practices have a significant relationship with the dimension of organizational effectiveness. The SHRM practices considered in the study, only devolvement of HR practice to line managers, Placement system, Performance management system, Training, and development, Compensation system career and succession planning system do significantly explain the effectiveness of an organization.

On the other hand, according to Mekonnen M., (2021), there is a high level of SHRM practices and organized civil behavior in the Jemma district of Ethiopia's commercial bank. For this reason, recruitment and selection, training and development, performance evaluation, compensation, and performance practices are positively and significantly associated with the organization's civic behavior. This means that SHRM aims to achieve individual performance, the positive attitude and behavior of the organization, HR governance, and employee satisfaction.

However, most of these studies focus on the public sector and the entire enterprise. As a result, it sheds limited light on the role that training, recruitment, compensation, and employee relationships play in private sector performance. Besides, this most private limited company has problems in properly implementing the strategic human resource management practices in their organization. Yekabdi Agro-Processing PLC is one of the private limited companies in Ethiopia and has the same Strategic human resource implementation problem. This study, therefore, is aimed at investigating the effect of human resource management practices namely training and development practices, recruitment and selection, compensation and reward system, employees' security, and the participation of employees in decision making on organizational performance in Yekabdi Agro-Processing PLC.

## **1.4. OBJECTIVE OF THE STUDY**

### **1.4.1. GENERAL OBJECTIVES**

The general objective of this study is to determine the effect of human resources management practices on organizational performance in the case of Yekabdi Agro-processing PLC (Wow Water).

### **1.4.2. SPECIFIC OBJECTIVES**

1. To assess the human resource management practices in the Yekabdi Agro-Processing PLC.
2. To determine the effect of recruitment and selection practices on organizational performance in Yekabdi Agro-Processing PLC.
3. To examine the effect of training and development practices on organizational performance in Yekabdi Agro-Processing PLC.
4. To investigate the effect of performance appraisal on organizational performance in Yekabdi Agro-Processing PLC.
5. To test the effect of reward and compensation on organizational performance in Yekabdi Agro-Processing PLC.
6. To determine the effect of employee participation on organizational performance in Yekabdi Agro-Processing PLC.

### **1.5. SIGNIFICANCE OF THE STUDY**

The results of this study are considered important to provide insights into the various human resource management practices needed, provide feedback, and help Yekabdi Agro-Processing PLC implement the recommendations. This study may encourage the use of well-designed human resource management techniques to achieve goals. To maximize productivity in achieving the goals, it is useful for top management and human resources management, as well as professionals to design SHRM capabilities at the organizational level. In addition, this research paper may be useful to researchers and other readers who want to learn about the functions of strategic human resource management and practical questions for future research, with recommendations implemented accordingly. In addition, this study may serve as a reference for similar associations and others who want to benefit from the study as a whole.

### **1.6. SCOPE OF THE STUDY**

The scope of the study was delimited in terms of the issue under investigation (conceptually), geographically, and methodologically. Based on this, the scope of the study was delimited to determine the effect of human resource management practices in organizational performance in the water bottling industry Ethiopia in the case of Yekabdi Agro-Processing plc. Specifically, it attempts to examine the effect of five major HRM practices namely recruitment and selection; training and development; reward and compensation and performance appraisal, and employee participation in the decision making.

Furthermore, in terms of geographical scope, the study is conducted in one organization called Yekabdi Agro-processing PLC located in Addis Ababa, Ethiopia. Finally, in terms of the methodology adopted, pertinent quantitative and qualitative data was gathered via questionnaire. Quantitative data was analyzed through descriptive and inferential statistics; while qualitative data was analyzed via thematic analysis.

### **1.7. Limitations of the Study**

Since the topic of the research is the effects of human resource management practices on the organizational performance in case of yekabdi Agro-processing PLC. Due to this the effect of human resources management has been given less consideration in the developing world to that of the developed country the researcher face a lack of available literature on the effects of human resources management on organizational performance that was done in the context of developing country especially in Ethiopia context from which lessons can be drawn. To overcome this limitation, studies in the developed world kinds of literature were used to draw lessons to support empirical data. Issues of doubt ascended from a few respondents in the questionnaire but the researcher managed by explaining the purpose of the research and assuring respondents of confidentiality.

## 1.8. DEFINITION OF KEY TERMS

- **Strategic human resource management:** -Strategic human resource management is the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals(Wright, 2011).
- **Organizational performance:** -Organizational performance as real yield or results of an organization as measured in contradiction to its future outputs or goals and objectives(Almatrooshi, 2016).
- **Training:** - Training is the act of increasing the knowledge and skills of an employee for doing a particular job. It is a short-term educational process and utilizes a systematic and organized procedure by which employees learn technical knowledge and skills for a definite purpose(Iles, 2010 ).
- **Development:** - development is the growth of employees in all aspects associated with the overall growth of employees and it is a long-term perspective and career centered in nature(Alika, 2014).
- **Recruitment:** -Recruitment is the process of generating a pool of capable people to apply for employment to an organization(Backhaus, 2004).
- **Selection:** -Selection is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons more likely to succeed in the job(s) given management goals and legal requirements (Breugh, 2009).
- **Reward:** - the achievement and benefit received by employees for their job performance in an organization, can be economic, accommodation, transportation, health, safety, and other benefits(Perkins, 2020).
- **Compensation and reward:** -compensation and reward are anxious with the preparation and application of plans and policies, the persistence of which are to recompense people fairly, justifiably, and reliably in agreement with their worth in the organization and therefore aid the organization to attain its planned goals(Yamoah, 2014).
- **Employee Participation in the decision making:** - it is the scope of an employer's permission or encouragement for an employee to participate in or encourage employees to participate in or participate in company decision making to improve company performance through the pursuit of common goals by employees and managers(Bhuiyan, 2010).

## **1.9 ORGANIZATION OF THE STUDY**

This thesis is organized into five chapters. Chapter one present the introduction and includes background to the study, the statement of the problem, research objectives, significance of the study, scope of the study , the limitation of the study, and definition of key terms. Chapter two presents the literature review of the major study variables namely SHRM practices like Recruitment and Selection, Training and development reward and compensation performance appraisal, and organizational performance. This culminated into a conceptual framework showing the relationships between the variables under study as well as research hypotheses. Chapter three give details on the research methodology including the research approach and design, data sources and collection instruments; population, sample size and sampling techniques; reliability and validity of data collection instruments, method of data analysis, and ethical considerations. Chapter four is about data presentation, analysis, and interpretation. Chapter five presents the summary, conclusions, and recommendations of the study.

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

This section presented the review of related literature in theoretical and empirical perspectives that help as an input for the subsequent analysis of the data gathered from primary and secondary sources. The theoretical review discusses the concept of SHRM, theoretical perspectives of SHRM, SHRM practices (like job definition, recruitment and selection, training and development, reward and compensation, performance appraisal, and employees' participation). This is followed by a review of empirical studies conducted about strategic human resource management practices and performance. In the end, the conceptual framework of the study and research hypotheses will be presented.

#### 2.1. THEORETICAL LITERATURE

##### 2.1.1. CONCEPTUALIZING STRATEGIC HRM

According to(Ait Razouk, 2011)strategic human resource management (SHRM) is the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. As such, SHRM adopts systems view to examine the effects of a bundle of HR practices, which differentiates strategic HRM from more traditional functional views of HRM.

Strategic HRM is about thinking about the people of an organization as a strategic resource to gain a competitive advantage (Cania, 2014). On the other hand, (Krishnan, 2011),SHRM is a set of processes and activities shared by HR departments and line managers to solve personal business problems. SHRM has planned personnel and activity patterns designed to help an organization achieve its goals(Uysal, 2019).According to (Ismail, 2018), Strategic HRM focuses on actions that differentiate the company from its competitors. Furthermore, according to (Iqbal, 2019), strategic human resource management is that of successful corporate performance that depends on close alignment or coordination between business and human resource strategy.

A major problem is identifying what differentiates strategic HRM from HRM(Hamid Z. M., 2020). One of the main differences between strategic human resource management and traditional conceptions of human resource management is the degree to which HRM is incorporated with the strategic decision-making processes that tend to direct organizational efforts to deal with the environment(Guest, 2011). Globalization, increased competition, and continuous change in technology and the market are the main reasons for the change in human resource management. The emerging strategic functions for human

resource management have been defined based on the condition of a competitive and worldwide market (Beer, 2007).

Traditional HR ideas emphasize mainly manual skills; training that covers exact responsibilities; functional and sub-functional specialty; and concern for individual efficiency. The traditional approach did not put prominence on people but rather on tasks at the cost of people and their improvement. However, SHRM ideas emphasize the sum input on the firm; artistic behavior and innovation; overall effectiveness, and cross-functional integration(Ragui, 2013).

Pfeffer (1994) explains how varying market circumstances have rendered many of the traditional sources of competitive advantages, such as economies of scale, patents, market regulations, and access to capital, less important than they have been in the latest past. Unlike conservative assets, strategic human resources as a rational or organizational capital are mostly unseen and, consequently, do not become visible on the organization's balance sheet (Tomer, 2007; Karami, 2009). They are seen in a well-trained, motivated, and flexible labor force, and in the HRM structure that develops and sustains it. Intellectual capital therefore nowadays represents a growing fraction of many organizations' total assets, hence making the strategic role of the HRM system more significant. Ulrich and Lake (2009) suggest that such an HRM system is a source of organizational capabilities that allow firms to learn and take advantage of fresh opportunities.

SHRM implies a managerial orientation that ensures that human resources are utilized in a way favorable to the achievement of organizational goals and missions. The notion of SHRM evolved in the 1990s with an amplified prominence on a proactive, integrative, and value-driven approach to human resource management (Schuller, 2002). SHRM focuses on many issues such as the fit between human resource management practices and organizational strategic goals, the incorporation of human resource management in the organizational strategic management, the participation of human resource role in senior management teams, the devolvement of human resource practices to line managers and taking of strategic approach to employee compensation, selection, performance appraisal and the value that is added to the organizational performance by HRM (Schuller, 2002).

Various studies have examined SHRM as a means of enhancing organizational competitive advantage. Scholars and practitioners have extensively adopted this approach to organization strategy planning. The fundamental postulation of SHRM is that organizational performances are influenced by a set of HRM practices. Various empirical evidence (Delery, 2017), has supported this postulation. Nevertheless, an important question remains on whether SHRM guarantees positive firm performance outcomes.

Modern organizations have continuously become aware of the importance of SHRM. Hence, the shift from the bureaucratic model of public services where administrative rules are determined by a national government and implemented by public organizations with comparatively minimum scope for strategizing at a local level (Bach & Della Rocca, 2000).

Ideas of standardization, paternalism, collectivism, job security, the aspiration to be a model employer and developmental-humanism, are the principles supporting the administration of people (Lupton & Shaw, 2001).

According to (Selden, 2005), in a move mirrored by governments around the developed world, what were once supposed as best practice concepts of employee management, resulting from the private sector, were held up as standards to which the public sector should seek. Some of the central workings of this imported replica were: reducing the costs of employment; employing a performance-based rewards system for staff; improving elasticity to react to customer demands; empowering organizations to take strategic decisions in the HRM field; increasing individualization of the employment relationship; and decentralization. Significant to this was the idea that HR functions could shift from their traditional administrative roles and become more strategically involved in their organizations than had previously been the case (Wood, 2006).

In the past years, more investment has been made in research focusing on the relationship between SHRM practices and organizational performance. Research in this area has been accelerated in recognition of the fact that accessing funds and equipment are becoming less efficient as they can be without difficulty copied by rival firms. Human resource on the other hand is seen to represent an asset that can be a source of competitive advantage because it is often difficult to duplicate by competing firms and hard to substitute even within the same firm. SHRM can, therefore, be used by organizations to acquire and develop this valuable capital (Muraga, 2015).

An issue that has featured prominently in the discussion of the interactions between SHRM and organizational performance is whether the correlation between SHRM practices and measures of organizational performance is universal or contingent. The universalistic observation suggests that many HRM practices are more valuable than others. Firms that use modern hiring systems should on average have a more efficient, competent, and resourceful labor force than firms that employ other systems (Kaufman, 2010).

The contingency view, on the other hand, suggests that the effectiveness of SHRM practices depends on other factors such as organizational climate and culture among others, as well. According to this



argument, organizational culture influences human resources management practices in that when employees understand and internalize the organizational culture, they will choose a strategy and behavior that fit their personality and match the main routines of the organization's activities. Hence, if HRM practices are not in conformity with the organization's values that are shared by employees, then the employees will feel unsatisfied, uncomfortable, and uncommitted, thereby resulting in low performance because their values are different from the company's expectations (Shipton, 2020).

### **2.1.1. STRATEGIC HRM APPROACHES/THEORIES**

The theoretical foundation of strategic HRM lies in three approaches or perspectives namely universalistic approach, contingency approach, and configurational or bundling approach.

#### **2.1.1.1. UNIVERSALISTIC THEORY**

The universalistic theory was postulated by (Alcázar, 2005), who rooted for a best practices approach to SHRM. Additional researchers who have contributed to the universalistic theory include; (Arts, 2015). The researchers posit that some SHRM practices are constantly better than others and therefore all organizations should assume these best practices.

According to (Chang, 2005), universalistic or best-practice approaches posits that certain independent-dependent variable relationships hold across whole populations of an organization that is, some HR practices are always better than others, and all organizations should adopt them Under a universalistic approach, strategic HR practices are those that are found to consistently lead to higher organizational performance, independent of an organization's Strategy Such practices include formal training systems, profit sharing, voice mechanisms, and job definition.

