

*THE EFFECTS OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON EMPLOYEES' PERFORMANCE: IN THE CASE OF
DASHEN BREWERY SHARE COMPANY AT DEBRE BIRHAN*



DEBRE BERHAN UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MASTER'S OF BUSINESS ADMINISTRATION (MBA)

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JUNE, 2024

DEBRE BIRHAN, ETHIOPIA

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Date: June, 2024

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DECLARATION

I declare that this thesis work is *The Effects of Human Resource Management Practices on Employees Performance in the case of Dashen Brewery S.C at Debre Birhan* is my original work. It has not been submitted for a degree in any other Universities and all the materials used in this study have been duly acknowledged.

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ADVISOR'S APPROVAL SHEET

The research, *The Effects of Human Resource Management Practices on Employees Performance: The Case of Dashen Brewery S.C at Debre Birhan* is being submitted as a partial fulfillment of the requirements for the degree Master of Business Administration. This certifies that the Thesis is an original work of the student. This report has not been turned in before to fulfill a course of study requirement to the College or to any other University or Institution.

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ACKNOWLEDGEMENT

First of all I would like to thank to Debre Berhan University, college of business and economics, department of management which provides a support letter for information gathering for different office. I would like to express special thanks and heartfelt appreciation to Dr. Kidani.K for his support and guidance and also special thanks for my son and friend Saba Tefera for her help in valuable approaches of the research and the guidance in the accomplishment of the proposal.

Selamawit Temeche

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ABSTRACT

Human Resource Management practice is the foundation for building a successful and sustainable organization. By focusing on their people, companies can achieve their goals, maximize their potential, and create a positive impact on society. The aim of this study was to investigate the effects of Human Resource Management practice on employee performance in the case of Dashen Brewery factory, Debre Birhan. The study was employed quantitative research approach with explanatory research design in order to measure the effects of Human Resource Management practices on employee's performance. The study was focused on Human Resource Management Practices like Recruitment and Selection, Training and Development, Performance Appraisal, and Reward and Compensation, as independent variables and Employee Performance as dependent variable. To address research objectives the study was used self-administered questionnaire to collect primary data from employees of factory by using simple random probability sampling technique. The collected data was analyzed through descriptive statistics, correlation and regression analysis by applying statistical package for social science (SPSS) version 26 software. The major Findings of the study are Training and development; Recruitment and selection and Performance Appraisal have significantly affected the Employee Performance. Human Resource management practices have positive correlations with Employee performance. The current practices of Human Resource Management at Dashen Brewery S.C are weak as per the standard measurement.

Keywords: Employee Performance, Recruitment and Selection, Training and Development, Performanceappraisal

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Human Resource Management practices are highly concerned and have become effective to be focused as a result of business's emergence into a competitive market and the urgency to develop those practices that significantly increase individual efficiency and effectiveness. In order to analyze the Human Resource Management practices, it has been the concern over the employee development, recruitment, motivation, job satisfaction and attainment of goals accordingly (Watson, 2010). The Human Resource Management has expanded from the time when only personnel managers handled problems related to recruiting, rewarding workers, filling open positions, promoting employees, and other personal matters. Human Resource Management is regarded as the organizational division that is concerned to find qualified candidates, train them, and prepare them for potential leadership roles in the organization (Wood & Wall, 2010).

Human Resource Management has become a key element of the organization in the current environment, acting as a strategic partner for the stakeholders and contributing to the formulation of organizational strategic goals (Darwish, 2013). In the past, employees were not thought of as an asset for the organization, but this phenomenon has changed, and employees are now the main force that enables the organization to gain the competitive edge over others. The market is now focused on competing through talent management and individual capabilities to gain the competitive advantage (Darwish, 2013). Over the past two decades, top management has altered public perception of employees, transforming their belief that they are the organization's competitive strength and that supporting services are there to assist them in achieving organizational success and strategic goals (Shaukat et al., 2015).

According to (Murphy, K., & Cleveland, 2013) proposed that Human Resource Management is based on the policies and procedures to carry out the department's daily operations, including recruiting, selecting, paying, training and developing, and managing public relations, among other things. Based on this, it is necessary from the viewpoint of the organization that employee

competencies and skills be collectively regarded as the human capital that enables the organization to establish and maintain a competitive advantage over rivals (Shaukat et al., 2015).

Therefore, it is essential to adopt strong Human Resource Management policies and procedures, with an emphasis on the employee and their responsibility to comply with instructions. Performance of the employee is directly linked with the employee satisfaction (Bratton, J., & Gold, 2012).

The aim of this study is to investigate how the HRM practices affect the employees' performance Dashen Brewery factory. Human Resource Management is concerned with providing services and programs to develop and facilitate employee performance and growth, and to get maximum performance from the work and give their best efforts to the organization (Oluseyi & Hammed, 2009). Therefore, the key to sustaining an organization is the productivity of the workforce which can be achieved through improved HRM practices. The existing literature on the area of management practice shows that there is a strong positive relationship between HRM practices and employee performance (Zhao et al., 2020). That is to say that if the application and implication of HRM practice balance the interest of the organization and the employees, there will be a positive relationship between HRM practices and organizational performance. If the practices are siding only one party, for instance, the interest of the organization or the interest of the employees of that organization, one can easily expect negative relationships between the two. Thus, HRM practices improve organizational performance by improving employee outcomes

According to Wan et al. (2002), the effect of HRM practices depends strongly upon the worker's response and interest. Guest (2002) also states that the effects of HRM practices will follow the directions of employee perception of these practices. Guest argues that the relationship between HRM practices and organizational performance and calculated the results through regression that show effective and proper implementation of core HRM practices increases organizational performance. Consistent with Guest's argument, Datta, Guthrie, and Wright (2005) stress that the use of HRM practices strongly impacts the employees' performance. The proper use of HRM practices positively influences the level of employer and employee commitment. HRM practices such as training and development and performance appraisal encourage the employees to work better in order to increase the organizational performance, the researcher has taken following

combination of Human Resource Management Practices in the study training and development programs, compensation and performance appraisal, compensation, recruitment and selection and examines their effects on employees' performance.

1.2. Statement of the Problem

HRM plays great role into the Ethiopian corporate world. It is common to see large organizations in Ethiopia set up a whole department for the sole purpose of managing human resources and hire experts in the field to be in charge of HRM. Research indicates that one of the issues impeding organizational success is the effect of HRM practice. According to Celery and Doty (1996), HRM practices have a big influence on how well employees perform. Purcell and Kinnie (2020), assert that HRM practices directly affect employee performance and play a part in whether a company achieves its objectives. The managerial abilities determine how HRM procedures should be handled (Guest et al., 2003). Same earlier studies were conducted, but their objectives were not particularly related to the problem this study tried to address. Most of the work focused on employee satisfaction, employee commitment, and employee retention due to the changing business environment, and organizations are moving toward seeing human resources as a valuable asset in Ethiopia. For instance, (Gebremichael, 2017) has conducted research on "The Effect of Selected Human Resource Management Practices on Employees' Job Satisfaction in Ethiopian Public Banks." Amare's study has implicated that recruitment and selection are found to have a moderate but positive correlation with employees' job satisfaction, and the remaining training and development, performance appraisal, and compensation package were found to have a strong positive correlation with employees' job satisfaction has also conducted research on HRM function IN Ethiopia. His finding reveals the better performance of HRM practice compared to a centralized administrative system.

The study was trying to address Human Resource Management practices on Employee Performances at Debre Birhan plant Dashen Brewery S.C. This is one of the gaps that triggered this study.

1.3. Objectives of the Study

1.3.1. General Objective

The general objective of this study was to investigate the effect of Human Resource Management practice on Employees' performance at Debre Birhan Dashen Brewery S.C.

1.3.2. Specific Objectives

Based on the general objective, the specific objectives of this study were:

- To examine the effect of Recruitment and Selection on employee's performance
- To measure the effect of Training and Development on employee's performance
- To examine the effect of Performance Appraisal on employee's performance
- To examine the effect of Reward and Compensation on employee's performance

1.4. Hypothesis of the Study

H1- Recruitment and Selection has Positive and Significant Effect on Employees Performance

H2- Training and Development has Positive and Significant Effect on Employees Performance

H3- Performance Appraisal has Positive and Significant Effect on Employees Performance

H4- Reward and Compensation has Positive and Significant Effect on Employees Performance

1.5. Significance of the Study

This study is considered as one of the few local studies that conduct the effect of Human Resource Management practices on employees' performance. The result of this study will be important to Dashen Brewery factory; it will help them to identify the HRM practice that leads to improve employee performance. This study is also beneficial for academics to compare the HRM effect on different organizational performance aspects.

Therefore, the importance of this study derives from the importance of the variables that is dealing with and the following scientific and practical considerations:

- ✓ Provide a comprehensive survey of the study variables concepts and dimensions that can be relied upon to measure the study variables, so that it can benefit researchers and practitioners as a starting point for their future research.
- ✓ Highlighting the nature and importance of the Human Resource Management practices for the benefit of the future project strategies that study area can benefit from.
- ✓ Contribute to the development of the Dashen Brewery factory which may lead to maintain these institutions work effectively that help on the public benefit.

1.6. Limitations of the Study

The limitation of this research is confined to studying the effect of Human Resource Management practice on Employees' performance at Debre Birhan Dashen Brewery. This study employed to limit to geographical in Debre Birhan town and the study is confined to a single organization, Debre Birhan Dashen Brewery. This limits the generalizability of the findings to other organizations or industries. The specific organizational culture, management style, and employee demographics at Dashen Brewery may not reflect broader trends. As a result of the nature of the research questions and the most appropriate research method there are some limitation during study particularly in data collection by questionnaires Sometimes respondents in the research was not responsive and have had unwillingness to respond and it was also the other fact which was the problem in data collection and the researcher have made additional respondents to fill the gap as the problem happened.

1.7. Definition of Key Terms

Training and Development Programs: It's also defined as a process of learning a sequence of programmed behavior.

Performance Appraisal: A fundamental provider of information for making decisions that leads to improve performance and organizations.

Compensation and Rewards: prescriptions which looked for the 'one best way' of production attached to a reward package which enabled 'economic man' to maximize income in return for his/her great effort.

Employee Performance: can be defined as the successful completion of a task by an individual, measured by the organization to check if it is up to the required standard with effective and efficient usage of the organization's resources.

1.8. Organization of the Study

The study was structured into five chapters. Chapter one was deal with introduction, statement of research problem, research objectives and significance of the study, scope of the study, definition terms. Chapter two consisting of literature review which will comprise of conceptual definitions, theoretical review, empirical analysis and conceptual frame work. Chapter three contain the research methodology which comprise of the research design, research population, sampling design, and data collection methods data analyses methods, model specification and ethical consideration. And the fourth chapter talks about the data analysis and interpretation, and last chapter five is focused on the key findings, conclusions and recommendations of the study.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1.Theoretical Literature Review

2.1.1. Human Resource Management (HRM)

Although it is generally acknowledged that Human Resource Management (HRM) techniques began formally with the industrial revolution, HRM actually has much older roots. Humans in ancient societies also divided work among themselves in a similar manner to how employees in contemporary organizations divide the necessary tasks. Hence, it is true to say that division of work has been used since the Stone Age. The ability to find food or plants, monitor animals, or prepare were among the skills that were used to assign tasks (Murphy, K., & Cleveland, 2013), but the industrial revolution of the 1800s made a significant contribution to the development of HRM systems.

