ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON PERCEIVED EMPLOYEES' PERFORMANCE: THE CASE OF ETHIOPIAN SHIPPING AND LOGISTIC SERVICE ENTERPRISE

BY

SELOME MIHRETEAB

A THESIS SUBMITTED TO ST. MARY UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION(MBA)

ADVISOR: YERGALEM TADELE(PhD)

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Addis Ababa, Ethiopia

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Approved by Board of Examiners

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                    Internal Examiner   **Signature**

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External Examiner   **Signature**

CERTIFICATION SHEET

This is to certify that the thesis entitles "*Effects of Human Resource Management practices on Perceived Employees' Job performance in the case of Ethiopian Shipping and logistics Service Enterprise",* submitted to St. Mary University for the award of the Degree of Master of Business Administration (MBA) and is a record of confide research work carried out by Selome Mihreteab, under our guidance and supervision.

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

Main Adviser's Name   Date   Signature

    Yergalem Tadele(PhD)   _____   _____

DECLARATION

I hereby declare that this thesis entitled "Effects of Human Resource Management practice on Employees' Job performance in the case of Ethiopian Shipping and logistics Service Enterprise", has been carried out by me under the guidance and supervision of Dr. Yergalem Tadele

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

Researcher's Name   Date   Signature

Selome Mihreteab   _____   _____

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Acronyms

ESLSE- Ethiopian Shipping and Logistic Service Enterprise.

HRM- Human resource management

TD- Training and Development

PA- Performance Appraisal

RM- Reward Management

EP- Employees Performance

HR- Human Resource

SPSS- Statistical Package for the Social Sciences

VIF- Variance Inflation Factor

ANOVA – Analysis of variance

SPSS - Statistical Package for Social Science

Abstract

Human resource management practices are concerning with the management of human resource activities to maximize employees' performance. In present situation, companies can gain strong competitive advantage through applying human resource management practices. If the human resources are managed properly, they can contribute to the success of the company. Human resource management practices in a broader sense covers the practices applied by human resource management of any organization that directly influence the effort of everyone in the organization for the success of organization. The purpose of this research was to examine the effect of human resource management practices on employee performance in the case of Ethiopian shipping and logistics enterprise. To achieve the study objectives, the researcher used, questionnaires to collected. Questionnaire data were processed with SPSS and analyzed using descriptive analysis and inferential statistics. Samples of 258 employees were selected by using simple random techniques; 250 questionnaires were collected back; the response rate was 99.1%. The descriptive statistics result shows that the perceptions of employee of (recruitment and selection, Reward management, Performance appraisal and training and development) were low. The variation of 45.9% of employee performance due to the predictors of Human resource practices (recruitment and selection, and Reward management, Performance appraisal and training and development). The Correlation results indicated that all human resource management practices were significantly and positively correlated with the employee performance in Ethiopian shipping and logistics enterprise. The result of regression analysis revealed that recruitment and selection, performance appraisal and reward management have positive and significant effect on employee performance. However, training and development has insignificant effect on employee performance in the Enterprise. The study finally recommended that the enterprise should revise its human resource management practice for a quality service and performance and to get competitive advantage.

KEY Words*: employee performance, human resource practice, reward management, performanc*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Human resource management (HRM) is defined as a planned set of human resource management policies and practices that are designed and implemented to enable an organization to achieve its business objectives (Armstrong, 2001). Pearson, 2009 also define human resources management as the process of analyzing and managing an organizations human resource needs to ensure satisfaction of its strategic objectives. Which indicate that an organization can achieve its declared objectives and goals if and only if the human resources are analyzed and manage efficiently and effectively. Human resource management (HRM or HR) is the strategic approach to the effective management of people in a company or organization such that they help their business gain a competitive advantage. It is planned to maximize employee performance in service of an employer's strategic objectives Johnason, P. (2009). Effective HRM strategy systematically organizes all individual HRM measures to directly influence employee attitude and behavior in a way that leads an organization to achieve its competitive strategy (Huang, 2001).

In competitive and rapidly varying business world, organizations, especially in the service sector require to ensure maximum utilization of their resources to their own advantage is crucial for organizational survival. Researches have shown that organizations can create and sustain competitive position advantage through management of non-substitutable, rare, valuable, and inimitable internal resources such as human capital (Jing et al. 2012). In addition to the above, present business environment which has a very tight competition, the frustration level of organization has increased day to day due to failure on human resource management practice that directly and indirectly affect their employee performance and many organizations are also trying to implement the best human resource management practice which help them to gain competitive advantage on their market share.

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HRM emphasizes the need for the Human resource (HR) plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organizations external environment. It is an approach which requires an interpretation and revision by practitioners to ensure the most appropriate fit between HR business strategies and plans. Thus, the overall themes of Strategic Human Resource Management (SHRM) are the integration of all HRM functions, adherence to broad organization goals and responsiveness to the external environment (Armstrong, 2009).

Human Resources are the significant asset of any organization to achieve organizational goals and many assets can be copied and maintained by others easily but the skill and competencies level held by employees can bring special advantage to any organization which gives unique competitive advantage. Human resource management is all about policies and practices of any organizations concerned with HR (Dessler, 2007). He also justified that companies now a day becoming more aware of that employees could be the greatest strength of all and aligning different HR practices with knowledgeable HR specialists could bring competitive advantage. (Dessler, 2007). Therefore, by integrating and association HR practices and policies to the strategy of organization and by maintaining good practice organization can win the market easily.

Employ performance is a process for establishing a shared workforce understanding about what is to be achieved at an organization level (Cook and Crossman, 2004:527). Performance of any organization largely depends on the performance of its employees. Fertile organizations are increasingly realizing that there are a number of factors that contribute to performance, but human resources are clearly the most critical (Mello, 2005). In spite of the size and nature of an organization, the activity it undertakes, and the environment in which it operates, its success depends on its employees' decisions and their behavior. Employee performance has become a common and understandable word as almost everyone talks about it. Yet, the term performance means different things to different persons. As experience, it ranges

from efficiency to productivity, employee turnover and absenteeism rates, product return measures, customer or customer satisfaction measurements, intangible assets such as work process disruption and other intangible assets such as morale, loyalty and work satisfaction. Employee performance is a result of the behavior or actions that have been set to achieve goals based on certain criteria's. This usually involves the actions or behavior of all mental processes that are not observable. This includes problem-solving, decision making, program planning, and reasoning (Bailey & Robert, 2003).

Performance of an employee may be evaluated in terms of the output of an employee in a specific period of time. Typically, the performance of a given worker would be assessed relative to an average of employees doing similar work; because the success of any organization relies on the performance of its workforce. Employee performance is an important concern for businesses.

1.2 Background of Ethiopian Shipping and Logistics Services Enterprise (ESLSE).

Ethiopian shipping lines was founded in 1964 G.C and started operation in 1966 with three newly built ships and two general cargos and tankers. The company was established as a share company with capital of 50,000.00 Birr, subsequently raised to 3,750,000.00 Birr. Tacprus investment inc. of Washington DC agreed to subscribe to 51% of the capital requirements designating two directors of the company. The Ethiopian government underwrote the remaining 40% of the capital required designating two director. Finally, the company has been fully owned by the government of Ethiopia since 1967/70 G.C.

The current Ethiopian shipping and Logistics Services Enterprise is formed by merging the former three public enterprises that have until recently been operating separately in a rather similar and interdependent maritime sub-sector; namely, Ethiopian Shipping Lines SIA.C, Maritime and Transit Services Enterprise and Dry Port Enterprise following the issuance of Regulation by the Council of Ministers (Regulation No. 255/2011) and is vested with the huge responsibility of rendering sea-transport & logistics services to the country's importers, exporters, and investors

in a more effective and efficient way, by reducing transit time, cost and handoffs. Besides, a truck operating company named Comet Transport SC has recently been transferred to ESL following a government decree issued in the mid of 2014. And the name of the enterprise changed to Ethiopian Shipping and Logistics Service Enterprise ESLSE.

ESLSE has a multitude of vessels, heavy duty trucks, sea and dry port facilities, chicaneries, etc. that enable it render efficient sea and land transport services as well as sea and dry port services. ESLSE has its headquarters located in the heart of Addis Ababa, Ethiopia, with main 3 branches at Djibouti, Modjo, and Kality (the former Comet) and other branches in Mekelle, DireDawa, Kombolcha, Semera and Gelan towns. It also has a Maritime Training Institute at a place called Babogaya in Bishoftu (former Debrezeit) Town.