According to Marchington and Wilkinson (2008), the idea of best practice was at first acknowledged in the early US models of HRM, most of which argued that the taking on of certain best human resource practices would result in improved organizational performance, manifested through; improved worker attitudes and behaviors decreased levels of turnover and absenteeism, increased skills levels and therefore increased productivity, better quality, and efficiency and increased return on investment. Universalistic arguments simply mean that the connection between a given independent variable and a dependent variable is universal across the populace of organizations. To be able to make universalistic predictions, key strategic HR practices are identified and then the opinion that relates to the individual practice offered.

(Rose, 2006), established that an organization having long-term incentive policies for their senior managers had registered higher profits over five years than did other organizations. (Richard, 2001),

argues that managerial compensation should be based on an organization's financial performance. (Andersen, 2007), elaborates that the pay blend was related to monetary performance. Organizations with pay strategies that included a greater amount of performance-contingent pay achieved better monetary performance.

This theory seeks to identify the choices of practices that do well in successful environments. However, what works contributes to good results in one organization may not result from unequally good results in another organization since it may not fit its plan, technology, or working practices. The theory also helps to examine the direct relationship between SHRM practices and the performance of the organization.

#### **2.2.1.2 CONTINGENCY THEORY**

The contingency theory was influenced by researches done in the 1950s at Ohio State University. In the mid-1960s, the theory was further advanced by Fred Fielder, and others who have contributed to the contingency theory include Galbraith (1973). These researchers posit that there is no one best way to organize human resources.

The contingency or external fit perspective emphasizes the fit between business strategy and HRM practices, implying that business strategies are followed by HRM practices in determining business performance. The contingency perspective goes beyond the simple, linear, causal relationships explored in universal theories and allows for interaction effects and varying relationships depending on the presence of a contingent variable most often firm strategy. The effectiveness of HR practices is contingent on how well they mesh with other aspects of the organization. The contingency perspective draws a causal line from the HR policies and practices to the organizational performance metrics, and it allows for the moderating effects of strategy (Youndt, 2006).

An argument mostly put forward by the contingency scholars is that HR strategy would be more effective if it were to be properly incorporated with a precise environmental background. The best fit theory supports the idea of ensuring that HR strategies are suitable to the conditions of the firm, such as the culture, operational processes, and external environment. HR strategies have to assess the specific requirements of both the organization and its people. It looks at the close association between strategic management and HRM by taking into account the extent to which there is vertical integration between a firm's business strategy and its HRM policies and practices (Decktop, 2006).

Wright (2004) states that vertical integration between business strategies and individual behavior individual, team, and organizational performance influence the models of SHRM. This vertical integration or fit where influence is realized through events, policies, and processes are broadly

recognized to be an important part of any strategic approach to the management of people (Dyer, 2005). The best fit hence ensures a relationship between internal operations of the firm and policies and the external market in business strategy and thereby ensures that competencies are produced which have a perspective to be the main source of competitive advantage (Wright, Gardner & Allen, 2005).

The contingency model is often criticized for tending to generalize a firm's reality. While trying to relate one dominant variable of the organization to another internal variable, the supposition is that there exists a linear, non-problematic relationship. The contingency theory is applicable in this study to help show how other factors can be integrated into the relationship between SHRM and organizational performance.

### **2.2.1.3. CONFIGURATIONAL/BUNDLING PERSPECTIVE THEORY**

The configurational theory was postulated by Mintzberg (1973). The theory posits a simultaneously internal and external fit between a firm's external environment, business strategy, and HRM strategy, implying that business strategies and HRM practices interact according to organizational context in determining business performance (Arthur, 1994). According to Boxall and Purcell (2003), configurative theories address HRM issues from a systemic perspective. Sheppeck and Militello (2000) argue that a system is a set of interrelated elements, such that each part or element depends to a greater or lesser extent on its situation within an integrated whole organization operates, as complex systems comprised of interdependent external and internal subcomponents that are best understood when viewed holistically. This configurational interpretation retains a system perspective by focusing on the pattern of relationships between different elements (Delery & Doty, 2006). A change in one part will affect the other parts, intentionally or not. Thus, configurative theories analyze organizational change processes that emerge in response to external or internal pressures (Broedling, 1999).

According to Wilkinson (2002), the configurational theory attempts to obtain a set of HR practices that can be relied on in making the best use of horizontal combination and then connect these to the different strategic configurations to exploit vertical integration and hence a better performance by firms. SHRM according to configuration theorists requires a firm to come up with an HR system that achieves both horizontal and vertical integration. 33 The configuration approach is used in the study to show why it is important for organizations to achieve both vertical and horizontal fit through their HR practices, to add to an organization's competitive advantage and consequently be deemed strategic. It shows how a fit between public sector culture and HR capabilities can enhance organizational performance.

## **2.1.2. THEORETICAL FOUNDATION**

### **2.2.2.1 ABILITY, MOTIVATION AND OPPORTUNITY THEORY**

The theory ability - motivation - opportunity (AMO), proposed by Applebaum et al. (2000) focuses on helping to choose among HRM practices that drive organizational performance. According to (Becker, SHRM and job design: Narrowing the divide. , 2010), the selection of appropriate HRM practices is essential for the conscious formation of employee competencies (i.e., selection, recruitment, and training), motivation (e.g., performance-remuneration constraints) and opportunities for action (emphasis on teamwork or recommendation systems). Then, (Phanwattana, 2017), divides HRM practice into three groups: the HRM system affects the ability to perform, the motivation to perform, and the opportunity to perform. Finally, in this vein, Rauch and Hatak (2016) have systematized and clearly defined and distinguished HRM practices into three distinct groups: practices for skill improvement, motivation, and empowerment. The practice of improving human skills (Sagar, 2019), aims to improve knowledge, capacity, and skill level in the company, thereby helping employees to do their jobs well. This group includes two subgroups: competency-based HR practices and mainly job selection; and HR activities focus on knowledge and skills development, and these can be shaped by interventions, especially training and coaching (Schmitt, 2014).

More recently, Kaufman (2015) argues that to achieve better performance, which is seen as individual productivity, creativity, and discretionary effort, companies should focus on building capacity and motivating employees while creating job opportunities giving them the autonomy and necessary tools, and decision-making ability. According to Jiang et al. (2012), these three processes help translate human resource management practices (or systems, in a broader sense) into organizational performance.

## **2.3 STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES**

SHRM practices are those decisions and actions which concern the management of employees at all levels in the business, and which are related to the implementation of strategies directed towards sustaining competitive advantage (Dimba, 2010). Even though advancement in the direction of identifying precisely which HR practices are linked with better organizational performance has been unsatisfactory, it is recognized that there are four main areas in which human resources strategies may be developed. These include recruitment, training, compensation, and performance management (Armstrong, 2002; Foot & Hook, 2009).

(Gould- Williams, 2004), suggest that lists of SHRM practices are generated by constructing groupings of practices based on factor analysis, and then attempting to impose some theoretical justification or

looking at what other researchers have used. Other researchers such as (ALDamoe, 2012), opine that several HR practices are constantly superior to others and that all organizations ought to adopt them. (ALDamoe, 2012), further argues that increased utilization of 16 management practices, for instance, selective recruitment, incentive pay, employment security, employee participation, performance management, training, and promotion from within, results in increased output across organizations. Likewise, (Shaukat, 2015), noted that several modern work practices, such as job rotation, job design, total quality management, and quality circles, resulting in efficiency in organizations. These practices identified by Pfeffer and Osterman are also referred to as high-performance work practices, or simply best practices.

Furthermore, according to (Shaukat, 2015), the domain of HRM covers the acquisition, development, reward and motivation maintenance and departure of employees whereas typical areas of concern include HR planning and capability audits, recruitment and selection of employees, skill development, and training, career progression, performance appraisal, formulating employment conditions and compensation and reward this is irrespective of whether the firm is in the public or private sector. The applicability of the four SHRM practices in this study is supported by the fact that parastatals are significant in promoting the growth and development of trade and industry. They are also vital to enhancing the technical capability of the country in promoting national development. Lastly, parastatals are key in facilitating the improvement of service delivery in the public service, as well as addressing the essential requirements of the populace. The SHRM practices used in this study are; recruitment and selection, training and development; reward and compensation, and performance appraisal and employee participation in the decision-making process.

### **2.3.1. RECRUITMENT AND SELECTION**

Recruitment is the process of generating a pool of capable people to apply for employment to an organization and selection which is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons more likely to succeed in the job(s) given management goals and legal requirements (Bratton and Gold, 2007, p 239). Recruitment and selection can play a pivotal role in shaping an organization's effectiveness and performance if organizations can acquire workers who already possess relevant knowledge, skills, and aptitudes and are also able to make an accurate prediction regarding their future abilities. Performance improvement is not only a result of a well-functioning system but also depends on effective human resource strategies that succeed in recruiting and maintaining a committed and motivated workforce (Al-Ahmadi, 2009).

Recruitment and selection have become ever more important as organizations increasingly regard their workforce as a source of competitive advantage. It is often claimed that selection of workers occurs not just to replace departing employees or add to the number but rather aims to put in place workers who can perform at a higher level and demonstrate commitment (Ballantyne, 2009). This function of HR is presented as a planned rational activity made up of certain sequentially-linked phases within a process of employee resourcing, which itself may be located within a wider HR management strategy. The process of recruiting and selecting may come in four stages: defining requirements, planning a recruitment campaign, attracting candidates, and selecting candidates (Armstrong, 2010).

According to Armstrong (2009), recruitment involves finding and engaging the people who can help meet the organization's needs. HRM is concerned with the development of integrated packages of policies towards the management of people (Bratton & Gold 2004). According to Sparrow and Hiltrop (2004), recruitment is key to providing the organization with a powerful basis for influencing and organizing human behavior in line with the strategic direction of the organization. Over many years recruitment for organizations has evolved into a relatively standardized approach, what can be referred to as a traditional approach (Newell & Shackleton, 2005).

However, a survey conducted by (Kemunto, 2011), in the small and medium enterprises concluded that hiring and hiring did not have a positive correlation with corporate performance. An important issue in hiring was the choice of hiring approach. Most organizations choose one or two hiring approaches to implement their hiring strategy. Social and print media, corporate websites, recruiters, recruiters, and more. All strategies produce specific employees with different levels of performance. However, some approaches can give good results in some companies and fail in others (Ekwoaba, 2015), found that once hired, employees tend to learn at work, and in the long run, the hiring process doesn't play an integral role, so it doesn't affect performance. Each hiring approach has different results and each company has a different experience. In addition, the hiring approach used is highly dependent not only on the company's brand but also on position, such as the company's assets in the hiring department and the allowances granted to the hiring team.

On the other hand,(Gamage, 2014), argues that to be cost-effective, the hiring process needs to attract skilled applicants while providing appropriate self-selection information to unqualified individuals. The results of the survey before were mixed, and we conclude that recruitment has a significant impact on performance, regardless of the approach used. We also recognize that some approaches work for one company and fail for another. However, other studies show that hiring does not affect performance and employee empowerment occurs when employees are hired, so the hiring process plays a small role in

improving the company's performance. Therefore, this study aims to determine if there is a positive or negative impact between the hiring practices used by insurers and the company's performance.

### **2.3.2. EMPLOYEE TRAINING AND DEVELOPMENT**

Training is a planned effort to enable employees to learn job-related knowledge, skills, and behavior. Development involves acquiring knowledge, skills, and behavior that improve employees' ability to meet the challenges of a variety of new or existing jobs, including the client and customer demands of those jobs. Development programs often focus on preparing employees for management responsibility (Noe, 2011).

Training and development are defined as a process of systematically developing work-related knowledge and expertise in people to improve performance (Richard, Swanson Elwood- and Holton III, 2008). Training is the process through which skills are developed, information is provided, and attributes are nurtured, to help individuals who, work in organizations become more effective and efficient in their work. Training helps the organization to fulfill its purposes and goals while contributing to the overall development of workers. Training is necessary to help workers qualify for a job, do the job, or advance, but it is also essential for enhancing and transforming the job so that the job adds value to the enterprise. Training facilitates learning, but learning is not only a formal activity designed and encouraged by specially prepared trainers to generate specific performance improvements.

According to Goldstein (1993), training involves the systematic acquisition of skills, rules, concepts, or attitudes that result in improved performance in another environment. According to Analoui (2002), for training to be effective those two conditions need to be met first: the criteria of transfer and the strategic nature of training meaning training is effective if it can be transferred to the workplace. Lack or absence of positive transfer means that the individuals are not performing to their potential. This results in them being redundant and failing to advance the objectives of the organization, leading to inefficiency and inability to secure competitiveness. Second training should aim to achieve the overall business strategy. If training is not focused, resources will be underutilized and development will only be for the sake of development rather than realizing the goals of the enterprises.

This traditional approach has its roots in a psychometric model where the organizational effect is directed to match the different attributes of individuals to the different demands of specific jobs to establish a person-job fit (Newell, 2005). Recruitment is strategic where the suitability of the potential recruit is

defined by reference, not only to specific job requirements but also broader strategic concerns, indeed if the organization's recruitment is informed by its environment, is socially responsible, valid, periodically evaluated, and maintained by knowledge of leading theory and practice then recruitment is strategic (Lundy & Cowling, 1996).