The definition you choose can alter the goals of Human Resource Management. Because each researcher's concept of HRM is unique, so are each researcher's perspectives on what those goals should be. Armstrong, (2009,p.8), for instance, claims that "the overall purpose of Human Resource Management is to ensure that the organization is able to achieve success through people." Also noted was that "HRM strategies aim to support programs for improving organizational effectiveness by developing policies in areas such as knowledge management, talent management, and generally creating 'a great place to work'."

Human resources are simply defined as "The people an organization employs to carry out various jobs, tasks and functions in exchange for wages and other rewards". (DeNisi et al, 2005).

Human Resource Management is described as "the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns" by(Dessler & AlAriss, 2013).This is another commonly used definition.

Human Resource Management (HRM) has quickly gained recognition as a professional term, in seminar programs, in business books in universities and colleges, and in the titles of lecturer positions since the mid-70s (Huselid, 1995). Research has shown that HR policies and practices are a significant source of a company's competitive edge in the marketplace because they are

challenging to trade or imitate. Human Resource Management (HRM) is regarded as a strategic asset. Regardless of an organization's activity, Human Resource Management is regarded as a significant management function (Batti, 2014). It establishes the essential prerequisite for effective organizational success. "A process that helps organizations recruits, select, and develop staff within the organization,". A comprehensive and coherent strategy to the employment and development of people is known as Human Resource Management (HRM). It is possible to think of HRM as a management theory that is based on a variety of theories about human and organizational behavior. However, it is also concerned with the ethical aspect, or how people should be treated in accordance with a set of moral values. It is concerned with the impact it can make to enhancing organizational effectiveness through people. (Armstrong, 2014) Human Resource Management is described as a "management function within organizations that is concerned with people and their relationships at work" by (Joseph, 2013). Human resource management (HRM) is the administration of an organization's people resources, as defined by (O'Brien, 2011). In addition to overseeing organizational leadership and culture, it is responsible for recruiting, selecting, training, evaluating, and rewarding workers. It also ensures compliance with employment and labor laws. HRM also been defined as the managerial utilization of the efforts, knowledge, capabilities and committed behaviors which people contribute to an authoritatively coordinated human enterprise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way which enables the enterprise to continue into the future. (Watson, 2010) "Organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals" are the practices of HRM. (Tiwari, P., & Saxena, 2012). According to (While & Ling, 2012), there are numerous categories into which human resources management methods can be divided, including recruitment, selection, training and development, motivation, and maintenance. Since they all participate in tasks like hiring, interviewing, choosing, and teaching, all managers could be considered human resource managers. However, most businesses also have human resources divisions with their own senior executives.

The company can use a variety of HR practices. HR practices, which include areas like recruitment, selection, training, development, and performance evaluation that should be

consistent, integrated, and strategically focused so firms create long-term commitment to keep their work force, contribute to the organization's bottom line (Reddy & Suresh, 2017).

The term "strategic HRM" is primarily used by human resource (HR) scholars to express their conviction that successful HRM enhances business effectiveness. This is most likely accomplished by HR specialists who collaborate closely with line supervisors and have a voice in important business decisions. This fundamental grasp of what "strategic HRM" entails is shared by many HRM academics. Although the meaning of strategic HRM has varied across time, between cultural contexts, and as reflections of the diverse disciplinary identities of strategic HRM scholars, the field is unified by the assumption that new insights about managing people at work can be gained through research that treats the many activities involved as an integrated HRM system which, if properly designed and linked to the broader context, yields beneficial outcomes (Bratton, J., & Gold, 2012). Numerous studies have shown that certain human resource practices, either individually or as a system, can directly or positively affect the individual and collective outcomes of the company (Gerhart, 2016) and Jiang et al., 2013).

A qualified workforce is developed and maintained through a complete set of managerial activities and tasks, according to the definition of strategic human resources management (SHRM). According to the organization's strategic objectives, this workforce supports organizational success. Within the organizational setting, there is a complicated and dynamic environment where strategic Human Resource Management takes place. Human resources managers are increasingly adopting a strategic view on their work and recognizing the vital connections between organizational and human resources strategies (Fottler et al., 2010).

Therefore, considering the above arguments, it is expected that the extent to which Human Resource Management practices are strategically oriented toward high performance work practices (selective staffing, intensive training, active employee involvement, a comprehensive performance assessment, and incentive systems linked to performance), thus employees will be encouraged in the behaviors and attitudes and reach the need satisfaction that promotes better individual and employee performance and enables the organization to reach its goals and reach the full potential of their employees.

2.1.2. HRM Practices

HRM is a process for attracting, motivating and retaining employees in order to ensure the survival and growth of an organization (Schuler & Jackson, 1987). The HRM practices are developed and implemented so that the human capital plays an important role in the achievement of the company's goals (Delery & Doty, 1996). Employer and employee engagement can be positively affected by the proper use of HRM practices (Purcell, 2003).

HRM practices like training and development and performance appraisal can encourage employees to work harder to improve organizational performance (Snell & Dean, 1992; Pfeffer, 1998). Gupta and Singhal (1993) conceptualize HRM practices along four dimensions, consisting of human resource planning, performance appraisal, reward systems and career management. Gomez-Mejia et al (1998) label, in detail, the functions of HRM into nine dimensions which involve workflow, staffing, lay-off management, performance evaluation, training and development, reward management, relationships among employees, empowerment and globalization. This study focuses on the importance of the practice in relation to the industry being studied. These are the practices that were used in this study.

2.1.2.1. Recruitment & Selection

Owner of private firm consider recruitments as personal dealings where they are not bound by legal requirements to advertisement for job and maintain formal recruitment and selection process. (Absar, 2011 Mia & Hossain, 2014). To ensure profit making selective hiring is considered as one of the key practices. On the other hand, enhance employee productivity and employee turnover reduces through Proper recruitment and selection of employees. (Vlachos, 2009). The ultimate goal of this practice is to make harmony between organization and employees, teams and work requirements to build a better work place.(Absar, 2010). Human resource planning is considered as developing a team with different set of skills, employment of right people and voluntary team assignment. To create productive and innovative teams this strategy analyzes different kind of personnel desire (Minbaeva, 2005: 127). When a new employee is required, most of the companies advertised for job and conduct interview session to select best employees but the result are usually affected by networking and recommendations. (Namazie and Frame, 2007). To attract and retain quality workforce, it is important to have

efficient recruitment strategies and this can be done through a recruitment process which is much more objective and formal (Wood and Manwaring, 1984).

2.1.2.2.Rewards and Compensation

(Curran & Walsworth, 2014) and incentive pay (Green & Heywood, 2008), to motivate workers to work effectively has grown in importance. (Bryson et al., 2008) It stands for one of the fundamental components of any HRM strategies intended to give any company a sustainable competitive advantage. Various forms of compensation, such as performance-based compensation, profit-related compensation, and employee stock ownership, are recognized as strategic tools for influencing favorable employee attitudes like job satisfaction, organizational commitment, and management confidence (Heywood & Wei, 2006). (Moriones, B. A., & Larraza-Kintana, 2015) These compensation plans offer significant incentives that support employees' satisfaction and encourage them to exert discretionary effort, which raises levels of achievement and results in more worthwhile work-related objectives.

Regardless of company size, sector, or corporate strategy, most managers and researchers concur that happy, productive employees are essential for organizational success. How to please them is the issue that numerous studies have covered. One common strategy is to offer employees performance-based compensation, which typically takes one of two forms: either compensation is given to an individual based on assessments of their performance, or compensation is given as organizational incentives, such as profit-related pay or stock ownership (Ogbonnaya, C., Daniels, K., & Nielsen, 2017).

There is evidence that various pay arrangements may increase work productivity, according to studies that have shown a positive relationship between compensation and employee attitudes. (Green, 2004). Employees may work too hard and extensively as a result of this type of performance- and target-based compensation, which may result in stress at work or poor health. Little has been done to date to collect empirical data on whether pay is actually linked to the belief that work is harder and how this may affect employees' attitudes toward their jobs, such as satisfaction (Ogbonnaya, C., Daniels, K., & Nielsen, 2017).

The term "compensation" refers to all monetary payments, bonuses, and non-monetary benefits that an organization makes to its workers in order to retain and recruit capable human resources. One of the most crucial elements influencing people's motivation to learn, develop, and maintain skills, boost productivity, and work to enhance an organization's overall performance is compensation (Cascio, 2013).

In terms of strategy, compensation is a crucial component of an organization's capacity to attract and hold onto its most priceless source of long-term economic advantage: human capital.(Kang & Yanadori, 2011)

The major global trends in compensation systems had increased the pay for employees' abilities, performance, and skills, the inclusion of living wage allowances in base pay, the division of bonuses that were previously paid every two years into more flexible modules, the coupling of benefits to employee performance, and the transformation of pension plans into contributory pension plans (Conrad, 2010).

Additionally, over the past 25 years, there has been a significant shift in the way contingent pay schemes are used, with a higher likelihood of collective forms of compensation systems. This has led to a variety of application scenarios for these schemes (Bryson et al., 2008). This is generally ascribed to the evolving nature of the working world and employment relationships, the new stakeholder expectations, technological advancements, and the rise of globalization.

Compensation refers to the process of paying employees for their work. Compensation can be used for a variety of reasons, including rewarding employees' performance and encouraging loyalty. You may be eligible for basic pay, overtime, bonuses, stock options, travel/accommodation allowance, stock options, medical allowance, commissions and profit sharing. Hay recently conducted a study that found 20% of employees intend to leave their current jobs within five years. Organizational life has become more focused on employee retention. Over the past few years, retention compensation strategies have seen significant growth. Frye (2004) found a positive correlation between compensation and organizational performance in a study. Frye (2004) stated that compensation strategies are important in recruiting and keeping skilled employees. Many of these firms used Performance-based rewards to reward their employees (Collins and Clark, 2003). Brown et al. 2003. Performance based

compensation positively impacts employee performance. Huselid's 1995 research showed that there was a strong relationship between employee performance and compensations. A good HRM strategy is to combine performance and compensation systems that increase employee's willingness to work efficiently and effectively (Wright, 2003).

Teseema and Soeters (2006) show a strong correlation between employee performance and compensation. Employers should be positive about compensation practices as they can have a significant impact on employee recruitment, turnover, and productivity. Maurer (2001) suggests Rewards and recognition are generally considered as one of the crucial factors influencing employee satisfaction that rewards and recognition should be related to organizational success as a result of employee job satisfaction. According to motivation theories (Robbins and DeCenzo, 2008), rewards and compensation strengthen the motivation for revamped individual performance by employees.