It is the only company involved in sea fright activity in the country. The companies in its long sea transportation services manage to build a reputation of reliability efficiency and good services it gives a liner service in north continent and Mediterranean routs. It also gives a cross trade services mostly from Europe, to red sea, and Gulf ports.

Currently the enterprise introduces multimodal transport system which will benefit the country in many respects, notably by minimizing time loss at transit shipment points, reducing warehouse improve their competitive position in the international market minimizing burden of documentation and formalities, improve safety and security of goods in the country.

1.3. Statement of the problem

How to manage people's knowledge, skills, attitudes, life, experiences, and motivation affect the organizational performance. Employees are the most competitive advantages of the success and sustainability of organization. It is one of the core competencies of an organization, as examined by (Hoskisson, 2007). All managers in organizations are regarded as HR managers. But their effectiveness and efficiency depend on how HR system is being organized and managed in organizations (Osibanjo & Andeniji, 2012). HRM is concerned with workforce

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planning, recruitment and selection, talent management, employment issues such as employee retention and absenteeism, flexible working, and the management of diversity and inclusion. Many previous researches on effect of human resource management on organizational performance shows that any organization who fails to perform HR practices by aligning to the organization strategy and to organize well all HR activities, has been suffering major bankruptcy and even they could not survive due to the reluctances to their human resource, therefore, any organization should give detail consideration to its HR. Therefore, human resource management practice is the most crucial element to create effective and efficient employees.

There have been many studies from different part of the world under the Effect of HRM practices on perceived employee performance in different sectors. However, the researcher could only access few studies undertaken related to this topic in Ethiopia. The researcher also found out that no study carried out on the effect of HRM practices on employee performance in Ethiopian Shipping and Logistic.

Additionally, Ethiopian Shipping and Logistic has the system in place to integrate HRM practices to the performance of employees and also organization according to the HR policy of the organization. However, there are many complaints of employee about the applicability of HRM practices. This is because most of the time the company did not show care about employees, and even there is an observation that middle level managers interpret the HRM practice as they wish. Due to dissatisfaction by HRM practices many employees leave the company every year. According to annual report of Ethiopian Shipping and Logistic, 2018/2019,2020/2021, shows that the turnover rate of Ethiopian Shipping and Logistic was only around 4.04% which 88% of this employees leave due to dissatisfaction of HRM practices and salary. According to Kimberlee Leonard (2019), the average turnover rate should not be greater than 3.5% but others agree up to 5% as a normal turnover rate but in Ethiopian Shipping and Logistic turnover rate increased to 6.36% and in 2020. The turnover rate was stabled at 6.21%. Turnover is a normal process for organizations but what makes here different is many employees leave because of their dissatisfaction. This level of dissatisfaction presents to the

higher managers of Ethiopian Shipping and Logistic through employees' satisfaction survey shows 56% of employees' dissatisfaction level.

Based on the above mentioned facts, the researcher will want to study the effect of HRM practice among other such as Recruitment and Selection, training and development, performance appraisal and reward management that Ethiopian Shipping and Logistic is exercising and identify the relationship between HRM practices with employees' performance. This study, therefore, aimed to contribute to the field of research by analyzing and creating understanding of the link between HRM practices and employee performance.

1.4. Basic research questions
The main targets of this study answer the following basic questions:

➢ What is the status of Human Resource Management (HRM) practices in Ethiopian Shipping and Logistic?

➢ What is the relationship between human resource management, practices and employee performance?

➢ To what extent do HRM practices influence perceived employee performance?

1.5. Research objectives
1. 5.1 General objective
The general objective of this study was to investigate the effect of HRM practices on employee's performance in the case of Ethiopian Shipping and Logistics Service Enterprise.

1.5.2 Specific objectives
➢ To assess the practice of Human Resource Management (HRM) practices in Ethiopian Shipping and Logistics Service Enterprise.

➢ To examine the relationship between HRM practices and perceived employees' performance.

➢ To define the extent to which HRM practices (Recruitment and Selection, training and development, performance appraisal and reward management) influence employee performance.

1.6. Significance of the study

The research finding will help ESLSE policy formulating bodies and decision makers to give due emphasis to HRM and to advice different mechanisms in order to scale up and continuously upgrade the employee's expertise to improve organizations performance.

Moreover, the study will use as a guideline to address HRM and improve the level of understanding in HRM practices and other organizations which have similar problems can also extrapolate its findings. It will also serve as a reference for further researchers who have an interest in this area and it helps the researcher to acquire knowledge and skills.

1.7. Scope of the study

1.7.1 Conceptual scope

HRM practices covers a wide concept and it would be difficult to do the study in all concepts that summarize HRM practices in terms of time and finance. For this reason, the scope of this study was focus on only the practice (Recruitment and Selection, training and development, performance appraisal and reward management) of ESLSE.

1.7.2 Geographical scope

This study focus on human resource management practices in Ethiopian Shipping and Logistics Service Enterprise. Ethiopian shipping and logistics service enterprise is one of the biggest public sectors in Ethiopia having lot of branches including dry ports throughout the country. Due to time and cost consideration the study was conducted only in the Head Office employee which is found in Addis Ababa.

1.7.3 Methodological scope

The study focuses on the following human resource management practices Data gathering tools is structure questioners and interview. Based on the methodology this research was used explanatory research method because it is the possible way to analyze relationship variables. To this effect, both descriptive and explanatory research were applied for the study, adequate qualitative data (survey questionnaire) was used, analyze and interpret the overall result. Therefore, the study was used qualitative and quantitative research approach.

1.7.4 Time Scope.

The time scope of this study is delimited to 2022/23 academic year schedule of St. Mary's university.

1.8. Organization of the study

The research is organized into five chapters: Chapter one include background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, scope of the study, and limitation of the study and definition of terms. Chapter two review the existing literatures. This part dealt with theoretical literature review, empirical literature review, conceptual framework and finally identified literature gaps. Chapter three is methods of the study this chapter described the type and designs of the proposed study the subjects, participants of the study, the sources of data, the data collection instruments, the procedure of data collection, the methodology of data analysis, validity and reliability of the research. Chapter four described results and discussion of the study and it also interpreted or discussed the findings. This chapter utilized extensive use of literature review and tries to address the statement of the problem indicated in the first chapter. Chapter five is the final chapter of the research it comprised; summary of findings, conclusions, recommendations, and suggestions for further study.

1.9 Definition of Key Terms

HRM practice: is composed of the policies, practices, and systems that influence employees' behavior, attitude, and performance. HRM practices have an effect on employee performance and competitive advantage of an organization (Noel, 2007).

Recruitment and Selection (Selection and Staffing): This is the process of recruitment and selection to staff. This involves matching people and their expectations with which. the job specifications and career path available within the organization (Mahapatro, 2010).

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 (Noel, 2011).

Performance appraisal: which includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes? This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Which tasks should be appraised and who should assess employees'' performance are also taken into account (Mahapatro, 2010).

Reward management: Incorporating the selection of reward strategies and the administration of payment and benefits systems (Mahapatro, 2010)

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1 Theoretical Review

Human Resource Management/HRM/ Practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational HRM practice refers to the activities of recruitment and selection, training and development, performance management and reward management what they relate to the improvement of performance, in this review we see more supportive ideas of these selected HRM practices.

2.1.1 The Concept of Human Resource Management (HRM)

It refers to the policies and practices involved in carrying out the human resource (HR) aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labor relations (Dessler, 2007). HRM is composed of the policies, practices, and systems that influence employees" behavior, attitude, and performance (Noel, Hollenbeck, Gerhart & Wright, 2007). HRM practices have an effect on employee performance and competitive advantage of an organization (Guest, 2002; Balochi et al., 2010). The employees of every organization are a basis of competitive advantage. The employees of every organization are a basis of competitive advantage. There has been an increase in the experimental studies that examines the influence of some practices of (HRM) on performance of employees (Becker & Huselid, 2006; Bowen & Ostroff, 2004).

According to Armstrong (2016) the goals of HRM are supporting the organization in achieving its objectives by developing and implementing human resource (HR) strategies that are integrated with the business strategy (strategic HRM) to contributing the development of a high performance culture ensuring the organization has the talented, skilled and engaged people it needs, creating a positive employment relationship between management and employees and a climate of

mutual trust and encouraging the application of an ethical approach to people management.

2.1.2 Concept of Human Resource Management Practice

(Chew and Chan, 2008). Human Resource Management Practice is a modern way of improve organizations on core matters such as staff commitment, competency and flexibility, which in turn leads to improved performance.