Learning is also a more universal activity, designed to increase capability and capacity, and is facilitated formally and informally by many types of people at different levels of the organization. Training should always hold forth the promise of maximizing learning (Richard, Swanson, Elwood, and Holton III, 2008).

According to Mahapatra (2010) training is an organized activity for increasing the knowledge and skills of the people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees to increase their knowledge and skills for doing specific jobs with proficiency. In other words, the trainees acquire technical knowledge, skills, and problem-solving ability by undergoing the training program. Mahapatra (2010) stated that training refers to the teaching, learning activities carried on for the primary purpose of helping the members of an organization to acquire and reply the knowledge, skills, and abilities, and attitudes needed by that organization. It is the act of increasing the knowledge and skill of an employee for doing a particular job.

Training and development constitute an ongoing process in any organization. Training is the formal and systematic modification of behavior through learning which occurs as a result of education, development, and planned experience (Armstrong, 2001).

According to Dessler (2008) even when employees are carefully selected, it does not guarantee still for the total acceptable for the employee's performance. This is because while the potential of an employee to perform is one thing, performing is another and therefore an employee with a high potential to perform may not still perform his job if he does not go through training and development. This is why training for newly employed starts with organizational orientation. Cole (2004) postulates that human resources are the most dynamic of all the organization's resources and therefore they need considerable attention from the organization's management if the human resource is to realize their full potential in their work. Training and development activities just as most other activities in an organization depend on the policies and strategies of the organization.

Abang, May, and Maw (2009), however, suggest that on-the-job training does not improve performance and that only general coaching (outside the workplace) has a significant impact on business productivity. In addition, (Richardson, 2009), argues that education and development are seen as a means to an end, not an end goal.



The result is improved profitability in terms of both monetary and non-financial measures (Herman & Kurt, 2009). Besides, Abang et al. (2009) suggest that training and development have a significant impact when combined with other strategic HRM practices and cannot be considered as a single practice.

However, these practices must be implemented as well to ensure successful education and training. Similarly, Gunu et al., (2013) claim that the need to improve employee and company performance has led organizations to adopt training and development strategies. The implementation of training strategies was endangered by certain factors.

### **2.3.3. REWARDS AND COMPENSATION**

According to Jackson et al., (2012), strategic compensation and reward are anxious with the preparation and application of plans and policies, the persistence of which is to recompense people fairly, justifiably, and reliably in agreement with their worth in the organization and therefore aid the organization to attain its planned goals. Bratton and Gold (2000) mentioned that reward management is “central to the regulation of the employment relationship and is one of the central pillars of HR management”.

According to Lawler (2002) compensation is concerned itself with the formulation and implementation of strategies and policies to reward people fairly, equitably, and consistently by their value to the organization. Lawler further argues that the organization's compensation strategy can make a valuable contribution to the development of employee behaviors. Compensation strategy is driven by the overall business strategy of the organization, which is shaped by the environment external and internal to which the organization operates.

Furthermore, Giancola (2009) stated in his article the most simplified model containing five modules, that is, remuneration, benefits, work-life balance, acknowledgment, career opportunity, and advancement.

Zingheim (2005) stated that senior administration needs to know the importance of conveying and teaching the workforce in regards to the change of rewards and employees must be included in that procedure. (Masibigiri, 2011), remarked that shareholder worth and affirmation are observably higher in those associations where workers know the heaviness of the prize bundles by and by. To make powerful utilization of the interest in "enlistment" and "maintenance" it is imperative to convey the acceptance and method of reasoning connected with the benefits.

#### **2.3.4. PERFORMANCE APPRAISAL**

Armstrong and Baron (2002), define performance management as a strategic and integrated approach of delivering sustained success to organizations by improving the performance of people who work in them and by developing the capabilities of the team and individuals' contributors. Purcell (2003) argues that for people to perform effectively, they must have the ability to do so by possessing the required skills and knowledge, be motivated to do the work, and be allowed to use their skills in playing their part in achieving their team's and organization's success. Performance management has a direct role in ensuring that employees are motivated and have the opportunity to use their skills. Senior management can rely on the performance management activities to guide the strategic direction of the organization by keeping the organization focused on its mission and closely relating the organization's business objectives to those of the individual (Guest, 2007).

The vital resource to any organization is its workforce. They have a regular role to play which comprises of the organization's success, which cannot be underestimated. Afshan et al. (2012), define performance as the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost, and speed. Employee performance can be manifest in improvement in production, easiness in using the new technology, highly motivated workers. Many studies conducted earlier revealed that human resource management practices have been strongly and positively related to employee performance and developments areas. There has been a lot of research to support the fact that employee performance can improve through training by building a sense of teamwork among employees and developing specialized financial skills. In addition, employees' capabilities are enhanced when the organization is started to spend in improving the knowledge and ability of its employees through training so in return, more effective employees are produced and also provides an efficacious relationship between employees and the employer.

Performance appraisal is an essential tool for measuring the frameworks set by any organization for its employees. It is used to track an individual's contribution and performance towards the organization's goals and identify the individual's strengths and opportunities for future improvement and assess whether the goals of the organization can meet or serve as a basis for businesses' future planning and development (Daoanis, 2012).

Recognition of the importance of trust in organizations has increased dramatically in recent years, as evidenced by the numerous published works that seek to understand this phenomenon from many different angles. Trust in employees (Tzafirir, 2004), trust in management (Salamon, 2008), and trust across organizations (Gulati, 1995) have all been examined in the scientific literature. study recently.

Many other studies have suggested that trust is important for other phenomena, such as grouping and negotiation, without delving into the nature of trust and how it develops.

. The 360 degrees or /multi-rater appraisal system involves an appraisal system that encompasses the views of different groups of reviewers who socialize with the organization's employees. Such reviewers include the employee's superiors, co-workers/peers, and customers. The process also includes the employee's opinion about him/herself and hence its recognition as a multi-source, multi-rater, and full-circle appraisal system. While in this context, (Hsu, 2018), a study on employee competencies identifies four key assessments that should constitute a 360-degree appraisal system. They include self-assessment; immediate supervisor assessment; subordinate assessment and peer assessment.

Graphical rating scales constitute the most used method during performance appraisal in most organizations. A graphic rating scale in this context entails a performance appraisal rating checklist. Woods attributes the popularity of graphical rating scales to the ability to use such scales for a variety of jobs. Identifies several performance factors that can be effectively measured using the help of graphical rating scales. First, such scales can be used to evaluate the employee's quality of work. Second, rating scales can be used in assessing productivity in terms of whether the employee makes good use of available plans, work time and completes assignments on schedule (Gachunga, 2014).

### **2.3.5. EMPLOYEE PARTICIPATION IN THE DECISION MAKING**

Employee involvement in judgment is an applied fairly mechanism in the working world, also known as community involvement reviews (PDM) (Mitchell, 1973). According to Noah (2008), the centrality will decide how to adjust the communication gap between some of the administrators and staff with more control and versatility. A specific type of membership is the group. It represents the level of engagement of workers in the strategy implementation operations of a company.

Employee participation is now a crucial factor in the effective adoption of modern methodologies and is essential in assessing individual employee contribution and morale in terms of work happiness. The presence of workers is undoubtedly good for the organization. Employee involvement consists of two evaluative and ongoing systems. Doucouliagos (1995)'s strategic practice has stirred severe stress in topics about workforce engagement. This is because of the indications that employee participation enhances involvement, thus improving performance and competitiveness, reducing the expense of monitoring employees, and generating more engagement.

The position of staff in strategic planning is collective decision-making in the workplace, often used as communitarian decision (PDM) (Mitchell, 1973). It was termed 'mutual agreement between superiors and

subordinates,' Locke and Schweiger (2007) believe that each group of people takes part in the scheduling process, which requires considerable commitment (deep staff cooperation in judgment).In comparison, a low level of engagement (small staff participation in decisions) suggests a fairly limited preparation mechanism (Barringer&Bleudorn, 1999), affecting only top management.

Employee participation, or employee co-determination, refers to activities and actions taken to engage employees together in an initiative to achieve a common goal. Instead of the manager making all the decisions and the employees following his orders, the entire team makes the decisions. Participating in decision-making is becoming increasingly common and is part of so-called employee empowerment. Employee empowerment is a slow decentralization of power within a company, transferring that power to individual decision-makers lower in the organization's hierarchy(Wilkinson, 2010).

Employee participation includes all mechanisms used to involve employees in decisions at all levels of the organization, whether made directly with employees or indirectly through representatives. Information and consultation are two key components of this process. In this context, information means the provision of company data, on workplace issues or more strategic questions, to workers or their representatives, allowing employees to employees engage in dialogue with employers. In this context, consultation means the exchange of views between employers and workers or their representatives but turns to formal negotiations, so that the ultimate responsibility for decision-making rests with the employer (Marchington, 2013).

According to (Markey, 2013), participation can be distinguished as direct communication; bottom-up problem solving; the participation of representatives; and finance involved. The first two of these are essentially direct and people-oriented, often operating through face-to-face interactions between supervisors/frontline managers and their employees. Some take the form of verbal engagement, while others rely on written information or suggestions. The third is quite different and revolves around the role of workers or union representatives in discussions between managers and workers, through mechanisms such as consultation, worker leadership, or trade unions.

On the other hand,(Timming, 2015), argued that these particular regimes pose major problems with the distribution of power and influence within organizations and in some cases, unlike direct participation, are most often part of a regulatory framework. legislation of the country in which the employer organization is located. The final form that we consider in the second part of the book is financial participation, whereby employees have a monetary benefit or benefit from their work, through a share of profits or shares of the company. Staff in a sense, is slightly different from informed, consultative, and joint decision-making engagement, as employees can be encouraged to participate precisely because their work

efforts are ultimately rewarded. These forms of participation also raise questions about how financial benefits are distributed, who makes the decisions about their allocation, and what happens if the organization suffers a loss rather than a loss profitable.

#### **2.4. ORGANIZATIONAL PERFORMANCE**

Guest and Christopher (2012) define organizational performance as the real yield or results of an organization as measured in contradiction to its future outputs(or goals and objectives). Appelbaum et al., (2003) explained that performance is an opportunity, motivation, and ability to partake in staff functions. Schermerhom et al., (2000) is the view that organizational performance is the product of the overall performance of the interaction of the organization's activities and resources to get qualified individuals to reach the desired result.

Organizational performance is one of the most broadly and extensively used dependent variables in organizational studies today, and yet, at the same time, this construct remains one of the most imprecise and loosely defined constructs (Rogers and Wright, 1998).

In the strategy literature, the focal point of attention on this construct has been almost completely on financial measures of performance (Rowe, Morrow and Finch 1995). Conceptually, organizational performance has been defined as the comparison of the value produced by a company with the value owners expected to receive from the company (Alchian and Demsetz1972). Venkatraman and Ramanujam (1986) indicate that a narrow definition of performance ‘centers on the use of simple outcome-based financial indicators that are assumed to reflect the fulfillment of the economic goals of the firm’ (1986,). For many years, researchers have been struggling to establish a clear and precise meaning for organizational performance, which is not only limited to the field of human resource management but also many other fields (Rogers and Wright, 1998). For instance, in his review for the measures of organizational effectiveness, Scott concludes the following: ‘After reviewing a good deal of the literature on organizational effectiveness and its determinants, I have concluded that this topic is one about which we know less and less (1977).

The literature reveals that studies into the HRM-performance link have, yet, not reached a specific meaning for organizational performance construct. Some studies have used subjective measures to evaluate firms’ performance, such as employee satisfaction, customer satisfaction, executives’ perceptions about the company’s performance, absenteeism, employee commitment, and other behavioral aspects. Other studies reference various objective measures for evaluating firms’ performance, such as financial and market indicators. As a result, there is no common theory concerning organizational

performance, and researchers utilize different indicators or variables for measuring this construct. For this reason, there is also a call for a precise theory on organizational performance (Paauwe and Boselie, 2005; Janssens and Steyaert, 2009; Guest, 1997, 2011), and HRM researchers and professionals could give a crucial and special consideration to mend such a gap. In the case of HRM-performance research, the performance outcomes of HRM can be viewed in different ways.

HRM researchers have mostly afforded attention to Dyer and Reeves' (1995) classification of the performance outcomes as follows: HR-related outcomes, such as turnover, absenteeism, job satisfaction, commitment. Organizational outcomes, such as productivity, quality, service, efficiencies, customer satisfaction. Financial accounting outcomes, such as profits, sales, return on assets, return on investment.

Researchers have held various points of view and theoretical perspectives when dealing with such a classification. Notably, some HR scholars have directly measured the impact of human resource practices on financial or market outcomes without consideration to organizational and HR-related outcomes. On the other hand, others have measured the impact of HRM practices indirectly through the HR-related and organizational outcomes. Dyer and Reeves (1995) propose that HR strategies would most probably do directly affect the HR-related outcomes, followed by organizational, financial, and market outcomes. The logic behind this is that HR practices have their most direct impact on employees' behaviors and attitudes, which, for example, will result in low turnover rate and higher satisfaction, which in turn would generate high organizational and financial outcomes. This issue will be discussed in detail in the next section, which is the HRM-performance link.

Some authors, such as Paauwe and Boselie (2005), emphasize the multi-dimensional concept of organizational performance in the case of future HRM-performance research. This concept means that researchers may use multiple measures of performance to cover the multiple goals of HRM and the different parties that have been involved within or outside the organization. In addition, they have asserted the role of financial measures as strong indicators for organizational performance.