2.1.2.3. Training and development Programs

Training is characterized as a structured process used to alter the attitudes and behaviors of workers in order to boost and enhance their productivity. Employee development or training refers to an organization's deliberate and systematic effort to provide employees with particular information, enhance their skills and abilities, and modify their attitudes (Al Samman, 2019).

Training is a process of constructive adjustment with a particular trends that deals with individual behavior of professional or functional terms, in order to acquire individual with knowledge and expertise, and the collection of information that he is lacking, and acquire him with behavioral patterns and appropriate skills, attitudes, and habits necessary to raise the individual efficiency, and increase productivity so fulfilled the requirements to work (Bosninih, S., 2019).

The purpose of training is to enhance a person's work and behavior. To improve the skills of employees, there are various kinds of training programs available, such as orientation training, job training, safety training, promotional training, refresher training, remedial training, etc.(Murphy, K., & Cleveland, 2013). One of the things that help current and future workers improve their capabilities and skills is training. Training differs from education in that it focuses

on developing the abilities and skills necessary to perform a particular job, whereas education reports on an increase in knowledge and perceptions that are not always connected to specific actions. (Zuely, 2003).

Training and overall employee performance was discovered to have a substantial relationship. Trainees were found to be significantly more satisfied with the training they received when the methodology used was their preferred one. Training components, including time spent in training, training methodologies, and content, were determined to be significant in their relationship to training satisfaction.

Training is a method that allows employees to acquire knowledge and skills to help them accomplish their tasks efficiently. This results in improved behavior (Armstrong 2006).

Organizational growth is enhanced by training and development. Training is the process of developing the skills required for the job (Dessler, 2008). Training and development are an essential part of human resource activities. Most organizations consider training and development to be important. Training is the effort to acquire additional skills and knowledge in order to improve employee performance (Jackson & Schuler, 2000). Training can be used to improve the efficiency and effectiveness of employees and increase organizational performance (Cook & Hunsaker, 2001). Employees can conduct extensive training programs to increase their performance and position them in a strategic way over other competitors (Brown, 2005). Training programs are crucial in reaching organizational goals (Dobson & Tosh, 1998). Proper training can bring about the desired changes in employee performance (Huselid 1995). The main goal of having training and development is to increase a person's knowledge and skills. Training which is a structured enlargement of the knowledge, skills, and expertise required by an individual to efficiently perform a given responsibility or job (Patrick, 2000).

2.1.2.4. Performance Appraisal

Industrial and organizational psychologists have viewed performance appraisal as a measurement tool, and a brief look at its historical origins reveals that early research on performance appraisal has concentrated on issues like scale development, scale formats, and minimizing test and rater bias.

In spite of formal employee evaluation being a centuries-old process, interest in using it has grown over the past 30 years. A biased rater hired by the Wei Dynasty was criticized by the Chinese philosopher Sin Yu as early as the third century A.D. Sin Yu said that "the Imperial rater has been rating soldiers not according to their merits but according to his own likes and dislikes."(Murphy, K., & Cleveland, 2013)

The Ireland Evening Post probably used a tool that included a scale based on attributes to evaluate lawmakers in 1648. Robert Owen implemented merit grading for the first time in an industrial setting at the Cotton Mills in New Lanark, Scotland, in the early 1800s, according to(Heilbroner, 2011).Over each employee's desk were wooden cubes painted in various hues to represent varying levels of distinction. The suitable wooden cube changed in accordance with an employee's success.

In the U.S the appraisal system could be traced back to the work of industrial psychologist at Carnegie-Mellon University and their early work in salesman selection and "man to man" rating forms based on trait psychology.

Line managers play a crucial part in performance evaluation implementation by supporting the HR department's procedures. The amount of organizational commitment will most likely be impacted by how these procedures are actually experienced by employees (which may differ from how they were intended or implemented). According to (Farndale & Kelliher, 2013), organizational units with high levels of senior management trust exhibit higher levels of commitment as well as a better correlation between employee happiness and their perceptions of fair treatment by their line manager during performance reviews. This offers preliminary proof that organizational atmosphere influences line manager decisions, which are critical for employee level results. In the majority of public and private businesses around the world, performance appraisal methods are well-established. For instance, a US survey found that 91% of the sample of 244 US firms use some sort of performance appraisal system, confirming the prevalence of established performance appraisal methods in the US. (Al-Qahtani, 2010) As "a formal system of review and evaluation of individual or team task performance," it is also defined(Mondy, W. R., & Martocchio, 2012).And a more basic definition of appraisal might be the hunt for more effective, precise, and affordable ways to gauge employee performance.

(Armstrong, 2009) views performance appraisal as a process, which is systematic and dedicated to improving both the organization and the individuals in the organization. Within the process, a framework establishes goals and performance standards requirements. (Guest, 2011) defined Appraisal as a bundle of HR practices that influence organizational performance and so justifies HRM claims to have a strategic impact.

(Bratton & Gold, 2012) stressed the significance of measuring both individual and group performance on the job in order to assess organizational performance. Therefore, it is crucial for firms to comprehend the potential effects of the full range of HRM practices, including performance appraisal, on employees.

(Towell, 2012) contend that in order to increase performance evaluation, we should concentrate on enhancing the discourse. Additionally, there are numerous functions associated with performance appraisal that, in theory, benefit all parties involved, including employees who are subject to the process, line managers who oversee the process and organizations whose ultimate objectives depend on the outcome of the performance appraisal process.

As the above definitions indicate, it is difficult to find a particular definition that includes all the dimensions of performance appraisal so it is important to consider the common acceptable features and elements of performance appraisal. According to (Al-Qahtani, 2010), it is important to consider the performance appraisal process as one that contains the following components:

All of these definitions illustrate the strategic significance of performance appraisal within Human Resource Management.

As the above researchers have established one of the main purposes of performance appraisal is to improve organizational performance through the efforts and outputs of its employees. Performance as a concept consists of a record of outcomes achieved by the employees. Is a multi-dimensional construct, it includes both outcomes (outputs) and activities (inputs) the measurement of which varies depending on a variety of factors, (Armstrong, 2009).

(Buchner, 2007) has identified three approaches to appraisal: Goal-setting approach was developed by (Locke & Latham, 1990 and 2002) it established from an inductive study over a 25-year period and involved 400 studies in both laboratory and field-based settings. According to

(Armstrong, 2009), the Control Approach focuses on the need for feedback in the performance evaluation in order to describe a person's behavior. He summarizes that people value understanding any discrepancy between what is expected of them and what they really do and then take corrective action as feedback is received.

Applying a conversational approach is another strategy for a good performance review process (Aguinis et al., 2013). This technique is used by managers to provide an emphasis on discussion where feedback is given, goals are collaboratively set, coaching is offered when necessary, and mid-year reviews are used to address goal achievement and progress with personal development plans. The study by Aguinis et al (2013), highlights how employees attain their goals and how behaviors are evaluated, along with results.

A performance appraisal is a systemic evaluation of an employee's performance on his assigned tasks. Performance appraisals are designed to improve motivation and self-esteem of employees. Sels et al. According to Sels et al (2003), performance evaluation increases employee productivity which in turn leads to higher organizational performance. By highlighting areas for performance improvement, performance appraisal can enhance professional growth. Transparent performance evaluations motivate employees to do more to reach organizational goals (Singh, 2004). Wan et al. Wan et al. Employees' willingness to take on additional roles is key to an organization's success (Ahmad & Schroeder, 2003).

Satisfied workers lead to lower turnover and less absenteeism. To achieve maximum output in an organization, Performance appraisal is a managerial tool to control individual performance. An extensive, systematic evaluation system is burdensome to apply in a communal society where it is difficult to single out an individual who is accountable for results. There are no rigorous performance appraisal systems in place (Warner, 1993; Zhu and Dowling, 1997). Arasli (2002) discusses that organizations aiming to bring a total quality management attitude to their organizations should conduct scientifically based training programs.

2.2.Employee Performance

Employee performance is one of the most factors that effect on the performance of the organization. The successful organization understands the importance of HR as a critical factor

directly affects and contributes on the performance (Alqudah et al., 2014).The success of any organization depend on its employees behavior and their decision, although there are many other factors contribute in that success, such as the organization size, the environment in what it operate and its activities. Often, Human Resource Management practices are employed to evaluate the performance of the employee in the organization, and in modern era and highly competitive climate between the organizations, the tendency to improve employee performance is by improving the HRM practices (Zulfqar Ahmad Bowra, 2012) (Nemli Çalışkan, 2010).

The employee's performance is use of knowledge, skills, experiences and abilities, to perform the assigned mission required by their managers efficient and effectively(DuBrin, 2006).The importance of the employees performance can be in form of several points such as help to considering the cost of the resources used(Mathis, H. & Jackson, 2009) a measure of the quantity and quality of work done help to survive and excel between the firms (Lee & Carter, 2012), help to assess and attain of established performance goals , and finally, increase the efficiency of the employee performance helps to make the right decisions(Boysen, C., Demery, A., & Shake, 2018).

(Kaplan, 2014) explained the main methods of evaluating employee performance based on: employee attributes which confirm characteristics or qualities important to the firm, employee behaviors which are widely used for evaluating or defining employee behaviors necessary to complete a job successfully, and, employee achievements which show the extent to which specific objectives or aims have been met, exceeded, or not met.

2.3.Review of Empirical Studies

The effect of HRM methods on employee performance has been the subject of several empirical studies conducted worldwide. One of the works was completed in several Pakistani industries. The academic sector is one of the sectors. Among the informants, 62% of workers concur that promotion techniques have an effect on employees' performance. The study's findings show a strong relationship between university professors' performance and promotion methods. Teachers are motivated by the opportunity for professional development and are also given a better place in the hierarchy thanks to the promotion. The remuneration strategy in Pakistani colleges has a significant impact on instructors' performance because it also carries financial

rewards; the government should offer its workers possibilities for career advancement (Shahzad et al., 2008).

In Pakistan, telecom is the other industry where HRM practices have an effect on employee performance. The study's findings demonstrate a beneficial relationship between career planning and employee performance in Pakistan's telecom industry (Marwat, 2020). A study conducted for the commercial and public banking sector in NWFP, Pakistan, came to the same conclusion that the promotion processes had a very beneficial impact on how well employees are seen to be performing.

(Ayalew, 2019) evaluated the effects of Human Resource Management practices namely; compensation, performance evaluation and promotion on employee performance in private telecom sector organization of Rawalpindi and Islamabad. The study results indicated a significant and positive association of these three practices with employee performance based on the discussion of employees 'behavior.

(Tesfu A., 2019) conduct research on the impact of workplace environment on the health of leather factory workers in sirpurn, India. The methodology they used is cross-sectional. descriptive study with one time interview and pretested questionnaires 'from 230 employee who were working in different eight leather industries and cluster sampling methodology were used to collect data. Finally the result showed that workplace environment have an effect on the health status of workers and require adequate measure to improve the facilities and thereby the health status of workers.

Another study also finds a positive correlation between promotion practices and perceived employee performance(Teseema and Soeters, 2019).The companies like HP, which are making success financially, always promote and develop their employees because these are the employees who make them successful (Truss, 2001).In the case of performance appraisal, research shows that it is intended to be for the improvement of employee productivity and performance as it is a formal process of monitoring the employees (Brown & Heywood, 2005).