Human resource management practices on business performance such as training and development, teamwork, compensation, HR planning, performance appraisal, and employee security help improve firm's business performance including employee's productivity, product quality and firm's flexibility. Chao and Lee (2007)

Therefore, this study would like to see the relationship between selected HRM practices namely human resource planning, training and performance appraisal practices on employee performance.

2.1.2.1 Recruitment and Selection

Recruitment and selection involves two interrelated processes, recruitment is the process of generating a pool of capable people to apply for employment to an organization whiles selection is the process by which specific instruments are employed to choose from a pool of applicant's persons most suitable for the job taking into consideration management goals and legal requirements (Bratton & Gold, 2003). It is the process of finding and engaging the people the organization needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs (Armstrong, 2008 & 2016). Mahapatro (2010), the objectives of recruitment to attract people with multi-dimensional skills and experiences that suit the present and future organizational strategies, to induct outsiders with a new perspective to lead the company, to infuse fresh blood at all levels of the organization, to develop an organizational culture that attracts competent people to the company, to search or head hunt people whose skills fit the company's values, to devise methodologies for assessing psychological traits, to seek out non-conventional development grounds of talent, to search for talent globally and not just within the company, to design entry salary that competes on

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quality but not on quantum and to anticipate and find people for positions that does not exist yet.

2.1.2.3 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. Likewise, if a company plans to set up teams to manufacture products, it might offer a development program to help employees learn the ins and outs of effective teamwork (Noël, 2011). As studied by Busungu (2015) in Kenya Insurance company research revealed that training and development of employees help employees adapt to their new surroundings through socialization, affect recruitment of employees, Create efficient and effective service delivery, boosts employee motivation, and productivity. Employee training also lowers employee turnover to a great extent.

Guest (1987) argues that policies are necessary to ensure that employee performance is evaluated, which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs. However, individuals themselves can help to indicate the areas requiring improvement as a result of the issues raised in the performance appraisal process and their career path needs. Training plays an important role in motivating employees to take part in organized projects, to willingly support programs that will improve the organization and to do their best in order to see that organizational goals are achieved (Bolman & Deal, 2011).

2.1.2.4 Performance Appraisal

Evaluating employee performance is a key responsibility of managers. Performance appraisals, a powerful tool, provide to documented feedback on an employee's level

of performance. It is help to determine continued employment, promotion, transfer, bonuses, and pay raises, and allow for improved communications between managers and employees. Different scholars have defined Performance Appraisal from different perspectives. Encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Which tasks should be appraised and who should assess employees" performance are also taken into account (Mahapatro, 2010, PP.13 & 101). Performance appraisal is about how managers should appraise, manage performance, identify and develop potential, and train and develop employees. The survival and growth of business depends upon the quality of the human resources within the organization. This puts pressure on the capacity of managers in appraisal, career management and development activities.

According to Torrington, Laura & Taylor (2005), performance appraisal is a measure of personality traits that were felt to be important to the job such as creativity, enthusiasm, drive etc.

As per Grote (2002), Performance Appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization. It is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees (Mathis and Jackson, 2000).

According to Landy and Farr (1983), performance appraisal data is organized into two groups: judgmental or subjective measures and nonjudgmental or objective measures. Although judgmental measures are more broadly used, objective performance measurements (e.g. production rates, time to complete a task, and scrap rates) have been helpful measures of performance for routine, manual jobs (Rothe, 1946). Even so, whether it is measured subjectively or objectively, the outcome of the performance appraisal gives an insight to the management to how and to what extent an employee is performing a given tasks and exhibit behaviors. (Collins and Clark, Mohamed.et al. 2003). Performance appraisal was found to have both direct and indirect effect on administrative performance of employee and the feedback

obtained from performance appraisal activities, usually conducted at least once annually can help to improve administrative processes.

2.1.2.5 Reward Management

According to Armstrong (2010, PP, 33), there are benefits of reward management: deeper and longer-lasting impact on the motivation and commitment of people, enhancing employment relationship, flexibility to meet individual needs, help to deliver a positive psychological contract and this can serve as a differentiator in the recruitment market. According Beaumont (1993), reward systems are to enhance the motivation of individual employees, and hence their current on-the-job performance. Incorporating the selection of reward strategies and the administration of payment and benefits systems (Mahapatro, 2010). As argued by (Keller & Szilagyi, Begum W. et al. 1976, 2016) it is a process designed to motivate employees to increase morale, commitment, productivity, and teamwork, rewards and recognition are often given through both monetary and nonmonetary means. Literature supports the idea that reward and recognition are important factors that influence employee behavior, job satisfaction, and employee performance.

According Armstrong (2007), rewarding people according to the value they create, aligning reward practices with business goals and with employee values and needs, rewarding the right things to convey the right message about what is important in terms of behaviors and outcomes, helping to attract and retain the high-quality people the organization needs, motivating people and obtain their engagement and commitment and developing a high-performance culture are the aims of reward management.

According to Armstrong (2007) and Rose (2014), Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by financial, material reward and Psychological rewards. Reward management deals with the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded. It is about the design, implementation and maintenance of reward systems (reward processes, practices and procedures), which aim to meet the needs of both

the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals.

2.1.3 Theories of HRM Practices Effect on Employees' Performance
a. Motivation

Motivation theory explains the factors that affect goal-directed behavior and therefore influences the approaches used in HRM to enhance engagement (the situation in which people are committed to their work and the organization and are motivated to achieve high levels of performance). High performance is achieved by well-motivated people who are prepared to exercise discretionary effort, i.e. independently do more than is expected of them.

b. AMO Theory

The AMO formula as set out by Boxall and Purcell (2003), it states that performance is a function of Ability + Motivation + Opportunity to Participate.

HRM practices therefore impact on individual performance if they encourage discretionary effort, develop skills and provide people with the opportunity to perform. The formula provides the basis for developing HR systems that attend to employees' interests, namely their skill requirements, motivations and the quality of their job.

c. Social Exchange Theory

Employees will reciprocate their contribution to the organization if they perceive that the organization has treated them well. Employees are motivating when they are developing organizational citizen ship. This owner ship is creating by the organization through treating its employees as asset so the company invests on its human capital substantially.

According to Tyson (2006), In some organizations, HR departments perform a kind of low-level administration, dealing with routine requests from managers for recruitment, transfers and termination (the transactional work of HRM), whereas in other organizations they are concerned with strategic planning, developing long-term

personnel plans and industrial relations strategy. Addis Ababa education bureau human resource department is dealing with routine and transactional work of HRM. Then this study deals with training and development, performance appraisal, compensation and reward.

2.1.4 The concept of Employee performance

2.1.4.1 The concept of Employee performance

Employee performance is a core interest for any organization as it reflects the organizational productivity by reflecting the employee" ability to attain the goals as planned. Pushpakumari (2008) stated that performance is very much depended on perception, values and attitudes. Porter and Lawler (1974) defined performance as a function of individual ability and skill and effort in a given situation. In other words, employee's performance is the ability of the employees to work effectively and efficiently in order to accomplish the organizational goals and objectives (Kovach, 1987). Perceived employee performance represents the general belief of the employee about his behavior and contributions in the success of organization. Employee performance may be taken in the perspective of three factors which makes possible to perform better than others, determinants of performance may be such as "declarative knowledge", "procedural knowledge" and "motivation" (McCloy, Campel & Cudeck, 1994). Buchner (2007), a sited by Armstrong (2009), there are three theories underpinning performance management:

2.1.4.1 Theories of Employee performance

Goals theory

Goal theory as developed by Latham and Locke (1979) highlights four mechanisms that connect goals to performance outcomes: 1) they direct attention to priorities; 2) they stimuli-late effort; 3) they challenge people to bring their knowledge and skills to bear to increase their chances of success; and 4) the more challenging the goal, the more people will draw on their full repertoire of skills. This theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed.

Goals inform individuals to achieve particular levels of performance, in order for them to direct and evaluate their actions; while performance feedback allows the individual to track how well he or she has been doing in relation to the goal so that, if necessary, adjustments in effort, direction or possibly task strategies can be made. Robertson, Smith and Cooper (1992). Goal theory supports the agreement of objectives, feedback and review aspects of performance management.

Control theory

According Armstrong (2009), Control theory focuses attention on feedback as a means of shaping behavior. As people receive feedback on their behavior they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome it. Feedback is recognized as a crucial part of performance management processes.

Social cognitive theory

Social cognitive theory was developed by Bandura (1986). It is based on his central concept of self-efficacy. This suggests that what people believe that they can or cannot do powerfully impacts on their performance. Developing and strengthening positive self-belief in employees is therefore an important performance management objective.