## **2.5. REVIEW OF EMPIRICAL LITERATURE**

A growing body of empirical research has examined the effect of certain human resource management practices on organizational performance. There is along list of human resource practices that can affect independently or collectively the organizational performance (Beh& Loo, 2013). Human resources are considered the most important asset of an organization, but very few organizations can fully harness its potential (Ahmed, Schroeder, 2003). There is increasing interest in the notion that complementary bundles of human resource practices enhance organizational performance (William, 2010). Some of the empirical evidence is like:

### **2.5.1. THE EFFECT OF TRAINING AND DEVELOPMENT ON ORGANIZATIONAL PERFORMANCE**

Training plays an important part in the capacity building of the workers in the organization. Providing formal and informal training experiences, such as necessary skills training, coaching, mentoring, and management development can further influence employees' development (Huselid, 1995). The human capital theory defines some labor as more productive than others because more resources are invested into the training of the labor (Ramlall, 2004). Training leads to better employee performance and increases their commitment to their organizations (Tooksoon, 2011). Training is necessary because many changes come in a competitive environment. The current market nowadays faces an increasingly rapid number of changes in technology, system, and products (Awan&Sarfraz, 2013). The organization with better employees' performance gets more performance of productivity.

### **2.5.2. THE EFFECT OF PERFORMANCE APPRAISAL ON PERFORMANCE**

Organizational performance is a very important factor that is an important human managerial practice (Syed, Yan, 2012). Performance appraisal is the driver of employee performance. If the employees perform, better it leads toward the effectiveness of employees. If the employee is internally satisfied or happy with his or her job, then it shows the productive results of an organization. Employees who get the fair appraisal system are more satisfied with an organization than other employees. Therefore, promotion is associated with low employee turnover (Fey et al., 2000). A fair chance of promotion can enhance employee productivity, and employees react more satisfied with an organization. The employees are more passionate and satisfied when an organization gives them a fair chance of promotion (Syed, Yan, 2012). There is a significant relationship between performance appraisal and job satisfaction (Ali & Ahmed, 2009).

### **2.5.3. THE EFFECT OF EMPLOYEE PARTICIPATION IN DECISION MAKING ON ORGANIZATIONAL PERFORMANCE**

If the organization involves the employees in the decision-making, then it motivates the employees and employees happy with his or her work. Employees' involvement fulfills their self-actualization need. According to Maslow's need hierarchy theory, in self-actualization, organizations provide training, provide challenges and encourage creativity (Ramlall, 2004). Managers have a responsibility for creating such an environment in which they use the full potential of employees. If the employer fails, then it causes poor performance, employee frustration, lower job satisfaction, and increases the withdrawal of the

organization (Steers & Porter, 1983). Participation of employees satisfies the employees it fills the self-actualization need and enhances the productivity of the employees (Syed, Yan, 2012). It shows that there is a positive relationship between them.

#### **2.5.4. THE EFFECT OF REWARD AND COMPENSATION ON EMPLOYEE PERFORMANCE**

Compensation is the pay, wages, salary, and benefits. If the company gives rewards to the employee based on his performance, it motivates the employee and enhances the satisfaction level of the employee (Tooksoon, 2011). Compensation has some correlation with job satisfaction as well. Along the same line, the relationship between pay practice and job satisfaction is useful to influence the motivation of employees' work then achieve higher productivity. According to the Efficiency Wage Theory, a firm that pays a higher wage can sometimes increase workers' productivity (Tooksoon, 2011). If an organization gives high wages, employee satisfaction becomes high which leads the high productivity.

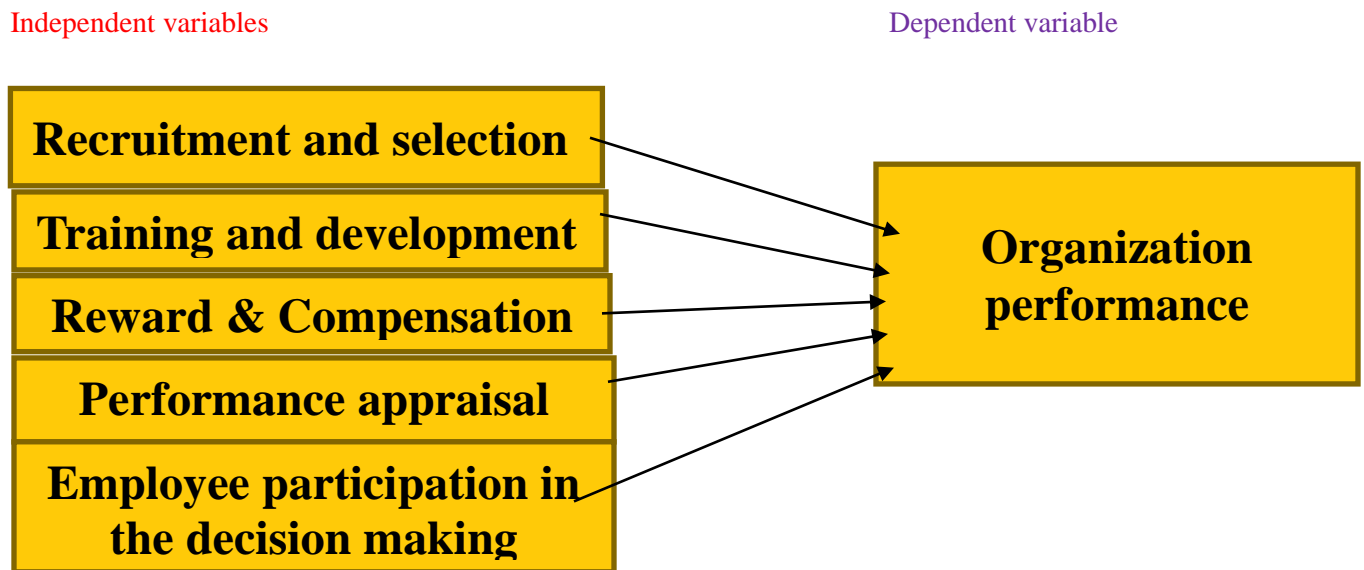
#### **2.6. SUMMARY OF LITERATURE AND THEORETICAL FRAMEWORK OF THE STUDY**

Human resource management practices are the baseline for the effectiveness of any organization. The effectiveness of different public and private organizations and employees is highly dependent on strategic human resource management practices. These are like recruitment and appropriate selection of the workers; evaluation the performance appraisal; providing the proper training & development practices; rewarding the effective and efficient works, and employee participation in decision making process decentralization of the responsibilities to different levels and measuring the employees' performance to create a competitive working environment is very critical concepts in measuring the effectiveness of human resource management practices in the organization.

Based on the theoretical and empirical review, the researchers developed the conceptual framework as seen in figure 2.1 below.



**Figure 2.1 Conceptual Framework of the Study**



Accordingly, HRM practices composed of five practices are independent variables, whereas organizational performance is the dependent variable.

## **2.7. RESEARCH HYPOTHESES**

The broad objectives of this study are to determine the effect of strategic human resource management practices on organizational performance. In line with the theoretical and empirical literature, the following research hypotheses are suggested.

H1: Training and development practices positively and significantly affect organizational performance

H2: Recruitment and selection practices positively and significantly affect organizational performance.

H3: Reward and compensation positively and significantly affect organizational performance

H4: Performance appraisal positively and significantly affects organizational performance

H5: Employee participation in the decision-making process positively and significantly affect organizational performance

## **CHAPTER THREE**

### **3. METHODOLOGY OF THE STUDY**

#### **3.1. RESEARCH APPROACH**

A combination of quantitative and qualitative research approaches (i.e., mixed research approach) was used in this study. The qualitative approach helps to construct the theoretical description of the study while the quantitative approach used to describe the numerical aspects. Therefore, this study is conducted by linking qualitative and quantitative research approaches.

#### **3.2. RESEARCH DESIGN**

Based on the purpose of a study, both descriptive and explanatory research designs were employed. The descriptive research design is used to describe the quantitative data about the status of strategic human resource management practices and organizational performance; whereas the explanatory research design will be used to test the effect of strategic HRM practices on organizational performance.

This study used a survey method. Ogutu (2012) described that a survey research method is probably the best method available to social scientists who are interested in collecting original data for purposes of describing a population that is too large to observe directly. The approach allowed ascertaining of widespread opinions under natural conditions (Auka, Bosire&Matern, 2013).The survey method allows the investigation of possible relationships between variables. In this way, the survey design was more appropriate for the study because it enables the data collection from the broader category as well as comparisons between variables. The dependent variable in this study is organizational performance while the independent variables are the strategic human resource development practices. For the interpretation of the result, both explanatory and descriptive designs were used.

#### **3.1. POPULATION, SAMPLE SIZE, AND SAMPLING TECHNIQUES**

The population is the entire group of persons or set of objects and the events the researcher wants to study. The total number of permanent employee's wow water is 214. The total number of workers at the head office of the YAP(Wow water) is 50 employees of which five managing workers; and different supporting workers and the remaining workers work at the factory.

**Table 3.3: The composition of the target population and classification in work units**

No	Work units	Total Population
1.	Assistant workers	82
2.	Production workers	96
3.	Salespersons	30
4.	Managers	6
5.	<b>Total</b>	<b>214</b>

Source: Researcher’s Development, 2020-2021

Sampling techniques, according to Saunders (2007), provide a variety of different methods that allow the researcher to lessen the total quantity of data desired and collect by taking into account only data from a sub-group rather than all possible cases. Depending on the confidence level that researchers choose, the interval margins of error and respective range also change. Most confidence intervals in the social science study literature are 95%. The narrower the margins of an interval are, the higher was the estimate accuracy. The 95% confidence interval is traditionally the most used in the literature and this relates to the generally accepted level of statistical significance  $P < 0.07$  (Kaushal, 2017). The researcher determined the sample size with the use of the Yamane (1967) formula to calculate sample sizes.

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

Where  $n =$ , is the sample size

$N =$  is the total population size

$e =$  Level of precision (0.07)

From the above equation, the sample size is 118 out of the total population of 214 in the Yekabdi Agro-Processing PLC. According to Kaushal, (2017) probability sampling is also known as 'random sampling' or 'chance sampling'. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample. The researcher uses both simple random sampling (to choose employees for a

survey) and purposive sampling (to select managers who are appropriate for providing the required information).

### **3.2. DATA SOURCES AND DATA COLLECTION METHODS**

#### **3.2.1. PRIMARY SOURCES OF DATA**

For this research, the primary data was collected from the employees and the managing bodies through interviews and questionnaires in Yekabdi Agro-Processing plc.

#### **3.2.2. METHOD OF DATA COLLECTION**

The methods of data collection for this study used a questionnaires.

**Questionnaires:** were used to collect data from assistant workers, production workers, and sales and marketing personas. Both close-ended and open-ended questionnaires will be prepared and translated into the Amharic language for the ease of the respondents. Open-ended questions allow the respondents to provide detailed information, feelings attitude, and understanding of the subject. On the other hand, close-ended questions make it easy for the respondents to respond. Questions related to SHRM practices was responded to by assistant and production workers; whereas questions related to firm performance was responded to by salespersons, general managers, HR managers, and line managers.

#### **3.2.3. RELIABILITY AND VALIDITY OF DATA COLLECTION INSTRUMENTS**

Checking the validity and reliability of data collecting instruments before providing for the actual study is vital to assure the quality of the data. To ensure the validity of instruments, initially, the instruments was prepared by the researcher and was developed under the close guidance of advisors. The questionnaires was pilot tested. The respondents of the pilot test will not be included in the main study. Based on the respondent's response additional, omission and modification of question will take.

A reliability test is performed to check the internal consistency and accuracy of the measurement scales. The internal consistency was analyzed using Cronbach's Alpha, describing the extent to which all the items measure the same concept or construct and, hence, it is connected to the inter-relatedness of the items. The reliability coefficients between 0.70–0.90 are generally found to be internally consistent (Tavakol&Dennick, 2011).

### 3.4.4.1 MEASUREMENT OF VARIABLES

Table 3.4.4.1. measurement of variables

S.NO	Constructs	Number of Likert scale items or statements	Reliability or Cronbach alpha coefficient	Source of the measurement scales
1	Training and development	9	0.75	Ivancevich (2010)
2	Recruitment and selection	5	0.82	Gamage (2014)
3	Compensation and reward	6	0.76	Masibigiri (2011)
4	Performance appraisal	6	0.81	Daoanis (2012)
5	Employee participation	5	0.78	Markey (2013)
6	Firm performance	5	0.80	Guest and Christopher (2012)

Source: Researcher's development with some modification, 2021

### 3.2.4. METHOD OF DATA ANALYSIS

For this study, the quantitative data gathered through structured questionnaires were processed via SPSS (Statistical Package for Social Sciences) and analyzed by using descriptive (frequency, percentage, mean and standard deviation) and inferential statistics (correlation and regression analysis). Moreover, qualitative data gathered via interviews were analyzed through thematic analysis.

### 3.2.5. ETHICAL CONSIDERATIONS

This research is conducted in a manner that is reliable with the ethical issues which need to be considered. Accordingly, a letter from St. Mary's University should be always available with the researcher to be shown to the concerned bodies. Hence, the researcher informs the respondents about the purpose of the study in the introduction part of the questionnaires and an interview guide to the respondents and confirms that subject of confidentiality is protected. In addition to this, respondents was informed that their participation in the study is based on their consent. The researcher was refrain from mentioning the identity of the respondents during data presentations, analysis and interpretation. Furthermore, all the materials used for this research was acknowledged.