Employees can be made more productive/efficient and committed to the organization by using appropriate performance appraisal systems (Brown, M. a. B., 2013). If performance is measured

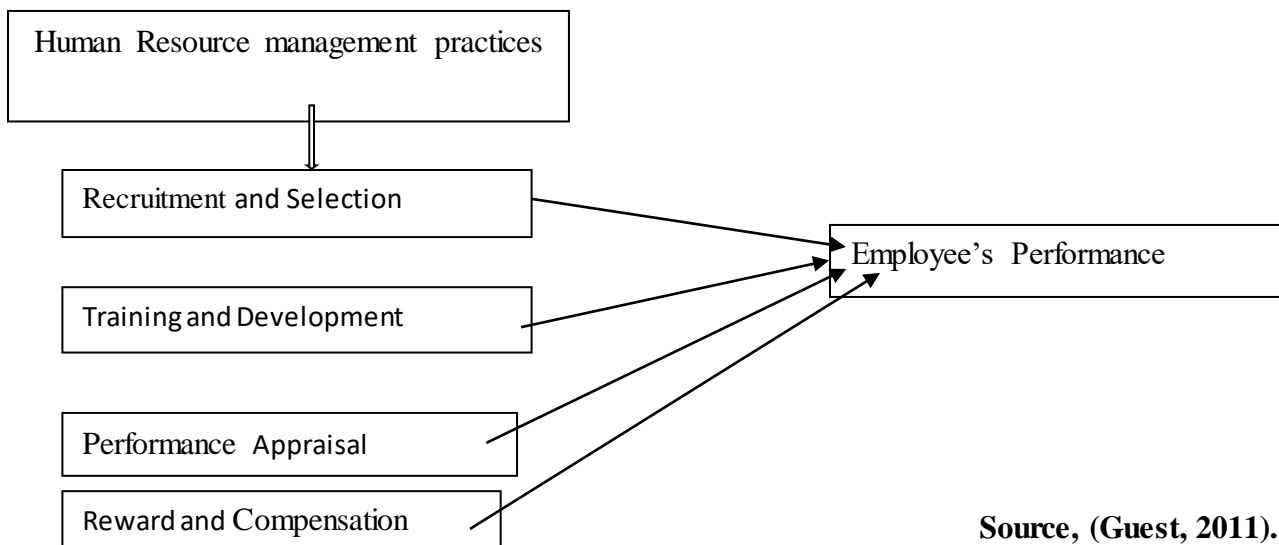
and supervised properly and correctly, it leads the employees to high job satisfaction and commitment to their profession (Rahman, 2019). A positive relationship lies between performance appraisal and organizational performance (Singh, 2014). Performance management is much more than only performance measurement (Hamachi, 2018). Employees will use open effort if a fair and appropriate performance appraisal system is applied and is linked with the compensation system (Wright et al., 2003). Organizations can improve and expand their operations by increasing efficiency through the proper use of rewards and performance appraisals (Ruwan, 2020). A positive relationship is present between performance evaluation and employee performance (Teseema and Soeters, 2019).

An appropriate performance appraisal system provides a basis for evaluation of an employee's performance, assesses the potential forfeiture of career development, and, most importantly, improves employee performance (Mullins, 2002). Performance appraisal is an instrument that measures the employee's current performance and merely affects future performance (Ulrich & Brockbank, 2006). A study of 74 Chinese SMEs resulted that performance evaluation practices are useful for increasing performance levels (Zheng et al., 2019). Effective, productive, and efficient employee performance reviews are only possible if there is a healthy and pleasant relationship occurs among the employees and their super-ordinates, as well as the continuous discussions about the performance over the year according to the best context of HR practices (Matheson Ninja, 2018).

In the context of Ethiopia, there are also many related works done in the area of business administration. One of the latest works done in the area is (Betelhem, 2018) research. Betelhem has conducted research examining the impact of e-banking services on the performance of topper former commercial banks in Ethiopia. Overall, the results revealed that e-banking services have a significant negative impact on the performance of commercial banks in Ethiopia. The other worth mentioning work-related work is (Wubalem, 2018) MA Thesis. Wubalem has investigated the interface between training and employee performance in chain hotels located in Addis Ababa. Her research has confirmed that training has a relationship with employee performance. Yet, the other similar work to be reviewed is (Gebremichael, 2017) MA Thesis. This thesis was conducted by evaluating the promotional practice of private colleges in the case of CPU and Addis Ababa Medical colleges. The findings of the study generally indicate promotional efforts

of the colleges are not achieving the intended objective. It also shows that there are problems in designing the messages and measuring results. Performance of an organization directly correlates with employee performance. Successful organizations recognize that HRM practices are a key factor in employee performance. (Boselie et al) According to Boselie et al (2005), HRM is defined as a collection of employee management practices. Delery and Doty (1996) identified seven HRM practices that can improve overall organizational performance. Pfeffer (1994), argues that organizations need to hire competent and skilled employees in order for them to succeed in today's global marketplace. Line managers apply HRM practices every day that positively affect employees' perceptions (Purcell & Kinnie, 2007). Managers' skills are key to the success or failure of HRM practices (Guest, 2011).

2.4. Conceptual Framework



Source, (Guest, 2011).

Figure 1: conceptual framework of the study

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter presented the methodology which was used in the study. It describes the type of research design, target population, sample size and sampling procedure, Research instruments, a description of tools used in collecting the data, the measurement of variables and the techniques in analyzing the collected data reliability of data collection instruments, data analysis techniques and ethical considerations.

3.2. Research Approach

The researcher was used the quantitative approach for a better investigate of the effect of Human Resource Management practice on employees' performance in case of Dashen brewery factory. According to (Creswell, 2014), the quantitative method allowed the researcher to employ a number of techniques that resulted in data that could be projected to a larger population. Besides, the researcher's adopted self-administered questionnaire as primary data collection instruments to gather quantitative data in Dashen Brewery Factory employees.

3.3. Research Design

The purpose of this study is to investigate the effect of Human Resource Management practice on employees' performance in case of Dashen Brewery Factory. To meet the study's objectives, the study used an explanatory research design and descriptive study. For this purpose, Human Resource Management practice is an independent variable while employees' performance is taken as dependent variable. This sort of research gives explanations for observed occurrences, issues, or behavior, answers to why and how questions, as well as a causal relationship between the independent and dependent variables. Because the data was collected at a particular point in time, the researcher conducted a cross-sectional survey to compare the factors that influence the Human Resource Management practice variable in the employees' performance of Dashen Brewery Factory. Cross-sectional design refers to studies in which different segments of the population are sampled at the same time (Zikmund, Babin, Carr, 2015)

3.4. Data and Sources

To obtain credible information on the state of the topic under examination, the researcher used both primary and secondary data sources. Questionnaire was used to acquire primary data from the Dashen Brewery Factory employees. The first sources of knowledge enable us to get information associated with what's currently happening and determine techniques that may be want to obtain accurate data for the study. On the opposite hand, the secondary data were gathered from different published and unpublished documents, like journals, reference books, articles, websites, research findings, and other relevant documents within the research.

3.5. Target Population and Sampling Design

3.5.1. Target Population

According to Hall (1999) Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. (Kothari 2004) define population as the total of items for which the information is desired. In this study, Dashen Brewery Factory has 850 employees at Debre Birhan plant.

3.5.2. Sampling Design

3.5.2.1. Sampling Technique

It is not possible to collect data on the whole population, considering the size, budget, as well as the time, available to the researcher. Thus, to prevent such constraints, the researcher is forced to draw sample from the whole population. A sample is a selection of items taken from a population and is chosen so that it is representative of the population as a whole and it is a subset of the population. The basic idea of sampling is that by selecting some of the elements in a population, conclusions can be drawn about the entire population (Zikmund & Abiyovic, 2009). To minimize respondents' selection bias, the researcher employed simple random sampling technique to select those individuals who participate in responding the questionnaire from the departments in the Dashen Brewery S.C.

3.5.2.2. Sample Size

The sample size of the informants taken to provide information for this research is calculated by using Taro Yamane's (Yamane, 1973) formula with a 95% confidence level.

$$n = \frac{N}{1 + N(e^2)} \quad 850/1+850(.05^2) = 272$$

n =272 informants were participated in providing data for this study.

3.6. Method of Data Collection

One of the data collection instruments under the study was used questionnaire. The items in the structured questionnaire are closed ended. The structured questions measured the subjective responses to clarify the objective responses and at the same time, enhanced formulation of recommendations of the study. The questionnaire is used to obtain the necessary information about the genuine of respondents using five-point Likert scale questions ranging from strongly agree (5) to strongly disagree (1). Thus, to find out consistent responses from the respondents, the investigator employs field survey- research to collect the data by distributing the questionnaire for factory employees by using simple random sampling technique.

3.7. Measurement of Variables

In this research, the independent variables are determinant factors that influence employee performance in Dashen Brewery S.C. Thus, to measure the complete representation of independent variables and dependent variable of employees performance, the researcher was employed by adopting multiple questionnaire from different authors using the five point Likert scales rate ranging from 5= strongly agrees, 4=Agree, 3= Neutral, 2= Disagree, 1 = strongly disagree.

3.8. Method of Data Analysis

The collected data were processed using IBM SPSS version 26. The quantitative data was analyzed using descriptive statistics like frequencies, mean and standard deviation percentage distribution and inferential statistics like correlation and multiple regressions were used.

3.9. Model Specification

The research hypotheses were used Multiple Linear Regression analysis. Multiple Linear Regression analysis is a useful technique that was used to analyze the relationship between a single dependent (criterion) variable and several independent variables (predictor or explanatory) variables at one time. In this analysis, a set of independent variables is weighted to form the regression variant (regression equation or model) and that may be used to explain its relative contribution towards one dependent variable.

Regression model

$$EP = \beta_0 + \beta_1TD + \beta_2RC + \beta_3PA + \beta_4RS + \beta_5EEP + \dots + E$$

Where EP= Employee Performance (Dependent variable)

Independent variables

TD= Training and development

RC = Reward and Compensation

PA= Performance appraisal

RS- requirement and selection

E=error term

β = coefficients of independent variables

3.10. Ethical Consideration

The researcher is free from unethical behavioral means that the aggressiveness, hostility side so as to getting respondents consent and allowing them to leave any time they want. And also, the researcher will politely ask the respondents and give high degree of politeness for target study to conduct and information was delivered to the subject of the study only those but also the information obtain from respondents in the study will be kept confidentially and anonymity is

protected and data collectors first assure the respondents by delivering the formality letters. Before commencing the data collection, this study secures and received official letters from the respective Debre Birhan University to Dashen Brewery S.C.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

4.1. Introduction

The study entitled as the effect of Human Resource Management practice on Employees' performance at Debre Birhan Dashen Brewery S.C; and its Objective was to investigate the effect of Human Resource Management practice on Employees' performance. This chapter is emphasized the major findings and discussions in relation to the results with respect to achieve the stated objectives.