The main purposes of performance evaluations are to provide input into such important decisions as promotions, transfers, and terminations. Evaluations identify training and development needs. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy (Mahapatro, 2010, PP.114).

2.2 Empirical studies

There are many researchers conducted around the world that showed the relationship between human resource practices and perceived employee performance. Under this topic the researcher considers only few studies to show the gap and the relationship

between HRM practices and employee performance in Ethiopian Shipping and Logistics Service Enterprise.

Recruitment and selection is one of the human resource management practices. The object of recruitment is to find suitable candidates to meet organizational needs, in as cost effective a way as possible (Tyson, 2006). Tanveer (2011), study revealed that recruitment and selection found significantly related and impact with performance of employees. HRM practice has significant impact on organizational performance (Kassa, 2016). (Fatema.N, 2018, PP.11), the study revealed that Recruitment and selection constructive relationships with employee performance. AS Jouda (2016), undertaken a study in Gaza University, he found that an increase employee's performance, the university management should implement the human resource management practice includes (selection, training and development, compensation and rewards, performance appraisal) in order to increase their efficiency on the university performance. staff selection was positive and shows positive change in dependent variable, so it shows staff selection and employee performance are positively related (Ahamd and Jemal,2016)

Tanveer (2011) revealed that training and development found significantly related and impact with performance of employees. The study undertook at Debrebrhan University showed that HRM practice has significant impact on organizational performance. The study found that university performance can be attributed by training and development (Kassa, 2016). The study conducted by Yaounde (2017), training practice and employee performance were correlated. This indicated that an improvement in training practices; it is most likely to cause a slight improvement in employee performance. Hassan (2016) concluded that Training and employee involvement play a positive role in increasing employee's performance. According to Sarker.S (2017) study found that Training and development is the most influential factors of Hrm practice in order to strength of association with the employee performance. Hypothesis was supported, i.e. employee performance is significantly related to training and development. AS Jouda (2016), undertaken a study in Gaza University, he found that an increase employee's performance, the university management should implement the human resource management practice includes

training and development, in order to increase their efficiency on the university performance Mohamd (2014), found that regression analysis proved that there was a significant relationship between training on employee performance.

Performance evaluation is found to be a major contributor to performance (Tessema and Soeters, 2006); this may be because employee performance evaluation is crucial for most HR practices in that, if it is done properly, it could serve several purposes: first, for taking proper personnel actions such as salary increment, promotion and other incentives. Farooqi (2016) argued that performance evaluation is a significant and positive relationship with employee performance; the individuals' performance, highlight the potential of employees and determine the future needs for training in development; Strong and positive correlation of performance evaluation practices with the employee performance. Tanveer T. et al (2011) study revealed that performance appraisal found significantly related and impact with performance of employees. The study undertook at Debrebrhan University revealed that human resource practice has significant impact on organizational performance. According to Jouda(2016) studied in Gaza University found that an increase employees performance, the university management should implement the performance appraisal in order to increase their efficiency on the university performance. The impact of human resource management in case of Telekom Malaysia, the study was found that Performance appraisal has moderate influence on the performance and employee participation in decision making has least influence on the performance (Mohamd, 2014).

Compensation issues affect most HR practices or functions either directly or indirectly. For instance, compensation affects employee motivation and practices, salary was also found to be significant, which in turn suggests that compensation-related issues considerably affect HRM outcomes such as employee's motivation and retention (Tessema and Soeters, 2006). Compensation is a significant and positive relationship with employee performance; A comprehensive compensation system can contribute a lot to attract and retain the competitive human resources and can

also shape the behaviors and performance of employees. Balanced, fair and competitive compensation system affects the retention of talented employees; a strong and positive correlation of compensation practices with the employee performance. (Farooqi, 2016). The study undertook at debrebrhan university revealed that HRM practice has significant impact on organizational performance. The study found that university performance can be attributed by HRM practices; compensation (Kassa, 2016). Compensation management has significant influence on the enhancement of employee performance (Fatema.N, 2018) found that compensation and the pay structure directly impact the performance of the employees. For achievement of the employee as well as organizational performance; it is financial or non-financial; compensation in the form of pay, rewards or incentives are the most important factor to the employee. AS Jouda (2016), undertaken a study in Gaza University, he found that an increase employee's performance, the university management should implement the human resource management practice includes compensation and rewards, in order to increase their efficiency on the university performance.

2.3 Conceptual Framework

In this section, the researcher develops the conceptual framework depending on the review of literature of the study that indicates the relationship between HRM practice as independent variable and Employee performance (Dependent variable) represents a diagram that shows the relationship between a dependent variable and an independent variable (Young, 2009). In this theoretical framework employee performance is the dependent variable while Human resource practice, performance appraisal and training are independent variables on Figure 2.1.

Independent variables   Dependent variable

```
┌─────────────────────────────┐
│  ➢ Recruitment and selection │ ─────────┐
│                              │           │        ┌──────────────────────┐
└─────────────────────────────┘           └──────► │                      │
┌─────────────────────────────┐                    │     Employee         │
│  ➢  Performance             │ ─────────────────► │                      │
│     Appraisal                │                    │     performance      │
└─────────────────────────────┘                    │                      │
┌─────────────────────────────┐                    │                      │
│  ➢ Reward Management         │ ─────────────────► │                      │
└─────────────────────────────┘                    │                      │
┌─────────────────────────────┐                    │                      │
│  ➢ Training and Development  │ ─────────────────► │                      │
│                              │                    └──────────────────────┘
└─────────────────────────────┘
```
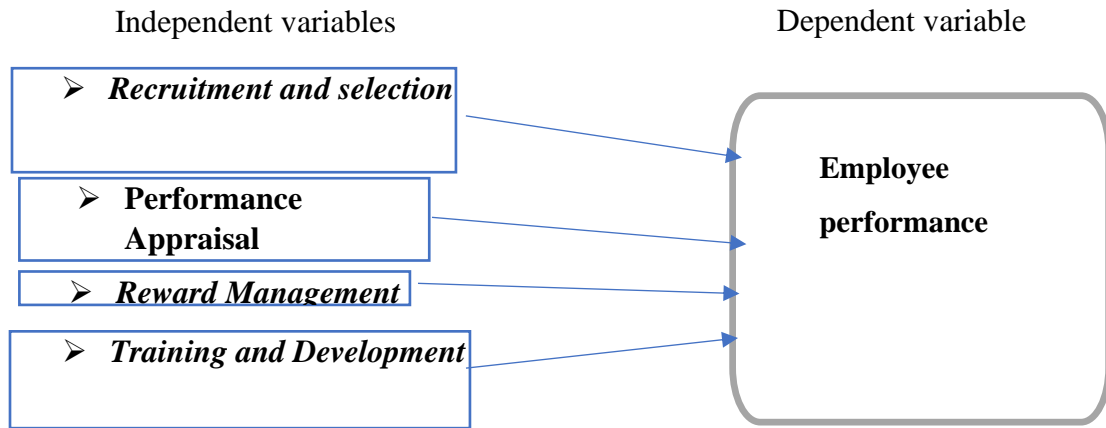
2.4. Research Hypothesis

The researcher formulated the following hypothesis based on the knowledge of theory and empirical literature studies. The hypothesizes were constructed to demonstrate the effects of HRM practices on perceived employees' performance to describe association as below:

Hypothesis 1: Recruitment and selection had positive impact on employees' performance.

Hypothesis 2: Reward management positively influenced employees' performance.

Hypothesis 3: Performance appraisal positively influenced on employees' performance.

Hypothesis4: Training and development positively influenced on employees' performance.

CHAPTER THREE

METHODOLOGY OF THE STUDY

A method of the study shows the overall framework on how research results may be achieved through data collection and analysis. This chapter included the research approach, the research design, the research population and data source and type, data collection procedure, ethical considerations, data analysis, validity and reliability test.

3.1 Research Design

The purpose of the research was to investigates the effects of HRM Practice on Employee Performance in Ethiopian Shipping and Logistics Service Enterprise. To conduct such kind of research, the researcher adopted both explanatory and descriptive research design. This research design is preferable to identify and explain the relationship among different variables. For this reason, the researcher is follow this research design for the intended study to explain the relationship between the human resource management practice and employee performance in ESLSE (Ethiopian Shipping and Logistics Service Enterprise) on selected samples from the head office employees. This is because of the various intention of the study that describes the existing practices of human resource management in the corporation. Explanatory studies are aimed at finding out "what is," so observational and survey methods are frequently used to collect descriptive data (Borg and Gall, 1989).