### 3.4.7 PILOT TEST

Piloting has paramount importance for improving the instruments of data collection. After preparation, the instruments were tested to check whether they can generate the desired information and to judge their internal consistency. In the pilot test, 32 employees included 4 managers level in a total of 36 participants were involved. Then, based on the feedback obtained, the necessary modification was made for the actual work by the researcher. Moreover, the reliability of the items for each variable has been checked before distribution questionnaires and was calculated to be 0.80. Therefore, the result revealed that the instrument was found to be reliable to measure what was intended to measure. However, the responses of these respondents are excluded from the main survey.

### 3.4.8 MODEL SUMMARY: MULTIPLE LINEAR REGRESSION MODEL

The study conducted a multiple linear regression analysis to determine the relationship between strategic plans developed and the variables of the study. Multiple linear regression analysis often known as multiple regression is a statistical methodology that predicts the result of a response variable by combining numerous explanatory variables. It aims to represent the linear relationship between the explanatory (independent) variables and the response (dependent) variable.

The regression model formula and calculation

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \epsilon$$

where:  $y$  = dependent variable which is organizational Performance

$x$  = independent variables or explanatory variables which are

$x_1$  = Recruitment & selection

$x_2$  = Training and development

$x_3$  = Performance appraisal

$x_4$  = Reward and compensation

$x_5$  = Employee participation in decision making

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4,$  and  $\beta_5$  are the regression equation coefficients for each of the variables discussed.

$\epsilon$  = the model's error term.

To find out the relationship regression analysis was done. The results of the regression analysis were interpreted based on the R square, the significance of F statistics, and the significance of beta values from the coefficients of the X variables. Significance was tested at a 5% level of confidence.

#### **3.4.8 DATA PROCESSING AND ANALYSIS**

Data analysis refers to examining what has been collected and making inferences and deductions, (Kombo, 2011). Quantitative data analysis involved data sorting which was the separation of the responsive questionnaires to those which are not. Data was then edited and coded to minimize errors during data entry and processing. This was done using SPSS version 20.0 and this made the means and standard deviations of the various variables. A multiple regression model analysis was shown to determine the factor loadings of each of the four independent variables concerning the dependent variable. Regression coefficients were calculated to determine the level of significance of each of the variables to Organizational Performance in the Yekabdi Agro-Processing PLC.

Data were then entered into a spreadsheet as per the allocated codes and then cleaned to check for accuracy, completeness, and consistency. Data presentation involved organizing and assembling the selected data into diagrammatic displays which were offered in the form of percentages and tables using descriptive statistics. The use of such displays permitted the researcher to make a comparison between the elements of data that were comprised in it and to identify any relationship, key themes, patterns, and trends that were evident.

## CHAPTER FOUR

### 4 DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

#### 4.1 RESPONSE RATE

A total of hundred eighteen (118) questionnaires had been distributed to the respondents, out of which 108 were completed and returned. This gave a response rate of 91%. According to (Blumberg, 2014), a response rate of 50% is adequate for a study, 60% is good and 70% and above is excellent. Thus, a response rate of 91% was fit and reliable for the study as shown below the table.

Table4.1.ResponseRate

<b>Response Rate</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Responded</b>	108	91%
<b>Non-responded</b>	10	9%

Source:QuestionnaireNovember2021

From Table 4.1, the total number of questionnaires that were administered was one hundred eighteen (118) and among all of the total targeted population 91% were answered and returned and the remaining 9% were not responded. From the study, it can be concluded that the response rate was high to give credence to the findings.



## 4.2 DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

This section sought to discuss the demographic characteristics of the respondent's gender, age, marital status, and education level.

Table 4.2. Demographic characteristics of the respondents

<b>Respondents' characteristics</b>	<b>Characteristics details</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>	Female	44	40.7
	Male	64	59.3
	Total	108	100
<b>Age</b>	21-30	10	9.3
	31-40	35	32.4
	41-50	45	41.7
	Above51	18	16.7
	Total	108	100
	<b>Marital status</b>	Married	73
Single		35	32.4
Divorced		0	0
Widowed		0	0
Total		108	100
<b>Educational level</b>	Diploma	15	13.9
	Bachelor degree	61	56.5
	Master(MA/MSC)	32	29.6
	PHD	0	0
	Total	108	100

Source: QuestionnaireNovember2021

The respondent's demographic information collected included age, gender, and the highest level of education. Table 4.2 presents the demographic characteristics of survey respondents. Accordingly, the majority of the respondents were aged between 41-50 years (41.7%) followed by 32.4% who were aged between 31-40 years and 16.7% were aged between 51 years and 9.3% were aged between 21-30 years. This implies that most of the employees in the Yekabdi Agro-Processing PLC were energetic and

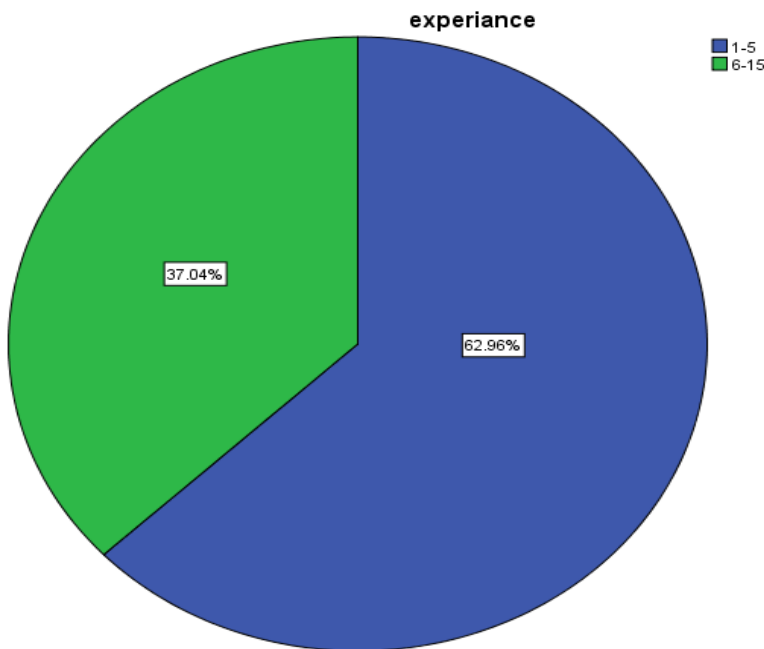
therefore could adjust to the organizational performance enthusiastic to learn new things within the organization.

Analysis for gender indicated that the majority of the respondents were male accounting for 59.3% while a female was 40.7%. This implies that though there is gender distribution in the occupation of job in the Yekabdi Agro-Processing PLC.

As far as the marital status of survey respondents is concerned, the majority of the respondents were married accounting for 67.6% while the remaining 32.4% were single. Based on this result indication of which the PLC is benefited in this regard.

In addition, the study sought to find out the highest level of education attained by the respondents. Results of the study indicated that 56.5% had attained the first degree as the highest level of education while 29.6% had attained master's (MA/MSC) as the highest level of education and 13.9% had attained a diploma certificate. In this case, the majority of the respondents have first-degree education as the highest education level and this infers that the respondents are educated enough to respond to the questionnaire and had a good knowledge on the effect of strategic human resource management practices on the organizational performance hence higher chances of obtaining reliable data.

**Chart 4.2 work experience**



Source: Questionnaire November2021

As indicated in the above chart 4.2, concerning with duration of experience in the organization, majorities are with 1-5 years (62.96%), and next 6-15 years (37.04%) respondents have a year of experience in the office. Thus, the majority of the respondents who had 1-5 years-which indicated that there is a high turnover in the organization. Based on this indication, the majority of employees know the internal weakness and strengths of the organization which is related the organizational performance.

#### **4.3 DESCRIPTIVE ANALYSIS**

According to(Grimes, 2002) , 0.8 was a result found by dividing the difference between the maximum (5) and the minimum (1) scores to the maximum score (5) of the questionnaire. In the process of examining the data, the standard deviation was used. Thus, the overall mean (M) score between 4.21-5.00 is considered as strongly agreed (SA), the mean score between 3.41-4.2 implies agreed (A), the score between 2.61-3.40 is considered as neutral (N), the mean score between 1.81-2.60 shows that they disagreed and if the respondents score between 1-1.80 shows that they strongly disagreed.

A small standard deviation (relative to the value of the mean itself) indicates that data are close to the mean whereas a large standards deviation (relative to the mean) indicates that data points are distant from the mean. The mean is a poor fit of the data. Standard deviation is a measure of how well the mean represents the data (Wagman, 2014). All of the variables were measured using a five-point Likert scale where 1 stands for strongly disagree and 5 stands for strongly agree. Therefore, the interpretation made using the mean of each variable the mean falls between the two ranges, hence if the mean of approaches to 1 the interpretation would be the respondents didn't agree on the raised issue or variables and if it approaches 5 the reverse would be true.

The importance of various variables engaged in forming the various construct, mainly five in numbers such as recruitment &selection, training and development, performance appraisal, reward and compensation, and employee participation concerning the organizational performance were analyzed and presented in the table below. The tables present the mean and standard deviation. The highest items mean that “the researcher believes that there is a strong relationship between the effect of strategic human resource management practices on the organizational performance their greater factors which might be influenced it and the lower mean and had the highest standard deviation of (S.D) indicating the varied response in their particular items. The main purpose of this paper was to investigate the effect of strategic human resource management practices on organizational performance in Yekabdi Agro-Processing PLC.

### 4.3.1 DESCRIPTIVE ANALYSIS OF RECRUITMENT & SELECTION

The study sought to determine the extent to which respondents disagree with each of the following statements regarding the recruitment & selection practice in the organization by using 5 points Likert scale where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree, and 5= strongly agree.

As shown in Table 4.3.1, the respondents are neutral the recruitment process of getting highly qualified personnel is aimed at increasing organizational competitiveness and hence performance with a (mean=3.35) and as the same the respondents are neutral that job performance is highly emphasized as a condition for internal selection with a (mean=3.29). Besides this, the respondents disagree that recruitment in the organization aims at attracting a high number of highly talented applicants with a (mean=2.10) and although disagree that selection for manual and physical skills is based on the job specification and job description with a (mean=2.05). Further, based on the grand mean (Grand mean=2.75), the respondents have a neutral opinion about the recruitment & selection practices in the organization.

**Table 4.3.1 Descriptive Statistics for recruitment and selection**

Statements	Mean	Std. Deviation
Job performance is highly emphasized as a condition for internal selection	3.29	.89
Recruitment in the organization aims at attracting a high number of highly talented applicants	2.10	1.06
The recruitment process of getting highly qualified personnel is aimed at increasing organizational competitiveness and hence performance	3.35	.82
Selection for manual and physical skills is based on the job specification and job description	2.05	.98
Vacant managerial and higher technical positions are exclusively filled from within	2.97	1.19
<b>Grand mean</b>	2.75	0.98

Source: Questionnaire November 2021

### 4.3.2 DESCRIPTIVE ANALYSIS OF TRAINING AND DEVELOPMENT

The study sought to determine the extent to which respondents disagree with each of the following statements regarding training and development practices in the organization by using 5 points Likert scale where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree, and 5= strongly agree.

As shown in Table 4.3.2, the respondents agree that management development is aimed at management succession with a (mean=4.06), and agree that managers consider employee learning as an investment and not an expense a (mean=3.73) and as sometimes they agree that the quality of training and development is highly related to firm performance with a (mean=3.56), whereas, the respondents are neutral that the organization provide employees with training opportunities with a (mean=3.45), and neutral to that training related to both personal and organizational needs with a (mean=3.32) and the same neutral to that the organization utilizes formal training programs with a (mean=3.24) while, the respondents are disagree that a wide range of training and development process are conducted with a (mean=1.98) and although disagree that the organization aims at attracting qualified trainers with a (mean=1.93) and also disagree that training assessments based on performance are carried out frequently with a (mean=1.83). Finally, based on the grand mean result the respondents have a neutral opinion (Grand mean=3.01) implying that there is/is no acceptable agreement with the training and development practices that can influence the organizational performance in the organization.

**Table 4.3.2 Descriptive Statistics for training and development**

Statements	Mean	Std. Deviation
The organization utilizes formal training programs	3.24	1.12
Managers consider employee learning as an investment and not an expense	3.73	1.06
The organization provide employees with training opportunities	3.45	1.00
Management development is aimed at management succession	4.06	.700
Training is related to both personal and organizational needs	3.32	1.06
The organization aims at attracting qualified trainers	1.93	.86
Training assessments based on performance are carried out frequently	1.83	1.03
The quality of training and development is highly related to firm performance	3.56	.80
A wide range of training and development processes are conducted	1.98	1.07
<b>Grand mean</b>	3.01	0.96

Source: Questionnaire November 2021

### 4.3.3 DESCRIPTIVE ANALYSIS OF REWARD AND COMPENSATION

The study sought to determine the extent to which respondents disagree with each of the following statements about reward and compensation in the organization by using 5 points Likert scale where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree, and 5= strongly agree.