4.2. Response Rate

Generally, survey questionnaire containing 39 items questions were distributed for employees who are currently working in Debre Birhan Dashen Brewery S.C to get the relevant data for the study. Among the distributed questionnaire questions, 272 were properly filled and returned and used for analysis purpose which accounted 100 % response rate.

4.3. Reliability of Instruments

Reliability is the average correlation between all values on a scale. In other words, the value of Cronbach's alpha coefficient is between 0 and 1, with a higher number indicating better reliability. Finally, Cronbach's alpha coefficient should be higher than 0.70; that scale has good internal validity and reliability. Hence, the study internal consistency is above the stated value (0.7). Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the 39 items of Human Resource Management practices and Employee performance. Therefore, the results indicate at Table 4.1. That scale both independent variables and dependent variable which has excellent reliability and internal consistency (Cronbach's alpha coefficient = 0.965). This gives the researcher to further analysis of the data.

Table 1: Reliability of Instruments

	VARIABLES	Cronbach Alpha	Items	Above 0.70
1	Training & Development	0.889	6	YES
2	Recruitment and Selection	0.882	6	YES
3	Reward and Compensation	0.872	7	YES
4	Performance Appraisal	0.901	8	YES
5	Employee Performance	0.917	8	YES
	Overall	0.965	39	YES

(Source: Own Survey, 2024)

4.4. Socio -Demographic Characteristics of the respondents

The socio demographic information in this study includes Gender, Education Level, Age and work Experience of the respondents.

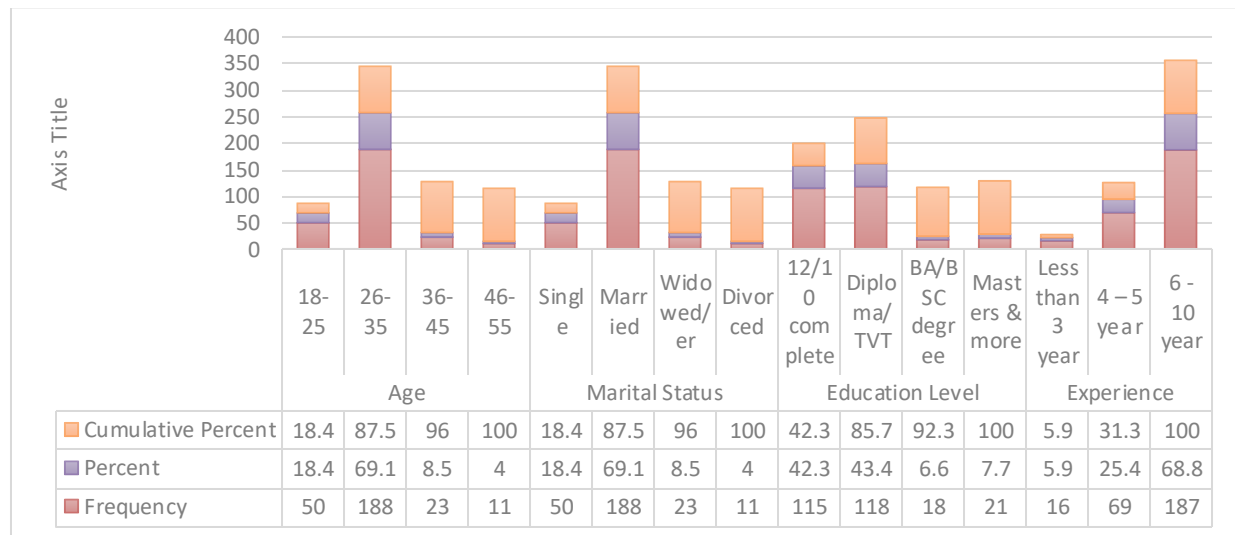


Figure 2: Demographic variable of the Study

The study entitled as the effect of Human Resource Management practice on Employees’ performance at Debre Birhan Dashen Brewery S.C; and its Objective was to investigate the effect of Human Resource Management practice on Employees’ performance and it was carried out for 272 participants. From the output shown above (Chart 4.1.), The majority of participants Age bracket 188 (69.1 %) between 26 to 35 years in the sample, giving a total of 272

respondents. Besides, the education level for this study participants are Diploma/TVET 118 (43.6%) and followed by 10/12 completed 115 (42.3 %). Furthermore, the working experiences for this study participant’s majority are 187 (68.8%) 6 to 10 years followed by 4 to 5 years which accounts 69 (25.4%). The marital status of the study participants were married 188 (69.1 percent) , followed by single 50 (18.4%).

4.5. Descriptive Statistics of Basic Variables

The descriptive statistics were used to describe the basic features of the data collected from respondents. The frequency distributions were provided for characteristics of respondents and characteristics of organization using frequency count and mean (standard deviation). The study dedicated on interpreting the value of the mean and standard deviation in line with the general concepts. The mean score is the simple average of all values in a given distribution. A low score of mean indicates disagreement of responses and a high score of mean represents agreement of responses. The standard deviation indicates the distribution of observations around the mean and represents the degree of consistency and similarity among respondent responses. The mean score is formulated and evaluated in the following way according to (Field, 2024).

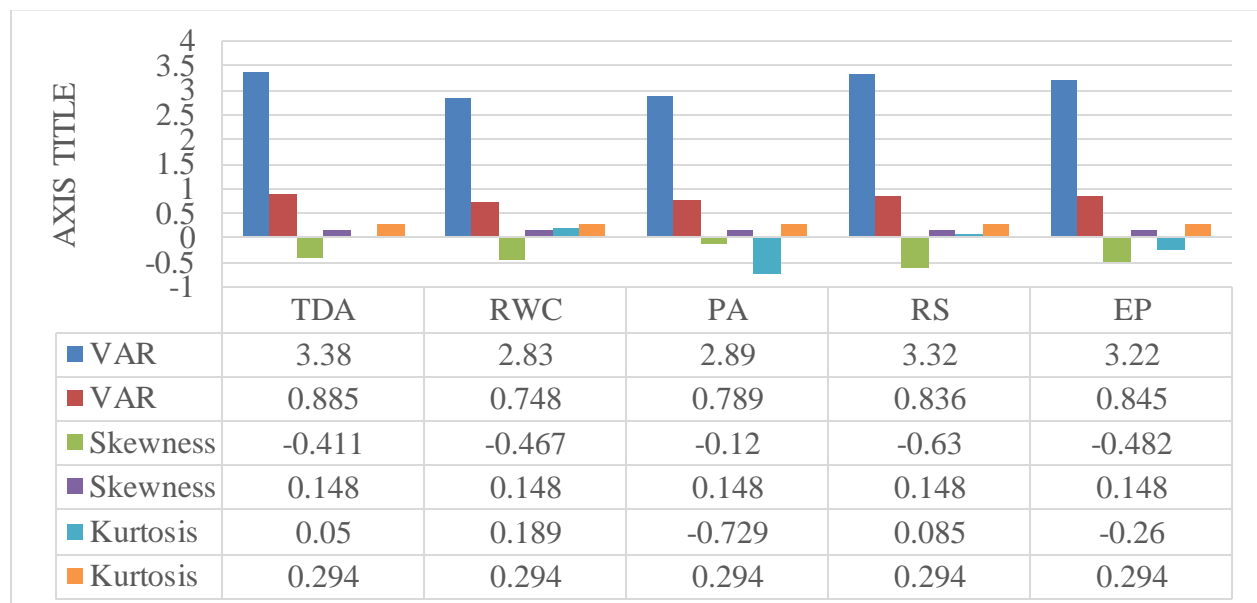


Figure 3: Descriptive Statistics of Basic Variables

The study was focused on the effect of Human Resource Management practice on Employees' performance at Debre Birhan Dashen Brewery S.C; Here, the study has four independent variables and one dependent variable. In this section, the researcher is trying to describe each dependent variable and independent variables as it is. From the output shown above, the average independent variables are Training and Development (3.38); Reward and Compensation (2.83); Performance Appraisal (2.89), Recruitment and Selection (3.32), and Employee Performance (3.22) out of 5 Likert scaled items . These results can be showed us the Dashen Brewery S.C is employed in a better situation for Training and Development, Recruitment and Selection and Employee Performance which is under the range of agreement level. Whereas, Reward and Compensation and Performance Appraisal mean values is below 3 which indicates under disagreement level. According to Zaidatol and Bagheri (2009) a mean value < 3.39 is low; 3.4 to 3.79 medium; and >3.8 is High. Accordingly; all variables of human resources management are below 3.39 which is low (weak) practices in Dashen Brewery S.C.

4.5.1. Training and Development

Table 2: Training and Development Practices

Training and Development	Mean	S. D
The company is concerned about the quality of Training.	3.44	1.015
The company provides new employees with an orientation.	3.54	1.012
The company adopts continuous training to improve performance.	3.41	.880
The company planes ahead for the training programs.	3.07	.867
The company uses advanced technology in training Programs.	3.03	.956
The company encourages team - work.	2.91	1.067

4.5.2. Rewards and Compensation

Table 3: Rewards and Compensation Practices

Rewards and Compensation	Mean	S. D
The company is concerned about employees' needs.	3.38	.884
The company provides employees with the type of benefits they need.	3.13	.894

The company uses non -cash compensation alternatives.	2.96	.922
The company uses compensation programs based on performance.	2.81	.917
The company uses fair incentive system.	2.32	.962
The company compensation system is reviewed periodically.	2.29	.913
The company compensation system is one of the reasons to retain my job at the said company.	2.85	.751

4.5.3. Performance Appraisal

Table 4: Performance Appraisal Practices

Performance Appraisal	Mean	S. D
The company handles the employees' complaints.	2.78	.691
The company has a professional appraisal system.	2.56	.874
The company considers employees 'accountable for their work.	2.77	.988
The company provides feedback to employees'.	2.60	.979
The company is aware of its employees 'opinions.	2.95	1.125
The company evaluation system is fair and honest.	2.64	.856
The company supports employees' development.	3.02	1.040
The company has realistic expectations about employees' output.	3.17	1.041

4.5.4. Recruitment and Selection

Table 5: Recruitment and Selection Practices

Recruitment And Selection	Mean	S. D
Job description is clearly spelt out for employees which improves on their performance.	3.44	1.022
The number of employees and their distribution per course is directly related to their level of performance.	3.36	.908
Recruitment of employees has been satisfactorily done	3.20	.925
Employees are normally interviewed before joining service.	3.03	.924

Selection procedure is done objectively by matching job description and person specification	3.36	.882
Only employees who meets the selection criteria is appointed.	3.11	1.020

Descriptive statistics can also provide different statistics; one is the distribution of score on continuous variables (Skewness and Kurtosis). Skewness provides indication if the distribution is symmetric or not, while Kurtosis on the other hand provides information about the ‘peakedness’ of the distribution. If the distribution is perfectly normal, you would obtain a Skewness and kurtosis value of 0 (rather an uncommon occurrence in the social sciences). Positive Skewness values indicate positive skew (scores clustered to the left at the low values). Negative Skewness values indicate a clustering of scores at the high end (right-hand side of a graph). Most researchers consider data to be approximately normal in shape if the Skewness and kurtosis values turn out to be anywhere from -1.0 to $+1.0$ and -3 and $+3$ respectively. Thus, the study results indicated in chart 4.3. Above, the data is normally skewed which ranges between -1 and $+1$ and kurtosis between -3 and $+3$.