3.2 Research Approach

This study was use combination of both the qualitative and quantitative research approach qualitative and quantitative approaches are used to provide an in-depth look at context, processes, and interactions and make precise measurement. In this mixed method the presentation of the results can be convincing and powerful (Marguerit, Dean and Katherine, 2006).

3.3 Population, sample size and sampling procedure

3.3.1 Target population

The target population for this study was employees of Ethiopian Shipping and Logistics Service Enterprise working in Head Office located in Addis Ababa. The head office has 726 total numbers of employees.

3.3.2 Sampling Procedure and Sample size determination

The study sample was consisting employees from the head office which is located at Addis Ababa. From the head office sampled employee were selected by using simple random sampling technique. All employees in the main head office will be the target population for the study. A random sample of 258 will be selected from the target population. By using Taro Yamane's formula of **$n=N/[1+N(e^2)]$** the sample size was 258 employees.

Sample size determination

$n=N/[1+N(e^2)] = 726/[1+726(0.05^2)] = 257.904 = 258$

Where   n= sample size

N= population size e = level of precision or acceptable sampling error (0.05)

3.4 Data Sources and Data Collection Method

3.4.1 Data Sources and Types

There are two types of data: primary data and secondary data. Primary data was collected for a specific issue. It could be either qualitative such as interviews, semi-structured or unstructured; focus groups; observations; and case studies, or it could be quantitative such as questionnaires; and structured interviews. On the other hand, secondary data is available to any researcher to obtain what is required, and consequently, it is not created for specific topics. Secondary data embraces raw data and published summaries (Saunders et al., 2012).

Primary type of data is suitable for both descriptive and explanatory research, for example, Collis and Hussey (2003), Hair et al. (2007) and Saunders et al., (2012). Based on the research questions and objectives, the study was employed primary data.

3.4.2 Data Collection

The main emphasis of this study assess human resource management practice in ESLSE (Ethiopian Shipping and Logistics Service Enterprise). Hence, the study's unit of analysis is employees of the enterprise. Therefore, the data essential for this research will gather from primary source through questionnaires of employee and managers in the head office of Ethiopian shipping and logistics service enterprise. The questionnaire design to elicit the required information relating to the dependent and independent variables. There will be close ended questions and most of the questions will be stated in a five-point Likert scale for officers and for HR managers of the ESLSE.

3.5 Methods of Data Analysis

Data analysis refers to the calculation of certain key figures along with the search pattern of the relationship between the data sets. In data processing, questionnaires were processed after data collection to determine the degree of response and the number of questionnaires that could be used. The data were code and then enter into a computer data sheet for analysis. The data were processed using the Statistical Package for Social Sciences (SPSS) whereby the results were presented in the form of tables and pictures. To analyze the relationship between Human resource management practice and Employees performance of ESLSE, the researcher used descriptive statistics, correlation coefficient analysis, and regression analysis model to measure the relationship between independent and dependent variables.

3.6 Validity and Reliability test

Kotari (2004) the questionnaire's internal validity refers to its ability to measure what we intend it to measure. In other words, what we find with our questionnaire actually represents the reality of what we are measuring. As stated the previously the study

instrument was pretested before one week of actual distribution to ascertain that the questions made sense to respondents and to identify the problem with the questionnaire that could lead to biased responses. The reliability has been checked for the actual questionnaire and the Cronbach's Alpha was assured the material is reliable for internal consistency.

Table 3.1 Reliability Statistics

Number	Study Variables	Cronbach's Alpha Results
1	Recruitment selection	0.729
2	Performance Appraisal	0.751
3	Reward Management	0.801
4	Training and Development	0.756
5	Employee performance	0.718

Source: Own Survey (2023)

3.7. Ethical Consideration

The study was conducted by considering ethical responsibility. The researcher provides information to the respondents about the purpose of the study and the use of the information as well. Information gathering held in strict confidentiality by the research Respondents and anonymity kept so that participants felt free and safe to express their ideas.

CHAPTER FOUR

RESULTS, DISCUSSION AND INTERPRETATION

This section includes the rate of response, demographics analysis, analysis of HRM practices and employee performance from the data that collected, the relationship between HRM practices and employee performance, to what extent HRM practices affects employee performance, discussions of the finding,

4.1. Sample and Response rate

The study had a population of 887 and a sample size of 258 respondents working for the Ethiopian shipping and logistics service Enterprise. To increase the probability of a good response rate, 275 questionnaires were sent out; from which 250 respondents filled and returned the questionnaires. Leaving a total of 5 questionnaires unreturned. According to Mugenda (2003); Cooper and Schindler (2014), 50% response rate is adequate for analysis, while 60% is good and 70% excellent response rate for analysis. Therefore, the research's response rate of 96.9% excellent enough to proceed with data analysis.

4.2 Demographic Characteristics

Table 4.1: Demographic Characteristics

Variables	Demographic variables	Frequency	Frequency percentage	Valid percentage	Cumulative Percentage
Gender of the respondents	Female	88	32.6	32.6	32.6
	Male	162	67.4	67.4	100
		250	100	100	
Age of the respondents	18-30	156	61.5	61.5	61.5
	31-40	70	29.6	29.6	91.1
	41-50	8	3	3	94.1
	51-60	16	5.9	5.9	100
	Total	**250**	**100**	**100**	
Level of education	Primary	8	3.0	3.0	3.0
	Secondary	11	4.1	4.1	7.0
	Diploma	4	1.5	1.5	8.5
	Degree	172	85.9	85.9	94.4
	Above degree	15	5.6	5.6	100

		Total	250	100	100	
Experience	0-5	136	54.1	54.1	54.1
	6-10	77	32.2	32.2	86.3
	11-15	12	4.4	4.4	60.7
	16-20	19	7.0	7.0	97.8
	Above 21	6	2.2	2.2	100.00
	Total	**250**	**100**	**100**	

Source: Own Survey (2023)

In order to determine the gender distribution in the organization, respondents were asked to indicate their gender by checking either male or female in the questionnaire. The findings showed that male respondents were more than with female a representation of 67.4%, the remaining represent by female they were 32.6%.

The study also looked to establish the age bracket of the respondents by asking them to check the boxes with their age. The findings showed the highest percentage of 61.5% of the respondent were between the of 18 and 30 years old (in number 156 out of the total respondent 250,) i.e. most of the respondent were at young age in the enterprise, 29.6% of the respondents were between the age of 31 and 40 years old (in number 70 out of the total collected which is 250 respondents), which is the second most dominant age in the enterprise, 3.0% of the respondent were between the age of 41 and 50, 2.6% of the respondent i.e. few in number (in number 8 out of the total respondents) . Between the age of 51 and 60 years old 5.9%. They were also few in numbers out of the total population about 16 in number.

It was also necessary for the study to determine the educational levels of the respondents as that could help to determine the level of understanding of the respondents about the different HRM practices to evaluate their respective effect on perceived performance employee. The table in the above showed that the respondents hold a wide range of educational qualifications from masters and above level. Majority of the sample group were holding first degree which account for 85%,

followed by above degree which is 5.5%, diploma 1.5%, higher school 4.1%. This implies that people of different educational qualifications are assumed to work in the enterprise and the large proportion of them degree and master's and above graduates who do have at least the basic knowledge about the management concept of human resource practice and also its association with employee's performance or in organizational performance.

The study finds out how long the respondents have worked in Ethiopia shipping and logistics service enterprise. The findings showed those that had 0-5 years' experience were 136. 6-10 years' experience was 77. Respondents with 11-15 years were 12, 16-20 were 19 and lastly those with over 21 years of work experience were 6. The above findings confirmed that most of the respondents had served the enterprise for a short period of time. This indicates that most of the employees have few experiences in the Enterprise so that they may not know well about the human resource practice and how that HRM can affect their performance in the Enterprise.

4.3 Descriptive Analysis

In the final section of the questionnaire respondents were asked the effect of HRM practice on employee performance and asked to fill in their option by selecting answers corresponding to their choice on the Likert scale options (5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=Strongly disagree).

Table 4.2 Assumptions likert scales mean values;

No.	mean scored	Respondents
1	1-1.5	Strongly disagree
2	1.6-2.5	Disagree
3	2.6-3.5	Neutral
4	3.6-4.5	Agree
5	Above 4.5	Strongly agree

Source: Burns (2008)

Depending on the above assumptions the mean and standard deviation of the HRM practices and employee performance in Ethiopian Shipping and Logistics Service Enterprise as follows;

4.3.1 Perception on Human resource management practices and employee performance

Table 4.3: Perception on HRM practice and perceived employee performance

Variables	mean	Standard deviation
Recruitment selection	2.26	0.6
Performance Appraisal	2.3	0.7
Reward Management	2.23	0.5
Training and Development	2.1	0.6
Employee performance	2.2	0.7

Source: Own Survey (2023)

In the table above showed that recruitment and selection has the mean value scored of 2.26. If the mean value falls between 1.5 and 2.5 the respondent disagree with this practice (burn, 2008). This implies that recruitment and selection practice in Ethiopian Shipping and Logistics Service Enterprise is low level.