As depicted in table 4.3.3, the respondents are neutral that bonuses are distributed to all with a (mean=3.36) and as some times they are neutral that fairness of the pay structure within an organization is based on individual input with a (mean=3.12). On the contrary, the respondents disagree that compensation and rewards systems affect the organizational outcome with a (mean=2.00) and although disagree that the organization has a well-organized and efficient compensation system with a (mean=1.93) and in the some they disagree that rewards and incentives system in the organization is characterized by its objectivity and transparency with a (mean=1.82) and the respondents also disagree that the input of individual workers is equivalent to the reward they receive from the organization with a (mean=1.81). Based on the grand mean (Grand mean=2.34), the respondents disagree about the reward and compensation practices in the organization. In other words, respondents have a negative opinion about or are dissatisfied with the reward and compensation practices in the organization.

**Table 4.3.3 Descriptive Statistics for reward and compensation**

Statements	Mean	Std. Deviation
Rewards and incentives system in the organization is characterized by its objectivity and transparency	1.82	1.03
Bonuses are distributed to all	3.36	1.07
The input of individual workers is equivalent to the reward they receive from the organization	1.81	.85
The organization has a well-organized and efficient compensation system	1.93	.99
Fairness of the pay structure within an organization is based on individual input	3.12	1.08
Compensation and rewards systems affect the organizational outcome	2.00	1.04
<b>Grand mean</b>	2.34	1,01

Source: Questionnaire November2021

#### **4.3.4 DESCRIPTIVE ANALYSIS OF PERFORMANCE APPRAISAL**

The study sought to determine the extent to which respondents disagree with each of the following statements regarding performance appraisal in the organization by using 5 points Likert scale where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree, and 5= strongly agree.

As indicated in table 4.3.4, the respondents agreed that graphical rating scales can be used in assessing productivity in terms of whether the employee makes good use of available plans, work time and completes assignments on schedule with a (mean=3.88) and they also agreed that effective employees are produced and also provides an efficacious relationship between employees and the employer with a (mean=3.78). Whereas, the respondents are neutral that graphical rating scales can be used to evaluate the employee's quality of work with a (mean=3.33) and although neutral that self-assessment; immediate supervisor assessment; subordinate assessment, and peer assessment affect organizational performance with a (mean=3.02). On the other hand, the respondents disagree that trust is important for grouping and negotiation, without delving into the nature of trust and how it develops with a (mean=2.12) and also disagree that a performance appraisal is an essential tool for measuring the frameworks set by any organization for its employees with a (mean=2.00). Based on the grand mean (Grand mean=3.02) results, the respondents have a neutral opinion about the level of performance appraisal in the organization.

**Table 4.3.4 Descriptive Statistics for performance appraisal**

Statements	Mean	Std. D
Self-assessment; immediate supervisor assessment; subordinate assessment and peer assessment affect organizational performance.	3.02	1.23
Effective employees are produced and also provides an efficacious relationship between employees and the employer	3.78	.80
Performance appraisal is an essential tool for measuring the frameworks set by any organization for its employees.	2.00	1.05
Trust is important for grouping and negotiation, without delving into the nature of trust and how it develops.	2.12	1.23
Graphical rating scales can be used to evaluate the employee's quality of work.	3.33	1.06
Graphical rating scales can be used in assessing productivity in terms of whether the employee makes good use of available plans, work time and completes assignments on schedule.	3.88	.86
<b>Grand mean</b>	3.02	1.03

Source: Questionnaire November2021

#### 4.3.5 DESCRIPTIVE ANALYSIS OF EMPLOYEE PARTICIPATION

The study sought to determine the extent to which respondents disagree with each of the following statements regarding employee participation in the decision-making process in the organization by using 5 points Likert scale where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree, and 5= strongly agree.

As shown in table 4.3.5, the respondents agreed that the information and consultation are the key components in the process of employee participation with a (mean=4.08). On the contrary, the respondents are neutral that instead of the manager making all the decisions and the employees following his orders, the entire team makes the decisions with a (mean=3.52) and also neutral that face-to-face interactions between supervisors/frontline managers and their employees have an influence on organizational performance with a (mean=3.47). In addition, the respondents disagree that financial participation and participation in decision-making have effects on job attitudes, such as integration, involvement and commitment, perceived pay equity, performance-reward contingencies, satisfaction, and motivation with a (mean=2.21) and also disagreed that trade unions play an important role in the workplace. Their most important missions include acting as an employee representative of labor disputes and as a negotiating representative of collective bargaining with a (mean=1.87). Finally, based on the grand mean result (Grand mean=3.03) the respondents have a neutral opinion about their level of participation in the decision-making process in the organization.

**Table 4.3.5 Descriptive Statistics for employee participation**

Statements	Mean	Std. De.
Instead of the manager making all the decisions and the employees following his orders, the entire team makes the decisions.	3.52	.99
Information and consultation are the key components in the process of employee participation.	4.08	.79
Face-to-face interactions between supervisors/frontline managers and their employees influence organizational performance.	3.47	1.02
Financial participation and participation in decision-making have effects on job attitudes, such as integration, involvement and commitment, perceived pay equity, performance-reward contingencies, satisfaction, and motivation.	2.21	1.13
Trade unions play an important role in the workplace. Their most important missions include acting as an employee representative of labor disputes and as a negotiating representative of collective bargaining.	1.87	1.11
<b>Grand mean</b>	3.03	1.00

Source: Questionnaire November 2021



### 4.3.6 DESCRIPTIVE ANALYSIS OF ORGANIZATIONAL PERFORMANCE

The study sought to determine the extent to which respondents disagree with each of the following statements regarding the organizational performance by using 5 points Likert scale where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree, and 5= strongly agree.

As indicated in table 4.3.6, the respondents agreed that organizational outcomes, such as productivity, quality, service, efficiencies, customer satisfaction have a direct impact on financial accounting outcomes with a (mean=3.70). On the other hand, the respondents are neutral that there exists a good working relationship between superior and subordinate with a (mean=3.42) and also neutral that the existence of a high rate of employee retention can influence the organization performance with a (mean=3.41). In addition to the above, the respondents disagree that the working atmosphere in this organization is deemed conducive with a (mean=2.26) and similarly disagreed that this company has opened new company branches over the last 5 years with a (mean=1.85). Finally, based on the grand mean (Grand mean=2.92) the respondents have a neutral opinion about the level of organizational performance in the organization.

**Table 4.3.6 Descriptive Statistics for organizational performance**

Statements	Mean	Std. Deviation
The existence of a high rate of employee retention can influence the organization's performance.	3.41	.94
This company has opened new company branches over the last 5 years.	1.85	.96
There exists a good working relationship between superior and subordinate.	3.42	.90
The working atmosphere in this organization is deemed conducive.	2.26	1.20
Organizational outcomes, such as productivity, quality, service, efficiencies, customer satisfaction have a direct impact on financial accounting outcomes.	3.70	.92
<b>Grand mean</b>	2.92	0.98

Source: Questionnaire November2021

## 4.4 INFERENTIAL ANALYSIS

### 4.4.1 PEARSON CORRELATIONS

Pearson's correlation (also called Pearson's R) is a correlation coefficient commonly used in linear regression. It is the most common method to use for numerical variables; it assigns a value between -1

and 1, where 0 is no correlation, 1 is a total positive correlation, and -1 is a total negative correlation. This is interpreted as follows: a correlation value of 0.7 between two variables would indicate that a significant and positive relationship exists between the two. A positive correlation signifies that if the variable independent goes up, then dependent variables will also go up, whereas if the value of the correlation is negative, then if the independent variable increases, dependent variables also decrease (Benesty, 2009).

Multiple regression analysis was used to determine the effect of strategic human resource management practices on the organizational performance in the case of yekabdi Agro-processing PLC. The regression model was adopted for the study is:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Whereas, Y= Organizational Performance

X1=recruitment &selection, X2 = training and development, X3 = performance appraisal, X4 = reward and compensation, X5= employee participation.

$\beta_0$  = constant term; $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$  are the regression equation coefficients for each of the variables; and  $\varepsilon$  = Error term.

The correlation summary shown in table 4.4.1 below, describes that there is a positive relationship between organizational performance and training and development ( $r=0.258$ ,  $P\leq 0.01$ ). Therefore, it can be implied that an increase in training and development is associated with increased organizational performance. Secondly, the study showed that there is a weak relationship between organizational performance and recruitment &selection ( $r=0.034$ ,  $P\leq 0.730$ ) means that the recruitment and selection practices cannot influence the performance of an organization in the PLC. Thirdly, the findings showed that there is a strong positive relationship between reward and compensation and organizational performance( $r=0.887$ ,  $P\leq 0.01$ ), which means that an increase in reward and compensation is associated with an increase in organizational performance. Fourthly, the finding in the correlation shows that there is a direct relationship between performance appraisal and organizational performance ( $r=0.878$ ,  $P\leq 0.01$ ), which means that increase in the performance appraisal can directly increase the organizational performance. Finally, the result of the study shows that there is a positive relationship between employee participation and organizational performance ( $r=0.865$ ,  $P\leq 0.01$ ), which means that an increase in employee participation in decision making is directly associated with an increase in organizational performance.

**Table4.4.1 Correlations**

		NEWDEPEND	NEWTDP	Newrecurite	NEWRCP	NEWPA	NEWEP
NEWDEPEND	Pearson Correlation	1	.258**	.034	.887**	.878**	.865**
	Sig. (2tailed)		.007	.730	.000	.000	.000
	N	108	108	108	108	108	108
NEWTDP	Pearson Correlation	.258**	1	-.047	.232*	.240*	.151
	Sig. (2-tailed)	.007		.629	.016	.012	.120
	N	108	108	108	108	108	108
Newrecurite	Pearson Correlation	.034	-.047	1	.011	.055	.062
	Sig. (2-tailed)	.730	.629		.910	.575	.526
	N	108	108	108	108	108	108
NEWRCP	Pearson Correlation	.887**	.232*	.011	1	.778**	.791**
	Sig. (2-tailed)	.000	.016	.910		.000	.000
	N	108	108	108	108	108	108
NEWPA	Pearson Correlation	.878**	.240*	.055	.778**	1	.805**
	Sig. (2-tailed)	.000	.012	.575	.000		.000
	N	108	108	108	108	108	108
NEWEP	Pearson Correlation	.865**	.151	.062	.791**	.805**	1
	Sig. (2-tailed)	.000	.120	.526	.000	.000	
	N	108	108	108	108	108	108

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

\* . Correlation is significant at the 0.05 level (2-tailed).

**NEWDEPEND= dependent variable (organizational performance) whereas, NEWTDP=training and development practice while, Newrecurite=recruitment &selection although, NEWRCP=reward and compensation practice although, NEWPA=performance appraisal whereas, NEWEP=employee participation.**

#### **4.4.2 MULTIPLE REGRESSIONS ANALYSIS**

The regression model is used here to describe how the dependent variable changes with changing conditions. Predictive regression analysis was carried out for training and development, recruitment & selection, reward and compensation, performance appraisal, and employee participation in organizational performance. Before running the regression, a pre-test of **Multicollinearity**, **Normality**, and **Heteroscedasticity** **Levanity** and **Derban-watson** was performed.

The researcher was used SPSS (Statistical Package for Social Sciences) software to compute the measurements of multiple regression results for the study. Before analysis of the data, assumptions are testing such as checking of the data for linearity, normality, homoscedasticity, and Multicollinearity was made. All diagnostic tested results show that fit the model (attached in the appendices figure & table below).

##### **4.4.2.1 MULTICOLLINEARITY TEST**

To ensure the model is properly specified and functioning correctly, some tests can be run for multicollinearity. The variance inflation factor is one such measuring tool. It measures how much the variance of an independent variable is influenced, or inflated, by its interaction or correlation with the other independent variables. In addition, it allows a quick measure of how much a variable is contributing to the standard error in the regression. When significant multicollinearity issues exist, the variance inflation factor will be very large for the variables involved. After these variables are identified, several approaches can be used to eliminate or combine collinear variables, resolving the multicollinearity issue. As shown in table 4.4.2.1, the optimal value for tolerance should be above 0.10 and VIF below 10 respectively to avoid multicollinearity problems as suggested by (Hair, 2005). Hence, the result below indicated that there is no multicollinearity problem in this study

**Table 4.4.2.1 Coefficients**

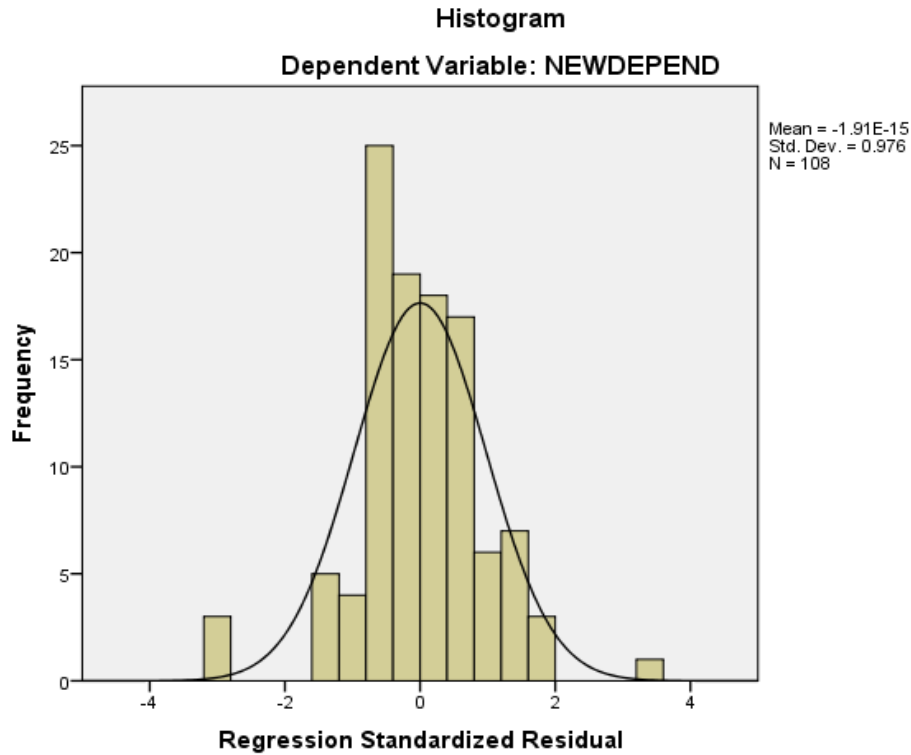
Model	Collinearity Statistics	
	Tolerance	VIF
1		
NEWTDP	.921	1.085
Newrecurite	.988	1.012
NEWRCP	.312	3.203
NEWPA	.292	3.425
NEWEP	.279	3.585

a. Dependent Variable: NEWDEPEND

#### **4.4.2.2 NORMALITY TEST**

Normality test determines whether the data is well modeled by normal distribution or not. This test of normal distribution could be checked by the graphical (histogram and dot plot) method of tests. The normality assumption normally assumes a critical role when a study is dealing with small sample size, data less than 100 observations. (Gujarati, D. 2004). Even though the normality assumption is not a treat as it has been said, since the observation or sample size of the study is large enough with more than 100 observations, the researcher tested it using a normal probability plot (NPP). The decision rule is if the fitted line in the NPP is approximately straight, one can conclude that the variables of interest are normally distributed. (Gujarati, D. 2004). The model is approximately normally distributed because the fitted line in the NPP is approximately straight. As the histogram 4.4.2.2 result shows below from a normal distribution almost between negative one (-1) and one (1) which indicated normality of the distribution of data has no problem.