4.3. Inferential Statistics; Correlation and Regression Results

4.3.1. Correlations Results

Pearson’s r varies between $+1$ and -1 , where $+1$ is a perfect positive correlation, and -1 is a perfect negative correlation. 0 means there is no linear correlation at all. In this figure, there is a relationship between independent and independent; and independent and dependent variables.

Table 6: Correlation Matrix

		TD	RWC	PA	RSA	EP
TD	Pearson Correlation	1	.542**	.594**	.889**	.857**
	Sig. (1-tailed)		.001	.001	.001	.001
RWC	Pearson Correlation		1	.576**	.570**	.532**
	Sig. (1-tailed)			.001	.001	.001
PA	Pearson Correlation			1	.658**	.685**
	Sig. (1-tailed)				.001	.001

RS	Pearson Correlation				1	.837**
	Sig. (1-tailed)					.001
EPA	Pearson Correlation					1
	Sig. (1-tailed)					
**. Correlation is significant at the 0.01 level (1-tailed).						

As indicated above Table 4.4., The correlation result, positive correlation between independent variables and independent variable; and independent and dependent variables. The study also interested in the 2-tailed significance value, which in this case is < 0.01 (inside, above). The standard alpha value is 0.05, which means that our correlation is highly significant. The significant level for this study all variable has significance at 1 percent even if the study assuming the level of confidence interval is at 5 percent. Training and development and recruitment & selection has high positive correlation ranges between 70 to 90 percent; and Reward and Compensation & Performance Appraisal has also moderate positive correlations ranges between 50 to 70 percent , (Merlly, 2009) at 1 percent.

4.3.2. Analysis of Multiple Regression

The researcher designed to fit a predictive model to the data and use that model to forecast values of the dependent variable from one or more independent variables Brooks (2008). According to this research, analysis of multiple regressions was directed for the effect of Human Resource Management practices on Organization Performance.

4.3.2.1. Assumptions of Multiple Regression

A. Normality

Normality shows a symmetrical, bell-shaped curve that has the highest frequency of scores around in the central combined with smaller frequencies toward the extreme. It describes symmetrical distribution of data. If the dependent variable is not normally distributed, there would be few points in performing the regression analysis and if the dependent variable of the project performance is not normally distributed, there is few points carrying out regression analysis because the main postulation of the model is violated (Brooks, 2008).

According to this study as indicated in Figure below, it indicates that the histogram is shape approximates a bell curve, which indicates that the data used in the study is normally distributed.

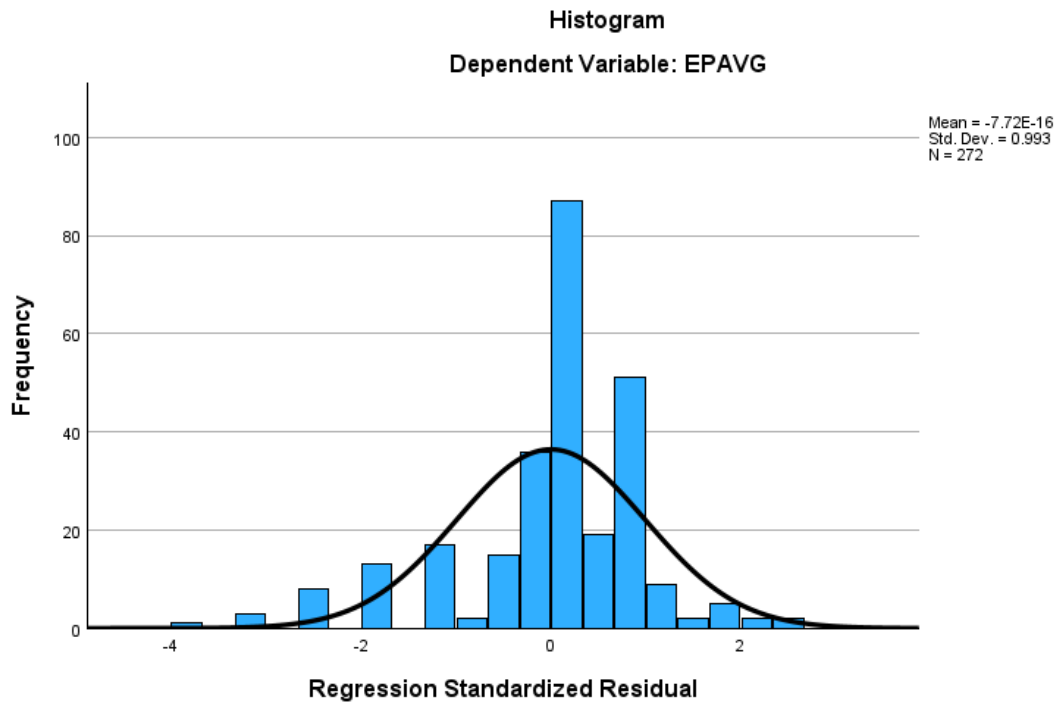


Figure 4 Normality Test

Source: Field Survey, 2024)

B. Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the predicted variables (Saunders, et al., 2003). For this purpose, a normal probability plot is used to test this assumption. That is if the distribution is normal, the points on a plot fall close to the diagonal reference line. In the case of this study as indicated in Figure below, there is a linear relationship between the independent variables and the dependent variable under the study which fulfills the assumption of linearity.

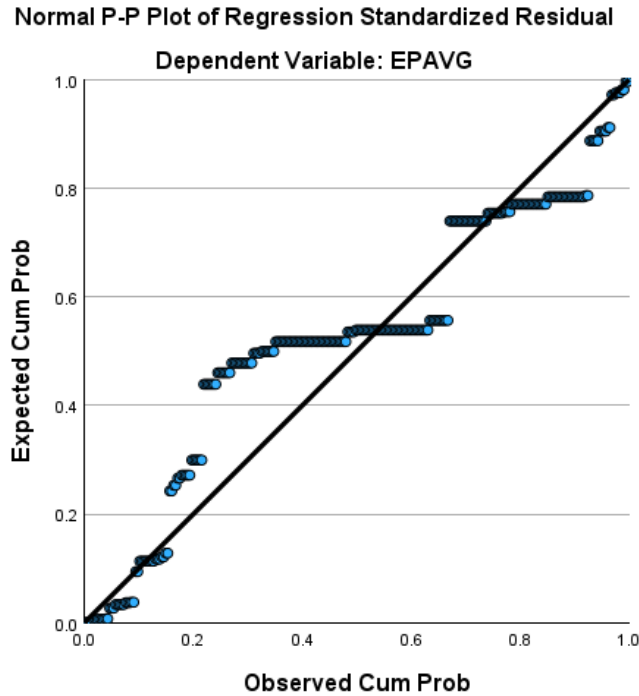


Figure 5: Linearity Test

C. Multicollinearity Test

Multicollinearity denotes when independent variables in a linear regression equation are correlated. Multicollinear variables can negatively affect model predictions on unseen data. Hence, the study variance inflation factor is less than 10 we can proceed and satisfied the assumptions of regression.

Table 7: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Training and Development	.207	4.823
	Reward and Compensation	.599	1.668
	Performance Appraisal	.507	1.972
	Recruitment and Selection	.181	5.527
a. Dependent Variable: Employee Performance			

D. Homoscedastic Test

Homoscedasticity, or homogeneity of variances, is an assumption of equal or similar variances in different groups being compared. This is an important assumption of parametric statistical tests because they are sensitive to any dissimilarity. Uneven variances in samples result in biased and skewed test results. Hence, the survey result indicated that there is no homoscedastic problem for this study.

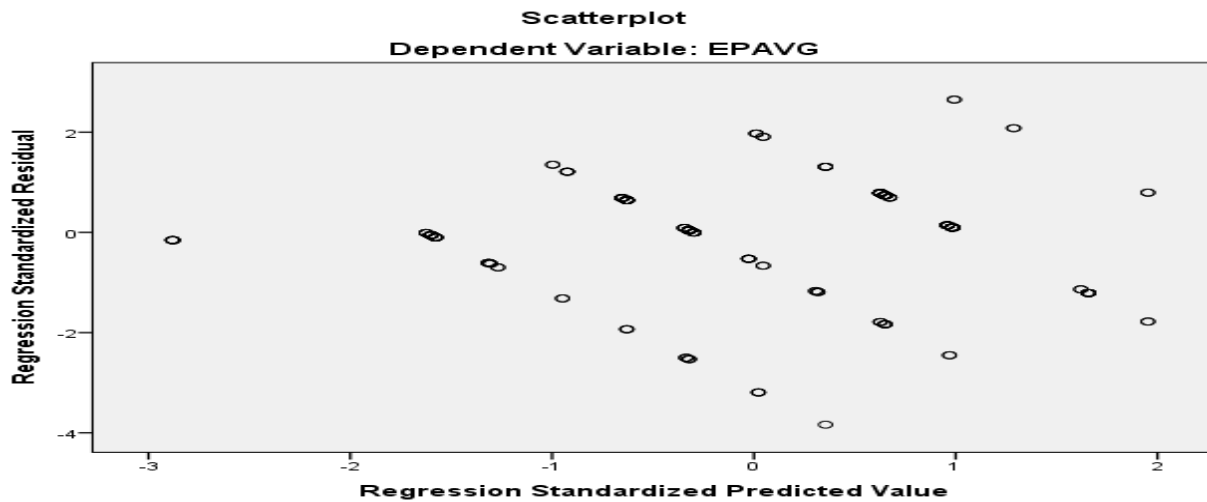


Figure 6: Homoscedastic Test

4.3.3. Regression Results

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.890 ^a	.791	.788	.389	1.492
a. Predictors: (Constant), RS, RWC, PA, TD					
b. Dependent Variable: EP					

The above table 4.4.1. is indicated as the model summary about how much the independent variables explained the dependent variable which represents as R and Adjusted R square. Here, the study result indicated independent variables like Training and Development; Reward and

Compensation; Performance Appraisal, and Recruitment and Selection, and are explained 79.1 percent the dependent variable, Employee Performance. Furthermore, below table is presented the ANOVA result which indicated the model is significant and fit to this study, (F 4, 267) = 253.382 and significant at 1 percent.

Table 9: ANOVA Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	153.011	4	38.253	253.382	<.001 ^b
	Residual	40.309	267	.151		
	Total	193.320	271			
a. Dependent Variable: EP						
b. Predictors: (Constant), RS, RWC, PA, TD						

The **Coefficients** table provides us with the necessary information to predict all independent variables (Training and Development; Reward and Compensation; Performance Appraisal, and Recruitment and Selection) on dependent variable (Employee Performance), as well as determine whether each independent variable statistically significantly to the model (by looking at the "Sig." column). Furthermore, the study can use the values in the "B" column under the "Unstandardized Coefficients" column, as shown below, Table 4.4.3.