The above table showed that performance appraisal practice aggregated mean scored of 2.3. If the mean value scored between 1.5 and 2.5 then according to likert scale assumptions Burns (2008) the respondent's response rate falls with disagree. This means performance appraisal practice in the Enterprise was low. Reward Management practice aggregated mean scored of 2.2. If the mean value scored falls between 1.5 and 2.5 then the respondents were disagreeing with reward practice. Hence, the researcher can conclude that reward practice in Ethiopian Shipping and Logistics Service Enterprise was low.

And also the table above showed that training and development practice average mean has scored of 2.1. According the assumption given above the respondents

were disagree with this practice. This showed that the enterprise has low practice in training and development. Finally, the researcher asked the perception of employees on their own performance level the mean scored result was falls under disagreed level. Therefore, in this study the researcher can conclude that human resource practice (recruitment and selection, reward management, performance appraisals and training and Development) and employee performance in Ethiopian Shipping and Logistics Service Enterprise the respondents were disagree and the level these practices were low.

4.4 The relationship between HRM practices and Employee Performance

Identifying the relationship between two or more variables is the most important in research activity. Correlation is a statistical method used to determine whether a relationship between variables exists. To determine whether two or more variables are related and to determine the strength of the relationship between or among the variables are used (Allan, 2009, pp 534). The correlation coefficients have ranges from 1 to -1. I.e. if the correlation coefficient is between 0 and +1, it is said be positive relationship between variables, the correlation coefficient is between –1 and 0, it said to be negative the relationship between variables. If the correlation value exactly +1 and -1 called perfect positive and perfect negative respectively. The correlation coefficient symbolized by r. When we come to this study, the research would identify relationship between human resource practice and perceived employee performance. Based on the questionnaires that were filled by the employees of Ethiopian Shipping and Logistics Service Enterprise on HRM practice and employee performance, the result of the correlation analysis between those variables is listed in the table below.

Table 4.4: The Correlation between HRM practices and employee performance

Correlations		RS	PA	TND	RM	EP
RS	Pearson Correlation	1				
	Sig. (2-tailed)					

	N	250			
PA	Pearson Correlation	.780**	1		
	Sig. (2-tailed)	.000			
	N	250	250		
TND	Pearson Correlation	.572**	.784**	1	
	Sig. (2-tailed)	.000	.000		
	N	250	270	270	
RM	Pearson Correlation	.482**	.559**	.423**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	250	250	250	250
EP	**Pearson Correlation**	**.607****	**.623****	**.514****	**.523****	**1**
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	
	N	**250**	**250**	**250**	**250**	**250**
. Correlation is significant at the 0.01 level (2-taile d).					

Source: Own Survey (2023)

Where EP- Employee performance RM-Reward Management, TND-Training and

Development RS-Recruitment & Selection, PA-Performance appraisal

Pearson correlation test was conducted as depicted in table 4.4 to know the degree of relationship between the independent variables, which are perceived performance appraisal, perceived reward Management, *recruitment and selection*, perceived training and development and the dependent variable *perceived employee performance*. As shown in the table the independent variables, which are ***recruitment and selection* and, performance appraisal, reward Management, training and development** have a significant & positive relationship with the dependent variable (**perceived employee performance**) with correlation coefficient 0.607, 0.623, 0.514 and 0.523 respectively. From the correlation table (F), all independent variables (performance recruitment and selection, performance appraisal and training and development and reward management) are correlated with employee have highest correlation coefficient of r= (0.61, 0.62 and 0.51 and 0.52 respectively which is P value less than 0.05,) As shown in the table all the independent variables are also significant and have positive relationship with dependent variable which is perceived employee performance.

According to (Wong and Hiew, 2005) the correlation coefficient value(r) range from;

✓ 0.10—0.29, is considered to be weak,

✓ 0.30-0.49, considered to be moderate,

✓ 0.5-1.0. Considered to be as strong relationship between dependent and independent variables.

Therefore, in this study we can conclude that recruitment and selection, reward management, performance appraisals and training and Development have strong positive relationship with employee performance in Ethiopian Shipping and Logistics Service Enterprise.

4.5 Effect of human Resource practice on employee performance
4.5.1 Assumption of regression analysis

Meeting the assumptions of regression analysis is necessary to confirm that the obtained data truly represented the sample and that researcher has obtained the best results (Hair et al., 1998). Two assumptions for regression analysis used in this study discussed for the individual variables: multi-collinearity and linearity (Hair et al., 1998). In the following paragraphs, each assumption is explained.

4.5.1.1 Multi-Colinearity Diagnostics:

The results of multi collinearity confirm that there are no high correlations between the independent variables using the Variance Inflation Factor (VIF), Tolerance test for each variable to ensure the independence of errors. Taking into account the Variance Inflation Factor not to exceed the allowable value (10), Tolerance value greater than (0.2). Table 4.5 shows the results of these tests.

Table 4.5: Results of Multi collinearly

|	Tolerance	(VIF)
Recruitment and Selection	.385	2.596
Performance Appraisal	.206	4.851
Reward Management	.381	2.622
Training and Development	.682	1.467

Source: Survey (2023)

The multi collinearity in this study was checked using the Tolerance and VIF value. As it is showed in the Table 4.5 all independent variables (recruitment and selection, performance appraisal, reward management and training and development) have a Tolerance value greater than 0.2 and a VIF value less than 10. i.e. the data checked multi collinearity passed for further regression analysis.

4.5.1.2 Linearity test

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). In a simple sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998).

Figure 4.1 Linearity test
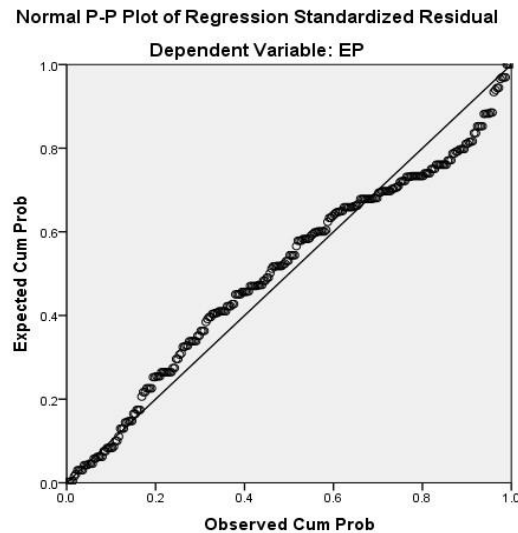
Source: own survey (2023)

4.5.1.3 Normality test

Table 4.6: Skewness and Kurtosis Test result

Statistics

		RS	PA	TND	Rw	EP
N	Valid	270	270	270	270	270
	Missing	0	0	0	0	0
Skewness		1.563	2.335	1.373	1.773	1.127
Std. Error of Skewness		.148	.148	.148	.148	.148
Kurtosis		4.340	6.162	2.799	6.946	3.203
Std. Error of Kurtosis		.295	.295	.295	.295	.295

Source: own survey (2023)

Hence, one of our assumption or normality test can be done using Kurtosis test by the help of SPSS version 20. As we can see from the Table 4.6, even though the distribution is positive skewed we can say that it is approximately normal. Since a normal curve has 0 skewness or symmetrical. As to the reference of kurtosis measure, out of all the indicated values of variables, Training and development and employee performance have nearly Kurtosis values =3 but the rest which are recruitment and Selection and performance appraisal and reward management have values greater than the normal.