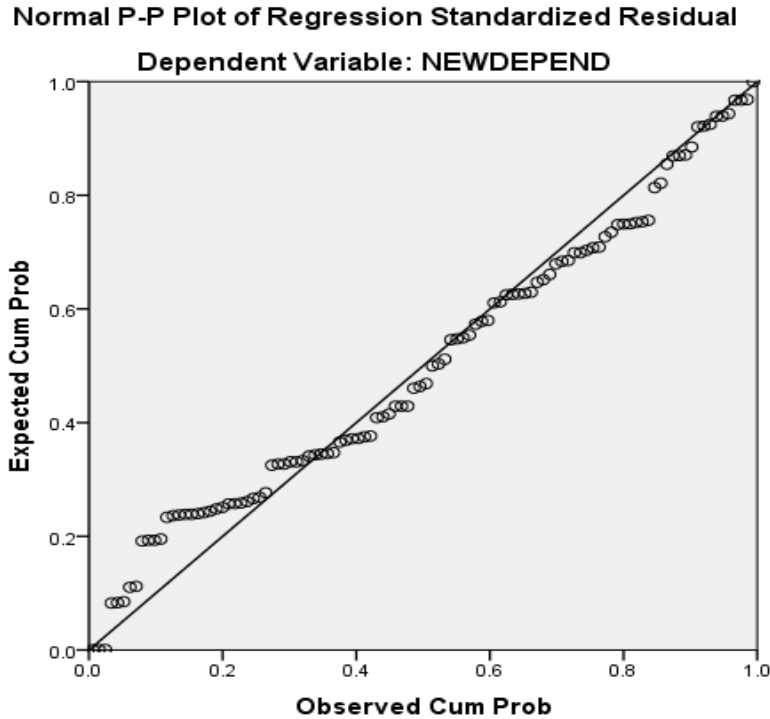
Histogram 4.4.2.2 Normality Test



#### 4.4.2.3 HETEROSCEDASTIC TEST

Heteroscedasticity is a systematic change in the spread of the residuals over the range of measured values. It is a problem because ordinary least squares regression assumes that all residuals are drawn from a population that has a constant variance or homoscedasticity. To satisfy the regression assumptions and be able to trust the results, the residuals should have a constant variance. Based on figure 4.4.2.3, the result shows that the spread of the errors is close to the value and the spread of the errors is constant across the value, this meant that heteroskedasticity is not present.

Figure 4.4.2.3 Heteroscedastic Test



**4.4. 3 REGRESSION ANALYSIS**

A linear regression analysis was done to further explain the relationship between the dependent variable and SHRM practices as the independent variables (Training and development, recruitment and selection, reward and compensation performance appraisal, and employee participation)and organizational performance as the dependent variable. The table below summarizes the Linear Regression Analysis results.

**4.4.3.1 MODEL SUMMARY**

**Table 4.4.3Model Summary**

Mode	R	R Square	Adjusted Square	R	Std. An error of the Estimate	Durbin-Watson
1						

1	.947 <sup>a</sup>	.896	.891	2.60756	2.074
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**a. Predictors: (Constant), NEWEP, newrecurite, NEWTDP, NEWPA, NEWRCP**

**b. Dependent Variable: NEWDEPEND**

**NEWDEPEND= dependent variable (organizational performance) whereas, NEWTDP=training and development practice while, Newrecurite=recruitment &selection although, NEWRCP=reward and compensation practice although, NEWPA=performance appraisal whereas, NEWEP=employee participation.**

The model summary table 4.4.3 indicates that there was a very strong positive relationship ( $R=0.947$ ) between the dependent and independent variables. The value of R-square 0.896 indicates that 89.6% of the variation in the organizational performance in the organization is explained by the independent variables of the study (training and development, recruitment &selection, reward and compensation, performance appraisal, and employee participation). This means that the remaining 10.4% of organizational performance is determined by other factors which aren't considered under this study. This is quite high so predictions from the regression equation are fairly reliable and the goodness of fit test is fulfilled.

The Model summary result shows that the value of the Durbin Watson test is 2.074 which indicates that there is no autocorrelation. The Durbin Watson statistic is a test for autocorrelation in the residuals from a statistical model or regression analysis. The Durbin-Watson statistic is always having a value ranging between 0 and 4. A value of 2.0 indicates there is no autocorrelation detected in the sample. Values from 0 to less than 2 points to positive autocorrelation and values from 2 to 4 mean negative autocorrelation. When the value is below 2, it indicates a positive autocorrelation, and a value higher than 2 indicates a negative serial correlation.

#### 4.4.3.2 ANOVA

**Table 4.4.3.2 ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
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1	Regression	6000.428	5	1200.086	176.500	.000 <sup>b</sup>
	Residual	693.535	102	6.799		
	Total	6693.963	107			

a. Dependent Variable: NEWDEPEND

b. Predictors: (Constant), NEWEP, newrecurite, NEWTDP, NEWRCP, NEWPA

The F-ratio in the ANOVA table 4.4.4 tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable,  $F(5,102) = 176.500, p < .0005$  the regression model is a good fit for the data).

#### 4.4.3.3 ESTIMATED MODEL COEFFICIENTS

**Table 4.4.3.3** Estimated model coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.822	1.565		.526	.600	
	NEWTDP	.444	.349	.042	1.273	.206	.921
	Newrecurite	-.054	.454	-.004	-1.119	.905	.988
	NEWRCP	.347	.049	.401	7.029	.000	.312
	NEWPA	.347	.060	.340	5.767	.000	.292
	NEWEP	.262	.059	.268	4.437	.000	.279

a. Dependent Variable: NEWDEPEND

Organizational performance (NEWDEPEND)=0.822+ 0.347\*(NEWRCP) + 0.347\*(NEWPA) + 0.262\*(NEWEP). While NEWDEPEND= dependent variable (organizational performance) whereas, NEWTDP= training and development practice while, Newrecurite= recruitment & selection although, NEWRCP= reward and compensation practice although, NEWPA= performance appraisal whereas, NEWEP= employee participation.

From the finding in Table 4.4.5, the study found that holding training and development, recruitment & selection, reward and compensation, performance appraisal, and employee participation, at zero organizational performance will be 0.822 effective.

Contrarily, the study has reported a statistically significant effect of reward and compensation ( $B=0.347$ ,  $p < 0.05$ ), performance appraisal ( $B=0.347$ ,  $p < 0.05$ ), and employee participation in decision making ( $B=0.262$ ,  $p < 0.05$ ) on organizational performance. Thus, a unit increase in reward and compensation, while holding other factors (training and development, recruitment & selection, performance appraisal, and employee participation) constant, will lead to an increase in effectiveness on organizational performance by 0.347 units. A unit increase in performance appraisal, while holding other factors (training and development, recruitment & selection, reward and compensation, and employee participation) constant, will lead to an increase in the effectiveness of organizational performance by 0.347 units. Finally, a unit increase in employee participation in decision making while holding other factors (training and development, recruitment & selection, reward and compensation, and performance appraisal), will lead to an increase in effectiveness on organizational performance by 0.262 units. This infers that training and development contribute most to the effectiveness of organizational performance followed by both reward and compensation, and performance appraisal which both contribute the same amount, followed by employee participation and then recruitment & selection based on the P-value. At a 5% level of significance and level of confidence, training and development, recruitment & selection, reward and compensation, performance appraisal, and employee participation affect organizational performance.

#### **4.5 DISCUSSION TO THE FINDINGS**

Other researcher findings also show the same result. (Butali, 2017) who studied the impact of training and development on organizational performance and the moderating effect of organizational commitment on the relationship between training and development and organizational performance argued that training and development had a substantial effect on organizational performance. On the other hand, (Engetou, 2017), who studied the impact of employees' training and development on organizational performance maintained that training and development is a necessity in every company particularly for the unskilled or the fewer experienced employees. Thus, it led to a positive impact on employees' performance and an improvement in their skills and job efficiency.

(Allen, 2004), who describes a study to explore the relationship between reward and compensation practices on organizational performance also argued that reward and compensation practices are linked to a greater perception of organizational performance. Additionally, (Oluleye, 2011), who studied the relationship between reward and compensation with organizational effectiveness argued that compensation influences job performance which led to the same impact on organizational effectiveness.

(Murphy, 1991), who studied the enhancing organizational effectiveness by performance appraisal, training, employee participation, contended that training, employee participation, performance appraisal, and job description have a significant effect on organizational effectiveness. Whereas (Brefo-Manuh, 2017), who sought to evaluate the relationship between performance appraisal and organizational effectiveness through a comparative analysis of public and private organizations within the Kumasi Metropolis, concluded that organizations should attach significant attention to the way and manner their performance appraisal systems are designed and managed to enhance the overall effectiveness of their organizations because performance appraisal has a direct influence on organizational performance.

Moreover, (Alsughayir, 2016), examined the effect of employee participation in decision-making on the performance of selected SMEs in Lagos, South-Western Nigeria. Data was sourced from one hundred and twenty-nine (129) employees and twenty-seven (27) owners/managers of the randomly selected SMEs, with the aid of a questionnaire, concluded that employee participation in decision making had a significant positive impact on organizational performance. In addition, (Singh, 2009), who studied to examine the influence of employee participation in decision-making on firm performance in Saudi Arabia's manufacturing sector concluded that there is a significant positive relationship between participation in decision making and firm performance, suggesting that PDM is an essential component influencing firm performance.

## CHAPTER FIVE

### 5 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 SUMMARY OF THE MAJOR FINDINGS

The main objective of the study was to determine the effects of human resource practices on organizational performance in the case of yekabdi Agro-processing PLC. By preparing the following research hypotheses based on the theoretical and empirical literature review.

H1: Training and development practices positively and significantly affect organizational performance

H2 Recruitment and selection practices positively and significantly affect organizational performance.

H3: reward and compensation positively and significantly affect organizational performance

H4: performance appraisal positively and significantly affects organizational performance

H5: Employee participation in the decision-making process positively and significantly affect organizational performance.

The population under study included the top management, line managers, supervisors, and operative staff in the yekabdi Agro-processing PLC. To determine the sample size, stratified random sampling was used in this study. The sample size consisted of 118 respondents among 214 of the target population.

The study engaged the use of a descriptive and explanatory research design to get the necessary data. This helped in the primary data collection as a means of getting into the research questions. It also engaged the use of structured questionnaires that were pilot tested to ensure that there was data validity as well as reliability. Data coding was done using SPSS to generate the descriptive statistics for instance the correlations. The results were then presented in form of tables, charts, and graphs.

Looking at the study findings, it is revealed that 59.3% percent of the respondents were male while 40.7 % percent of the respondents were females, in the PLC. Similarly, the study revealed that the majority of the respondents had university degrees indicated by 56.5% followed by 29.6% master holders and 13.9 diploma holders. Besides this 41.7% percent were in the age between 31 years and 40 years, this indicates that the majority of employees are middle-aged.

The correlation summary of the finding describes that there is a positive relationship between organizational performance and training and development ( $r=0.258$ ,  $P\leq 0.01$ ). Therefore, it can be implied

that an increase in training and development is associated with increased organizational performance. Secondly, the study showed that there is a weak relationship between organizational performance and recruitment & selection ( $r=0.034$ ,  $P\leq 0.730$ ) meaning that the recruitment and selection practices do not have a statistically significant influence on the performance of an organization in the PLC. Thirdly, the findings showed that there is a strong positive relationship between reward and compensation and organizational performance ( $r=0.887$ ,  $P\leq 0.01$ ), which means that an increase in reward and compensation is associated with an increase in organizational performance. Fourthly, the finding in the correlation shows that there is a direct relationship between performance appraisal and organizational performance ( $r=0.878$ ,  $P\leq 0.01$ ), mean that increase in the performance appraisal can directly increase the organizational performance. Finally, the result of the study shows that there is a positive relationship between employee participation and organizational performance ( $r=0.865$ ,  $P\leq 0.01$ ), which means that an increase in employee participation in decision making is directly associated with an increase in organizational performance.