The regression coefficient results as shown the table; Training and development; Requirement and selection and Performance Appraisal has significantly affected the Employee Performance. As indicated the Sig column in the table these independent variables has significant at 1 percent which affects the Employee Performance. The remaining independent variable, Reward and Compensation has negative and insignificant value which couldn't affect the Employee Performance of the case study.

The model specifications for this study as follows

$$Y \text{ EP} = \beta_0 + \beta_1 \text{TD} + \beta_2 \text{RC} + \beta_3 \text{PA} + \text{RS} + \text{EEP} + \dots + E$$

Where EP= Employee Performance (DV)

TD= Training and development

RC = Reward and Compensation
variables

Independent

PA= Performance appraisal

RS- Requirement and selection

E=error term

β = coefficients of independent variables

Therefore, the study model is

$$ER = 0.098 + 0.508 TD + (-0.018 RWC + (0.250 PA + 0.221RS + \dots + e$$

Table 10: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Toleranc e	VIF
1	(Constant)	.098	.109		.904	.367		
	TD	.508	.059	.532	8.670	.001	.207	4.823
	RWC	-.018	.041	-.016	-.430	.668	.599	1.668
	PAA	.250	.042	.233	5.950	.001	.507	1.972
	RS	.221	.066	.219	3.337	.001	.181	5.527

a. Dependent Variable: EP

4.3.4. Hypothesis Testing and Discussions

Based on the results of multiple linear regression, the researcher has proved their statistical significance and decided on accepting and rejecting the already developed hypothesis. Entirely, there were 4 hypotheses developed to statistically test the relationship between each independent variable and the overall combined effect and the hypothesis testing result was stated as follows:

H1: Recruitment and Selection has Positive and Significant Effect on Employees Performance

The hypothesis was tested at 95% significance level and found to be statistically significant and positive relationship. Here the result has depicted a p-value of $<.001 < 0.05$ indicating that the study is **accepted** the null hypothesis that Recruitment and Selection has significant influence on Employees Performance under the study.

The hypothesis was found to be statistically significant with a positive relationship, indicating that effective recruitment and selection positively impact employee performance. Ekwoaba, Ikeije, and Ufoma (2015) found that recruitment and selection criteria have significant effects on the performance of employees in the Nigerian banking sector. Their study emphasizes the importance of selecting the right candidates to enhance performance. And also Oaya, Ogbu, and Remilekun (2017) similarly concluded that recruitment and selection have a positive and significant effect on organizational performance in the Nigerian brewing industry. These findings support the study result that recruitment and selection positively influence employee performance.

H2: Training and Development has Positive and Significant Effect On Employees Performance

The hypothesis was tested at 95% significance level and found to be statistically significant and negative relationship. Here the result has depicted a p-value of $<.001 < 0.05$ indicating that the study **is accepted** the null hypothesis that Training and Development has significant influence on Employees Performance under the study.

Jehanzeb and Bashir (2013) found that training and development significantly enhance employee performance and motivation in the banking sector. Their study emphasizes that effective training programs are crucial for improving performance. Aguinis and Kraiger (2009) reviewed numerous studies and concluded that training and development generally lead to improved individual and organizational performance. They noted that well-designed training programs increase employee skills, job satisfaction, and overall productivity. Punia and Kant (2013)

indicated that training and development positively influence employee performance, particularly by enhancing their skills and competencies, which directly contribute to better job performance

H3: Performance Appraisal has Positive and Significant Effect On Employees Performance

The hypothesis was tested at 95% significance level and found to be statistically significant and positive relationship. Here the result has depicted a p-value of $<.001 < 0.05$ indicating that the study is **accepted** the null hypothesis that Performance Appraisal has significant influence on Employees Performance under the study.

Iqbal, Akbar, and Budhwar (2015) The study found that effective performance appraisal systems significantly enhance employee performance by providing clear expectations, feedback, and motivation for improvement. Obisi (2011) The study concluded that performance appraisals help in identifying training needs, setting performance standards, and improving overall employee performance. Brown, Hyatt, and Benson (2010) the results indicated that well-conducted performance appraisals lead to higher job satisfaction and improved job performance. Selvarajan and Cloninger (2012) they found that performance appraisals positively impact employee development, which in turn enhances performance. They emphasized the importance of feedback and goal-setting in appraisals.

H4: Reward and Compensation has Positive and Significant Effect On Employees Performance

The hypothesis was tested at 95% significance level and found to be statistically significant and positive relationship. Here the result has depicted a p-value of $0.668 > 0.05$ indicating that the study is **not accepted** the null hypothesis that **Reward and Compensation** has insignificant influence on Employees Performance under the study. It highlights the complexity of the relationship between reward and compensation and employee performance. It suggests may be that organization need to consider various factors, including employee perceptions, cultural context, and the balance between financial and non-financial rewards when designing compensation and reward systems.

The non-significant finding in this study is unique and could be attributed to several factors:

- **Perception of Fairness:** Employees might perceive the compensation system as unfair or inadequate, leading to a lack of motivation and thus no significant impact on performance.
- **Non-Financial Motivators:** In this study specific context, may be non-financial motivators such as job satisfaction, work environment, career development opportunities, or work-life balance might play a more significant role in influencing employee performance than financial rewards.
- **Cultural Factors:** The cultural context of this study might influence how rewards and compensation are perceived. In some cultures, intrinsic rewards and recognition might be valued more than monetary compensation.

Table 11: Hypothesis Summary

Hypothesis Statement	Direction and Significance		Decision
	+VE	Sig <0.05	
Recruitment and Selection Influence Employee Performance	YES	YES	Accepted
Training and Development Influence Employee Performance	YES	YES	Accepted
Performance Appraisal Influence Employee Performance	YES	YES	Accepted
Reward And Compensation Influence Employee Performance	NO	NO	Rejected

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. SUMMMARY

The purpose of the study is to examine was to investigate the effect of Human Resource Management practice on Employees' performance at Debre Birhan Dashen Brewery S.C. The study was used a quantitative approach with explanatory and descriptive research design. The sample size was 272 respondents using simple random sampling technique. The instrument of data collection was primarily structured close ended survey questionnaires using the five-point Likert scales and interview. Among the distributed questionnaire questions, 272 were properly filled and returned and used for analysis purpose which accounted 100 % response rate.

The correlation coefficient result indicated that Training and development and recruitment & selection has high positive correlation ranges between 70 to 90 percent; and Reward and Compensation & Performance Appraisal has also moderate positive correlations ranges between 50 to 70 percent , (Merlly, 2009) at 1 percent. .

The adjusted R squared was found to be 78.8 percent of variation in the dependent variable of Employee Performance can be explained by independent variables like Training and Development; Reward and Compensation; Performance Appraisal, and Recruitment and Selection, and are explained 78.8 percent the dependent variable, Employee Performance. Furthermore, the ANOVA result which indicated the model is significant and fit to this study, ($F_{4, 267} = 253.382$ and significant at 1 percent. That means, of the major factors of the dependent variable, 78.8 % can be recognized to the explained independent variables under the study and the remaining 21.2 % of determinants are not explained in this study

The regression coefficient results as shown the table; Training and development; Requirement and selection and Performance Appraisal has significantly affected the Employee Performance significant at 1 percent which affects the Employee Performance. The remaining independent variable Reward and Compensation has negative and insignificant value which couldn't affect the Employee Performance of the case study.

5.2. CONCLUSION

To achieve the study objectives, the study developed three hypotheses. Pearson correlation and multiple regression models used to test these hypotheses. The descriptive statistics, correlation and regression analysis were used to get the major findings. As the result of the analysis and summary, the conclusion of the study is Training and development; Recruitment and selection and Performance Appraisal has significant impact on the Employee Performance. Besides, Training and development and Recruitment & Selection have high positive correlation; and Reward & Compensation & Performance Appraisal has also moderate positive correlations with Employee Performance. The current practices of Human Resource Management at Dahan Brewery S.C like Training and Development, Recruitment and Selection, Reward and Compensation and Performance Appraisal are weak.

5.3.RECOMMENDATIONS

Based on these findings and conclusions, the researcher suggested the following recommendations are proposed to help improve Employees Performance in the Dashen Brewery S.C.

- Dashen Brewery S.C should invest in Training and development, and Recruitment & Selection and Performance Appraisal which has high positive correlation and statistically significant impact on employee's performance which results the entire organizational performance.

By investing in these areas, Dashen Brewery S.C. can enhance employee skills, ensure the right people are hired, and maintain high performance levels. This leads to improved overall organizational performance. By enhancing training and development programs, Dashen Brewery can ensure that employees have the necessary skills and knowledge to perform their jobs effectively. Improved recruitment and selection processes will help attract and retain top talent, while robust performance appraisal systems will provide valuable feedback and motivation for employees. Together, these initiatives will lead to

higher employee engagement and productivity, ultimately driving overall organizational performance.

- TO improve Human resource management practices effectively and efficiently in the organization, the Dashen Brewery S.C. should revisit the current Human Resource Management practices which are currently weak. By reassessing and improving current HRM practices, the organization can address existing weaknesses, leading to more efficient and effective management of human resources. This can result in better employee performance and, consequently, better organizational performance. By critically evaluating and strengthening HR management practices, Dashen Brewery can create a more supportive and efficient work environment. Effective HR practices can enhance employee satisfaction, reduce turnover, and align workforce capabilities with organizational goals. This proactive approach can lead to a more agile organization that is better equipped to respond to challenges and opportunities in the market.

Implementing these recommendations can position Dashen Brewery S.C. for sustainable growth by fostering a high-performing workforce and improving overall organizational effectiveness.

5.4.FURTHER STUDIES

Future studies can investigate this issue in the country at large to all manufacturing companies or conduct cross organizations studies and future studies also could conduct longitudinal studies to examine the relationship between Human resource management and its impact on employee performance across regions.

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Appendix I

Questionnaires to be filled by Respondents

Dear Respondent!

I am a master's degree student in masters of business administration; This Questionnaire guide has been designed to collect data on behalf of the study investigating the effect of human resource practice on employee performance, you are one of the respondents selected in participate on this study, please assist me in giving correct and Complete information about effect of human resource practice on employee performance.

Finally, I confirm you that, the information what you share me will be kept Confidential and all information will be used for academic purposes only. Your address, name and any identity will not be recorded and nobody will ever be able to learn how you responded.