4.5.1.4 Homoscedasticity

Scatterplot

Dependent Variable: Cu.L
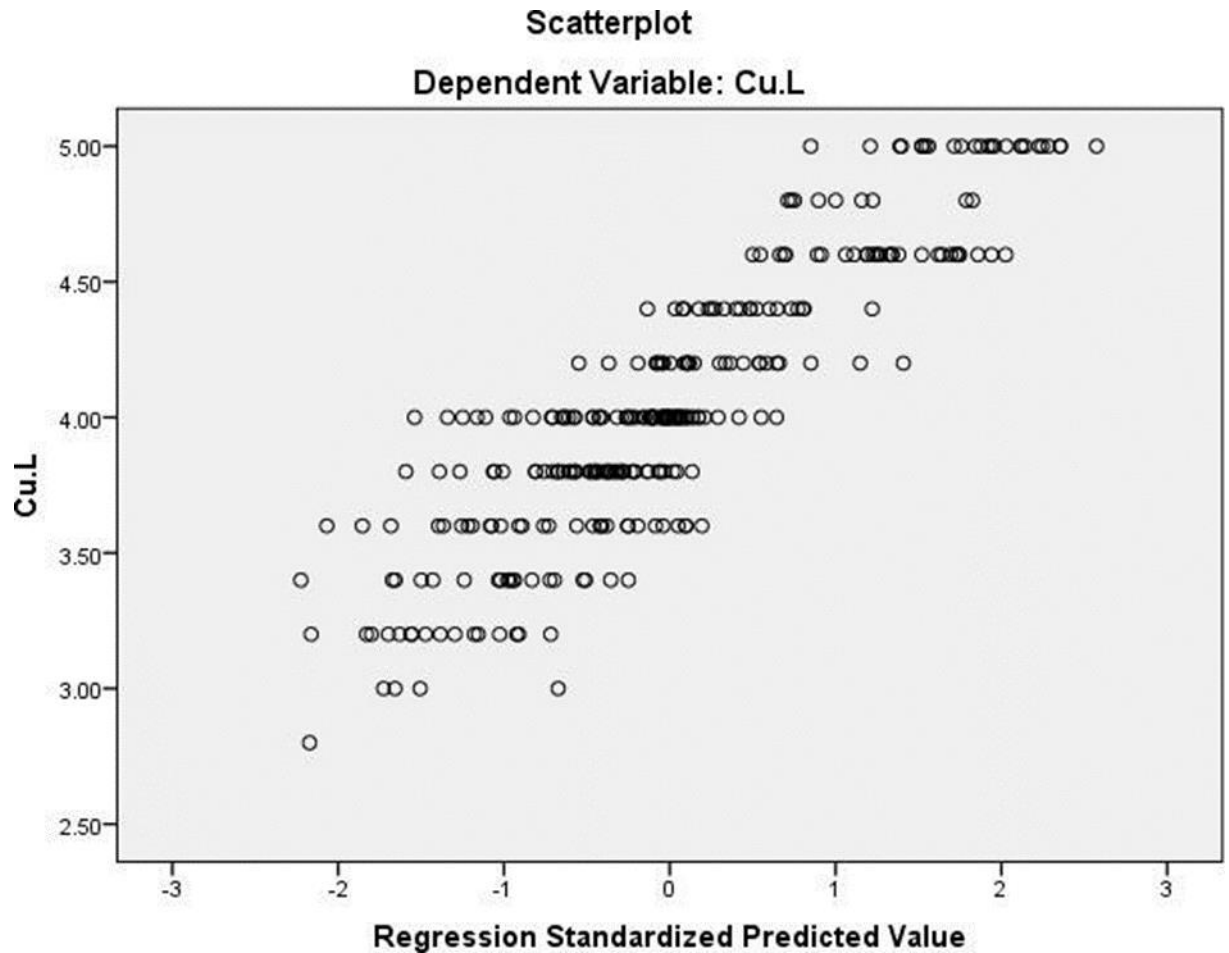
From the plot of standardize fitted values against the standardized we observed that the spread of the residuals is the same throughout the plot (i.e. there is no any systematic patterns). This non-systematic of random pattern indicates the nonexistence of heteroscedastic problems or no outliers.

4.5.1.5 Test of Autocorrelation

Autocorrelation or independence error occurs when there is a serial correlation between residuals and their own past values and also refers to the assumption that errors are independent of one another.

Table 4.7 Durbin-Watson autocorrelation Test result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	**Durbin-Watson**
1	.736[a]	.542	.536	.742	**1.409**

a. Predictors: (Constant), TND, RM, RS, PA

b. Dependent Variable: EP

Source: Study Result, 2023

In this study the Durbin Watson statistic test used to test the assumption that our residuals are independent (or uncorrelated). It tests for autocorrelation in the residuals from statistical regression analysis after selecting the independence, mediating and dependent variables. These statistics always vary from 0 to 4. A value of 2 indicates that the sample has no autocorrelation. Therefore, from the above table the Durbin-Watson result is 1.409 which is below 2. Consequently, it can be concluded that the figure indicates that there is no autocorrelation in the sample.

4.5.3 Effect of human Resource practice on employee performance

A multiple regression correlation R can also be computed to determine if a significant relationship exists between the independent variables and the dependent variable. Multiple regression analysis is used when a statistician thinks there are several independent variables contributing to the variation of the dependent variable. This analysis then can be used to increase the accuracy of predictions for the dependent variable over one independent variable (bluman, 2007). *The general form of the multiple regression equation with k independent variables is*

$Y=b0+b1x\ X1+\ b2xX2\ \bullet\bullet\bullet\ bkxk+£$

Where Y = the Predicted Dependent Variable

36

$b_{o = Constant}$ *b1, b2 and b_n unstandardized* regression coefficients

X_1, X_2 and x_n are the explanatory variables and the error term ε (the Greek letter epsilon) is a random variable. In multiple regressions, the strength of the relationship between the independent variables and the dependent variable is measured by a correlation coefficient. This **multiple correlation coefficient** is symbolized by R. Hence, EP= b0+b1RS+b2PA+b3RM+b4TND+£ Where b1, b2, b3 and b4 are the Unstandardized regression coefficients.

Table 4.7: Model Summary

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684[a]	.467	.459	.34356
a. Predictors: (Constant), TND, RM, RS, PA				
b. Dependent Variable: EP				

A.   Predictors: (Constant), TND, RS, RM, PA

B.   Dependent variable: employee performance

Where TND= training and development

RS= recruitment and selection

RM= Reward Management

PA= performance Appraisal

In the above table the model summary the multiple regression correlation efficient R =0.684 represent the correlation between employee performance and independent variables which are (training and development, recruitment and selection, Reward Management, performance Appraisal). R square represents the proportion of variance in the dependent variable which explained by independent

variables (0.467). Adjusted square(R=0.459) this means 45.9 % the variation of employee performance is due to the predictors (recruitment and selection, performance appraisal, training and development and reward management). The remaining 54.1% of variations on employee performance are explained by other variables out of this model or variables which are not incorporated in this study.

Table 4.8: ANOVA

ANOVA[a]						
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.445	4	6.861	58.127	.000
1 Residual	31.280	265	.118		
Total	58.724	269			

Source: Survey data (2019)

A. Dependent Variable: EP

B. Predictors: (Constant), TND, RM, RS, PA

From the above ANOVA table F value is significant (significant value is less than 0.05) it means dependent variable is significantly affected by the respective independent variable

Table 4.9: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.226	.142		1.593	.112
	RS	.343	.085	.293	4.062	.000
	PA	.172	.095	.178	1.808	.002
	TND	.112	.077	.106	1.458	.146

	RM	.264	.061	.237	4.358	.000

Source: Survey data (2019)

$$Y = 0.22 + 0.343(RS) + 0.172(PA) + 0.112(TND) + 0.264(RM) + e$$

In the above regression analysis model table points out that the relationship between independent and dependent variable.

Based on generated data on the above table 4.9, Recruitment and Selection has a positively and significantly influence on the employee's performance, where at p value < 0.05. The value of the coefficient of Recruitment and Selection was also found to be .293 which means that, keeping other things remain constant, a unit change in Recruitment and Selection cause 29.3% increase in employee performance. This finding is related with Tanveer (2011), study revealed that recruitment and selection found significantly related and impact with performance of employees.

There is significant and positive relationship between Performance appraisal and employee performance, where at the p value < 0.05. The value of the coefficient of Performance appraisal was also found to be .178 which means that, keeping other things remain constant, a unit change in Performance appraisal cause 17.8% increase in employee performance. This finding is related with Farooqi (2016), Tanveer T. et al (2011) study revealed that performance appraisal found significantly related and impact with performance of employees.

Training and Development has a positively and insignificantly influence on the employee's performance, where at the p value > 0.05. The value of the coefficient of Training and Development was also found to be .106 which means that, keeping other things remain constant, a unit change in Training and Development cause 10.6% increase in employee performance. This finding is contradicted with Tanveer (2011), Mohamd (2014), found that regression analysis proved that there was a significant relationship between training on employee performance.