The model summary of the finding indicates that there was a very strong positive relationship ( $R=0.947$ ) between the dependent and independent variables. The value of R-square 0.896 indicates that 89.6% of the variation in the organizational performance in the PLC is explained by the independent variables of the study (training and development, recruitment & selection, reward and compensation, performance appraisal, and employee participation).

The finding of the study made that holding training and development, recruitment & selection, reward and compensation, performance appraisal, and employee participation, at zero organizational performance will be 0.822 effective.

## **5.2 CONCLUSION**

The set of SHRM practices studied was: training and development, recruitment and selection, reward and compensation, performance appraisal, and employee participation in organizational performance. The study further established that of the four SHRM practices training and development, reward and compensation, performance appraisal, and employee participation are strongly influenced firm performance. As an organization performance was measured through three constructs namely; employee retention, market share, and interpersonal relations. Training and development reward and compensation, performance appraisal, and employee participation positively and significantly influence performance in terms of employee retention, market share, and interpersonal relations in the yekabdi Agro-processing

PLC. The study further established that there exists no correlation between the SHRM practice; recruitment and selection and organizational performance in the yekabdi Agro-processing PLC.

This implies that with continued investment in training and development programs, there must be also a good compensation and reward management system, there shall be an adjustment on performance appraisal system and ways ,and ensuring strong employee-employer relations drive in return ensure the competitive advantage of individual insurance firms as well as improved productivity in the yekabdi Agro-processing PLC.

### **5.3 RECOMMENDATIONS**

As per the findings of the study, the recommendations are as follows;

In general management of the yekabdi Agro-processing PLC should put greater emphasis on training and development programs to attain their higher productivity. Programs in these firms should be refined and restructured to ensure that they are efficient and effective as this serves to increase human capital knowledge and in the long run reduce operational costs. The study further recommends that more sensitization should be done in the area of on-the-job training, to promote efficiency and effectiveness in the management of procedures in the organization.

Further explorations into ensuring a healthy employer-employee relationship as well as the implementation of SHRM strategies should continue in the PLC as these also have a role in ensuring that efficiencies of human resources are achieved and in the future increased profitability.

The PLC should encourage human capital growth and empowerment which also included encouraging employee participation in decision making, modification with performance appraisal systems, and also an adjustment on the mode of reward and compensation management system. The body should strive to create a favorable environment for the implementation of SHRM policies and continue to emphasize the practical aspect.

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**ANNEX I**

**ST. MARY UNIVERSITY, SCHOOL OF GRADUATE STUDIES,**

**PROGRAM OF MASTERS OF BUSINESS ADMINISTRATION**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**Questionnaire for employees**

**Dear Respondents:**

The purpose of this questionnaire is for purely academic purposes, which is to gather reliable data about the effects of Strategic Human Resource Management Practices in water bottling companies in the case of Yekabdi Agro-Processing plc, for partial fulfillment of MBA Degree in Business Administration. Hence, your response is of considerable importance for the success of this study, and all your information is kept confidential. Therefore, I kindly request you to give me reliable information. Thank you for sparing 15 minutes from your precious time to participate in the study.

**Instruction:**

- No need of writing your Name
- Please Tick (☐) in the boxes that apply. ☐

Remember that for some questions more than one answer may be possible

**Section1:** Demographic characteristics of the respondent

Sex	Male <input type="checkbox"/> Female <input type="checkbox"/>
Age	21-30 <input type="checkbox"/> 31-40 <input type="checkbox"/> 41-50 <input type="checkbox"/> Above 51 <input type="checkbox"/>
Marital status	Single <input type="checkbox"/> Married <input type="checkbox"/>
Educational background	Diploma <input type="checkbox"/> Degree <input type="checkbox"/> Master <input type="checkbox"/> PHD <input type="checkbox"/>
Year of experience	1-5 <input type="checkbox"/> 6-15 <input type="checkbox"/>

## SECTION II: STRATEGIC HUMAN RESOURCE PRACTICES

### Training and Development Practices

6. To what extent do you agree with the following statements related to training and development practices in your organization? Please indicate the extent to which you agree or disagree with each of the statements by using a 5-point Likert scale

7. (1=Strongly Disagree, 2=Disagree 3=Neutral, 4=Agree, and 5= Strongly agree).

S.No	Statement	1	2	3	4	4
1	The organization utilizes formal training programs					
2	Managers consider employee learning as an investment and not an expense					
3	The organization provide employees with training opportunities					
4	Management development is aimed at management succession					
5	Training is related to both personal and organizational needs					
6	The organization aims at attracting qualified trainers					
7	Training assessments based on performance are carried out frequently					
8	The quality of training and development is highly related to firm performance					
9	A wide range of training and development processes are conducted					

B) Recruitment and Selection Practices

7. To what extent do you agree or disagree with the following statements related to the recruitment process in your organization? Please indicate the extent to which you agree or disagree with each of the statements by using a 5-point Likert scale

(1=Strongly Disagree, 2=Disagree 3=Neutral, 4=Agree, and 5= Strongly agree).

S.No	Statement	1	2	3	4	5
1	Job performance is highly emphasized as a condition for internal selection					
2	Recruitment in the organization aims at attracting a high number of highly talented applicants					
3	The recruitment process of getting highly qualified personnel is aimed at increasing organizational competitiveness and hence performance					
4	Selection for manual and physical skills is based on the job specification and job description					
5	Vacant managerial and higher technical positions are exclusively filled from within					



C) REWARD AND COMPENSATION PRACTICES

8. To what extent do you agree or disagree with the following statements related to compensation in your organization? Please indicate the extent to which you agree or disagree with each of the statements by using 5 points Likert scale (1=Strongly Disagree, 2=Disagree 3=Neutral, 4=Agree, and 5= Strongly agree).

S.No	Statement	1	2	3	4	5
1	Rewards and incentives system in the organization is characterized by its objectivity and transparency					
2	Bonuses are distributed to all					
3	The input of individual workers is equivalent to the reward they receive from the organization					
4	The organization has a well-organized and efficient compensation system					
5	Fairness of the pay structure within an organization is based on individual input					
6	Compensation and rewards systems affect the organizational outcome					

#### **D) PERFORMANCE APPRAISAL**

9. To what extent do you agree or disagree with the following statements related to performance appraisal in your organization? Please indicate the extent to which you agree or disagree with each of the statements by using 5 points Likert scale (1=Strongly Disagree, 2=Disagree 3=Neutral, 4=Agree, and 5= Strongly agree).

S.No	Statement	1	2	3	4	5
1	Self-assessment; immediate supervisor assessment; subordinate assessment and peer assessment affect organizational performance.					
2	Effective employees are produced and also provides an efficacious relationship between employees and the employer					
3	Performance appraisal is an essential tool for measuring the frameworks set by any organization for its employees.					
4	Trust is important for grouping and negotiation, without delving into the nature of trust and how it develops.					
5	Graphical rating scales can be used to evaluate the employee's quality of work.					
6	Graphical rating scales can be used in assessing productivity in terms of whether the employee makes good use of available plans, work time and completes assignments on schedule.					

**E) EMPLOYEE PARTICIPATION**

10. To what extent do you agree or disagree with the following statements related to employee participation? Please indicate the extent to which you agree or disagree with each of the statements by using a 5-point Likert scale.

(1=Strongly Disagree, 2=Disagree 3=Neutral, 4=Agree, and 5= Strongly agree).

S.No	Statement	1	2	3	4	5
1	Instead of the manager making all the decisions and the employees following his orders, the entire team makes the decisions.					
2	Information and consultation are the key components in the process of employee participation.					
3	Face-to-face interactions between supervisors/frontline managers and their employees influence organizational performance.					
4	Financial participation and participation in decision-making have effects on job attitudes, such as integration, involvement and commitment, perceived pay equity, performance-reward contingencies, satisfaction, and motivation.					
5	Trade unions play an important role in the workplace. Their most important missions include acting as an employee representative of labor disputes and as a negotiating representative of collective bargaining.					

**ST. MARY UNIVERSITY, SCHOOL OF GRADUATE STUDIES,  
PROGRAM OF MASTERS OF BUSINESS ADMINISTRATION  
DEPARTMENT OF BUSINESS ADMINISTRATION**

Questionnaire for general manager, HR manager, Line managers, and salespersons

**Dear Respondents:**

The purpose of this questionnaire is for purely academic purposes, which is to gather reliable data about the effects of Strategic Human Resource Management Practices in water bottling companies in the case of Yekabdi Agro-Processing plc, for partial fulfillment of MBA Degree in Business Administration. Hence, your response is of considerable importance for the success of this study

, and all your information is kept confidential. Therefore, I kindly request you to give me reliable information. Thank you for sparing 15 minutes from your precious time to participate in the study.

**Instruction:**

- No need of writing your Name
- Please Tick (☐) in the boxes that apply☐

**Part II: ORGANIZATIONAL PERFORMANCE**

Sex	Male <input type="checkbox"/> Female <input type="checkbox"/>
Age	21-30 <input type="checkbox"/> 31-40 <input type="checkbox"/> 41-50 <input type="checkbox"/> Above 51 <input type="checkbox"/>
Marital status	Single <input type="checkbox"/> Married <input type="checkbox"/>
Educational background	Diploma <input type="checkbox"/> Degree <input type="checkbox"/> Master <input type="checkbox"/> PHD <input type="checkbox"/>

Year of experience	1-5 <input type="text"/>	6-15 <input type="text"/>
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To what extent do you agree or disagree with the following statements related to the performance of an organization? Please indicate the extent to which you agree or disagree with each of the statements by using 5 points Likert scale

(1=Strongly Disagree, 2=Disagree 3=Neutral, 4=Agree, and 5= Strongly agree).

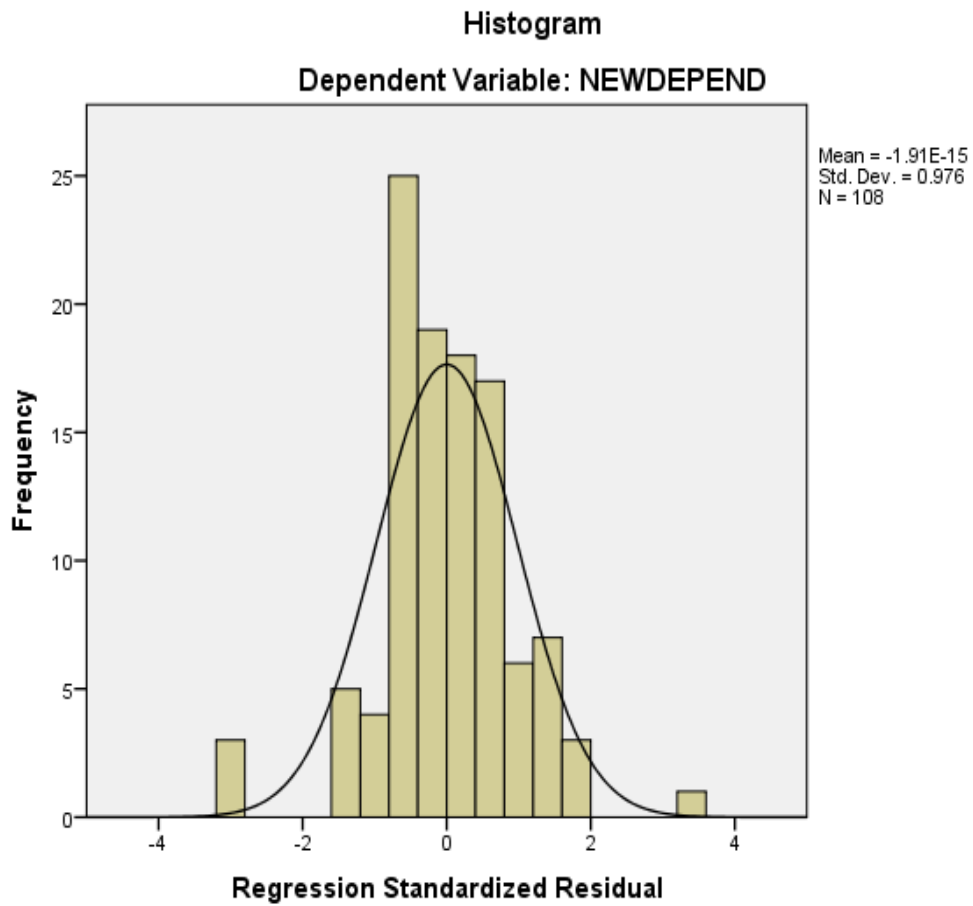
S.No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	agree (4)	Strongly agree (5)
1	The existence of a high rate of employee retention can influence the organization's performance.					
2	This company has opened new company branches over the last 5 years.					
3	There exists a good working relationship between superior and subordinate.					
4	The working atmosphere in this organization is deemed conducive.					
5	Organizational outcomes, such as productivity, quality, service, efficiencies, customer satisfaction have a direct impact on financial accounting outcomes.					

**Thank You for your participation!**

**ANNEX II**

**MULTIPLE REGRESSIONS ANALYSIS**

**Normality Test**



## Heteroscedasticity Test