“Thank you in advance for your time and all the cooperation”

Part 1: Demographic information of the respondents

1. Age

18-25 26-35 36-45 46- 55 56 and above

2. Marital status

single married divorced

3. Educational level

12/10 complete Diploma/ TVT BA/BSC degree

Master and above

4. Work experience

Less than 3 year 4 – 5 year 6 - 10 year

11 – 15 year

 16 – 20

 21 year and above

Part II Independent and dependent variable questions

The following are believed to be that effect of human resource practice on employee performance. Please, indicate the extent of your agreement on this effect of human resource practice on employee performance. By putting a tick mark (√) in one of the boxes provided for each possible factor using the Level of agreement given below

5=strongly disagree, 4=disagree, 3=neutral, 2= agree, 1= strongly agree

No	Item description	Level of agreement				
		5	4	3	2	1
1	Training and development	5	4	3	2	1
1.1	The company is concerned about the quality of Training.	5	4	3	2	1
1.2	The company provides new employees with an orientation.	5	4	3	2	1
1.3	The company adopts continuous training to improve performance.	5	4	3	2	1
1.4	The company planes ahead for the training programs.	5	4	3	2	1
1.5	The company uses advanced technology in training Programs.	5	4	3	2	1
1.6	The company encourages team - work.	5	4	3	2	1
2	Rewards and Compensation:	5	4	3	2	1

2.1	The company is concerned about employees' needs.	5	4	3	2	1
2.2	The company provides employees with the type of benefits they need.	5	4	3	2	1
2.3	The company uses non -cash compensation alternatives.	5	4	3	2	1
2.4	The company uses compensation programs based on performance.	5	4	3	2	1
2.5	The company uses fair incentive system.	5	4	3	2	1
2.6	The company compensation system is reviewed periodically.	5	4	3	2	1
2.7	The company compensation system is one of the reasons to retain my job at the said company.	5	4	3	2	1
3	Performance Appraisal:	5	4	3	2	1
3.1	The company handles the employees' complaints.	5	4	3	2	1
3.2	The company has a professional appraisal system.	5	4	3	2	1
3.3	The company considers employees 'accountable for their work.	5	4	3	2	1
3.4	The company provides feedback to employees'.	5	4	3	2	1
3.5	The company is aware of its employees 'opinions.	5	4	3	2	1
3.6	The company evaluation system is fair and honest.	5	4	3	2	1
3.7	The company supports employees' development.	5	4	3	2	1
3.8	The company has realistic expectations about employees' output.	5	4	3	2	1
4	Recruitment And Selection	5	4	3	2	1
4.1	Job description is clearly spelt out for employees which improves	5	4	3	2	1

	on their performance.					
4.2	The number of employees and their distribution per course is directly related to their level of performance.	5	4	3	2	1
4.3	Recruitment of employees has been satisfactorily done	5	4	3	2	1
4.4	Employees are normally interviewed before joining service.	5	4	3	2	1
4.5	Selection procedure is done objectively by matching job description and person specification	5	4	3	2	1
4.6	Only employees who meets the selection criteria is appointed.	5	4	3	2	1

5	Employee performance)	5	4	3	2	1
5 1	My performance is better than that of my colleagues with similar qualifications.	5	4	3	2	1
5 2	I am satisfied with my performance because it's mostly good	5	4	3	2	1
5 3	My Performance is better than that with similar qualification in other office.	5	4	3	2	1
5 4	I take the appropriate amount of time to complete my tasks.	5	4	3	2	1

5 . 5	I produce products that are free from defects.	5	4	3	2	1
5 . 6	My performance last year was excellent	5	4	3	2	1
5 . 7	I achieve my goals regularly	5	4	3	2	1
5 . 8	My individual goals directly support the goals of the bank.	5	4	3	2	1

Annex 2

Demographics		Frequency	Percent	Cumulative Percent
Age	18-25	50	18.4	18.4
	26-35	188	69.1	87.5
	36-45	23	8.5	96.0
	46- 55	11	4.0	100.0
	Total	272	100.0	
Marital Status	Single	50	18.4	18.4
	Married	188	69.1	87.5
	Widowed/er	23	8.5	96.0
	Divorced	11	4.0	100.0
Education Level	12/10 complete	115	42.3	42.3
	Diploma/ TVT	118	43.4	85.7
	BA/BSC degree	18	6.6	92.3
	Masters & more	21	7.7	100.0
Experience	Less than 3 year	16	5.9	5.9
	4 – 5 year	69	25.4	31.3
	6 - 10 year	187	68.8	100.0

	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
TDA	3.38	.885	-.411	.148	.050	.294
RWC	2.83	.748	-.467	.148	.189	.294
PA	2.89	.789	-.120	.148	-.729	.294
RS	3.32	.836	-.630	.148	.085	.294
EP	3.22	.845	-.482	.148	-.260	.294

		TD	RWC	PA	RSA	EP
TD	Pearson Correlation	1	.542**	.594**	.889**	.857**
	Sig. (1-tailed)		<.001	<.001	<.001	<.001
RWC	Pearson Correlation		1	.576**	.570**	.532**
	Sig. (1-tailed)			<.001	<.001	<.001
PA	Pearson Correlation			1	.658**	.685**
	Sig. (1-tailed)				<.001	<.001
RS	Pearson Correlation				1	.837**
	Sig. (1-tailed)					<.001
EPA	Pearson Correlation					1
	Sig. (1-tailed)					

** . Correlation is significant at the 0.01 level (1-tailed).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.890 ^a	.791	.788	.389	1.492

a. Predictors: (Constant), RS, RWC, PA, TD

b. Dependent Variable: EP

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	153.011	4	38.253	253.382	<.001 ^b
	Residual	40.309	267	.151		
	Total	193.320	271			
a. Dependent Variable: EP						
b. Predictors: (Constant), RS, RWC, PA, TD						

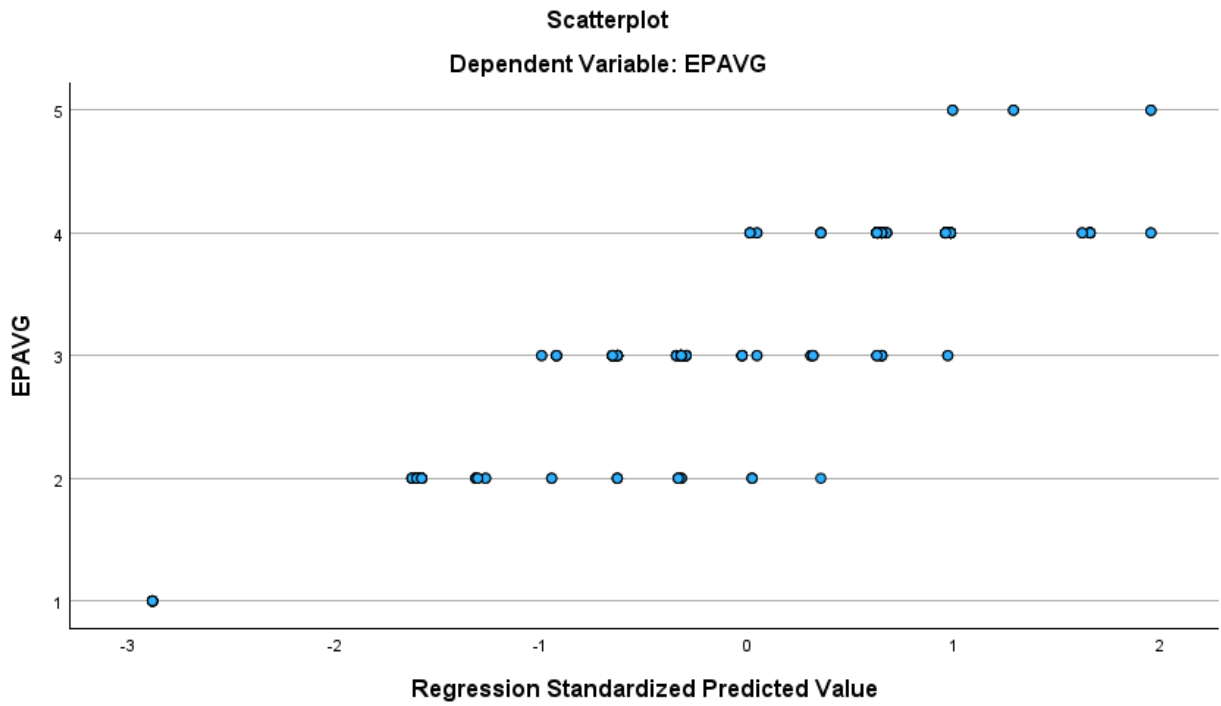
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.098	.109		.904	.367
	TD	.508	.059	.532	8.670	<.001
	RWC	-.018	.041	-.016	-.430	.668
	PA	.250	.042	.233	5.950	<.001
	RS	.221	.066	.219	3.337	<.001
a. Dependent Variable: EP						

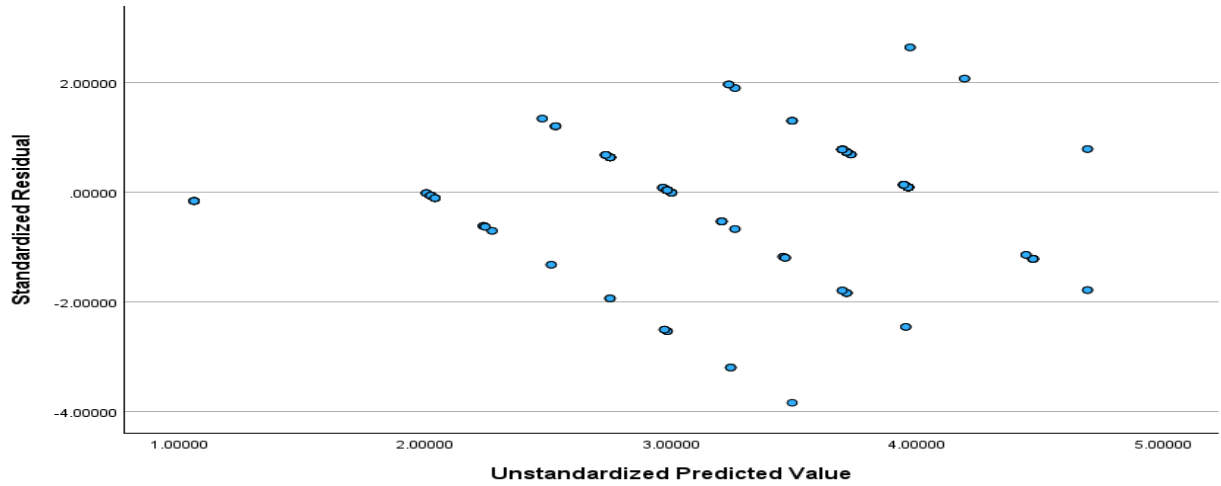
Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.06	4.69	3.22	.751	272

Residual	-1.491	1.030	.000	.386	272
Std. Predicted Value	-2.881	1.953	.000	1.000	272
Std. Residual	-3.837	2.650	.000	.993	272

a. Dependent Variable: EPAVG





HOMOSEDASITY

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	(Constant)	Variance Proportions			
					TDAVG	RWCAVG	PAAVG	RSavg
1	1	4.892	1.000	.00	.00	.00	.00	.00
	2	.040	10.998	.64	.07	.06	.01	.04
	3	.034	11.982	.32	.05	.44	.21	.02
	4	.027	13.345	.04	.02	.50	.73	.00
	5	.007	27.397	.00	.86	.00	.05	.93

a. Dependent Variable: EPAVG

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.06	4.69	3.22	.751	272
Residual	-1.491	1.030	.000	.386	272

Std. Predicted Value	-2.881	1.953	.000	1.000	272
Std. Residual	-3.837	2.650	.000	.993	272

a. Dependent Variable: EPAVG