The beta coefficient result also shows that reward management has ß=0. 237 and p value < 0.05. Reward management has appositive and significant effect on employee performance, this implies that other thing remain constant a one unit of reward management increased will leads to an increase in employee performance by 23.7%. this finding supported by (Tessema and Soeters, 2006), (Farooqi, 2016) Compensation management has significant influence on the enhancement of employee performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of the Study

The general objective of this study was to find out the effect of HRM practices on perceived employee's performance in the case of Ethiopian Shipping and Logistics Service Enterprise. The research was guided by the three specific objectives of this study. The major findings of this study is summarized and presented as follows:

With regard to the first research object i.e. assessing the status of the practice of Human Resource Management (HRM) at the Enterprise, the result of this study revealed that:

The Mean and standard deviation corresponding to the recruitment & Selection, Reward Management, performance appraisal and training & development practices were law. This implies that the practice of these key HRM functions are least practiced by the organization.

The assessment of employee perception on their performance also showed that low rate of mean and standard deviation. This means that the performance level of the employees is low.

The second objective of this study was to examine the relationship between HRM practices (Recruitment and Selection, training and development, performance appraisal and reward management) and perceived employees' performance.

The correlation analysis shows that human resource practices and perceived employee performance have positive and significant relationship. The first highest correlation is between performance appraisal and employee performance, the second highest correlation is between recruitment and selection and employee performance. The third highest correlation is between training and development and perceived employee performance and the fourth highest correlation is between reward management and perceived employee performance. From this the researcher can say that all HRM practices and employee performance have positive and significant relationship.

The third objective of this study was to evaluate the extent to which HRM practices influence perceived employee performance. The regression model summary result

has established 45.9% of the variation of employee performance is due to the predictors or the independent variables (recruitment and selection, performance appraisal, reward management, training and Development).

Based on the standardized coefficients, recruitment and selection accounts greater rate of effect on employees' performance followed by reward management.

The correlation and regression analysis showed that recruitment and selection, performance appraisal and reward management have positive and significant relationship with employees' performance at p-value = 0.000.

5.2 Conclusion of the study

The practices of human resource management are very important in industry as well as in trade sectors, the involvement of modernize HRM system and practices should improves employees and organization effectiveness. In this research the researcher examined four independent variables, (recruitment and selection, performance appraisal, reward management & training and development) and their effect on the dependent variable which is perceived employee performance.

With regard to the status of HRM practice, the aggregate mean rate of variables shows that they fall between 2.1 and 2.3. The researcher can conclude that Ethiopian Shipping and Logistics Service Enterprise has low HRM practice and employee performance. Concerning with HRM practices and employee performance relationship, the correlation coefficient shows that there is a positive and significant relationship between HRM practices and employee performance. In relation to the effect of HRM practices and employee performance, the variation of predictor variables (Human resource management practice) have effects on employee performance by 45.9%. Based on the standardized coefficients, recruitment and selection accounts greater rate of effect on employee's performance followed by reward management. Results in connection with recruitment & selection and reward management are consistent with other researcher findings Tanveer et.al (2011), kassa(2016 Fatema(2018), Jouda(2016) Ahamd and Jemal (2016), Tessema & Soetere(2006), while the results of Training and development & performance appraisal are inconsistent with the previous research finds Sarker(2017),

Hassan(2016) Mohamd(2014), Farooqi(2016), Yaounde(2017), Tessema & Soetere(2006), Tanveer et.al (2011), Jouda(2016) Ahamd and Jemal (2016), There for the researcher can concludes that HRM practices (recruitment and selection and reward Management) in the enterprise highly affect employee performance.

5.3 Recommendation

Human resource is the most valuable assets and a competitive advantage of any organization. The performance of the employees and overall performance of the organization will be enhanced when human resource management practices well managed. Based on the findings of the study, the following recommendations are given by the researcher.

❖ The Human resources capacitate and engage the line managers as a hiring manager during recruitment and selection. Additionally, set clear selection criteria for internal and external candidates such as the qualification, knowledge and skill required from the job holder. As the Enterprise is being challenged in getting qualified professionals, the researcher also recommends that to create a network with higher institutions and HR Networks. In case of hiring technical expertise, outsource the recruitment and selection practice.

❖ Reward management is obviously one of the major factors to attract and engage employees for a better performance; the researcher recommends the enterprise to study and propose a competitive salary scale and introduce other allowable benefit packages. By doing so the employees will be motivated and their performance will increase.

❖ Even though the regression analysis result showed the performance appraisal management and training & development have insignificant effect on employees' performance, based on the interview and descriptive analysis generally, it is recommended to see it critically rather than for formality. And also it is recommended that performance appraisal conducted 360-degree performance appraisal method should be used to truck the achievement level of the employees and fill the gap. The training and development program should be arranged based on gap analysis to enhance the capacity of employees and make them ready for better

achievement. The enterprise should also make the impact assessment to measure the effectiveness and outcome of the training.

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Appendix

Questionnaires on the Effect of HRM Practices on Employee Performance:

In case of Ethiopian Shipping and Logistics Service Enterprise.

This study collects relevant information from selected employees to help in "The Assessment of the Effect of HRM Practices on Employee Performance". The information required is only for academic purpose and any information provided would be treated with the highest confidentiality and shall be used only for the intended purpose. The researcher will much appreciate if you could spare some minutes to complete this questionnaire.

General guide lines:

✓ No need of writing your name

✓　　　Put your level of agreement by putting (√) sign. Thank you!!

Respondent Demographic Information

PART I:
Demographic Information:

1. Sex　　1) Male □　　2) Female □

2. Age　　1) Below 25 □ 2) 26 - 35　□　3)36 - 45　□ 4) Above 45　　□

 3. Educational Qualification:

　　1) Grade 10 completed □ 2) Grade 12 completed □　　3) Certificate　□

　　4) College diploma □　　5) First Degree □　　6) Second Degree and above　□

4. Job title: 1) President /Vice President　□ 2) Director　□ 3) Manager □ 4) Other □

5.Years stayed at the organization:

　1) Less than 2 years □ 2)2‑5 years □ 3) 6‑10 years　□　4) Over 10 years □

Please express how far these practices in your organization by indicating your level of **agreement/disagreement** on a five point LIKERT scales.

(1) Disagree Strongly (SD)	(2) Disagree (D)	(3) Neutral (N)	(4) Agree (A)	(5) Strongly Agree (SA)

Using the above scales (1-5) please tick (√) the levels of agreement in each of the items below with regards to the HRM practices and employee performance of your organization.

Items	SA (5)	A(4)	N(3)	D(2)	DA(1)
Recruitment and Selection					
Appointments in this organization is based on merit					
Applicants are fully informed about the qualifications required to perform the job before being hired					
Measurable selection criteria's are developed and used while filling up jobs					
In this organization, line managers and HR managers participate in the selection process					
The recruitment and selection process in ESLSE is fair and transparent					
Selection system selects those having the desired knowledge, skills and attitude					
Performance Appraisal					
There is a formal and written performance appraisal system					
I am informed of how my performance evaluation is done					
Performance of employees is measured on the basis of objective quantifiable					
results The objectives of the appraisal system are clear to employees					
Appraisal system has a strong impact on individual and team performance					
Appraisal system helps me to grow and develop my career					
Reward management					
Pay increments offered by our organization are satisfactory					
Rewards in our organization are strictly linked to employee performance.					

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RM3	We are satisfied with the benefits we receive.					
RM4	Rewards and incentives are fairly distributed in our organization					
RM5	The existing reward and incentive plans motivate us for better performance					
TD	**Training and Development**					
TD1	Extensive training programs are provided for employees in all aspects.					
TD2	I have training opportunities to learn and grow.					
TD3	I am selected for training programs that suit my job needs most					
TD4	Training needs are identified through a formal performance appraisal mechanism					
TD5	Training programs have improved my decision making and problem solving skills					
TD6	My communication and working relationships with co-workers have improved due to training programs.					
EP	**Employee Performance**					
EP1	My performance is better than that of my colleagues with similar qualifications					
EP2	We have good working relations between me and my colleagues					
EP3	I am able to find solutions to the various challenges I encounter in my work We have good working					
EP4	I am able to finish my work on time.					
EP5	I rarely have to repeat a task because it was not done properly					
EP6	The quality of my output is quite good					
EP7	Customers have never raised a complaint about my service					

Questioner Interview

1. Does it exist clear recruitment and selection criteria while you open vacant positions in Ethiopian Shipping and Logistics Service Enterprise?
2. Is there any training and development practice in your organization? If so how did you run with it?
3. Is there a performance evaluation practice in your organization? Have you give comment for employees after you evaluate their performance?

4. Does the reward system depend on employee performance in Ethiopian Shipping and Logistics Service Enterprise?

5. What is the contribution of human resource management practice to perceived employee's performance in Ethiopian Shipping and Logistics Service Enterprise?

Thank You!!