



**WOLKITE UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**EFFECTS OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICE ON
ORGANIZATIONAL COMPETITIVENESS THE CASE OF COMMERCIAL BANKS
OPERATING IN WOLKITE CITY**

MBA THESIS

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ABBREVIATIONS AND ACRONYMS

HR	Human Resource
HRM	Human Resource Management
OC	Organizational competitiveness
SHRM	Strategic Human Resource Management
SPA	Strategic Performance Appraisal
SRC	Strategic Reward and Compensation
SRS	Strategic Recruitment and Selection

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ABSTRACT

The general objective of this study was to examine the effect of SHRM practice on organizational competitiveness in commercial banks in Wolkite town branches. An explanatory and descriptive research design was employed. A sample size of 179 was drawn from the 325 employees of twenty commercial banks. The respondents were chosen using stratified random sampling and basic random sampling select the respondents. The study used questionnaires as a tool for data collection. Pearson correlation and multiple linear regression analysis were employed to estimate the causal relationships between independent and dependent variables. The analysis is done using SPSS. The responses of the respondents were analyzed using descriptive Statistics, correlation, and regression. The findings of the study showed that strategic recruitment and selection, strategic reward and compensation, strategic training and development and strategic performance appraisal positively influence organizational competitiveness. hypothesis in relation to these factors were also accepted. Strategic reward and compensation were the most dominant strategic human resource management practices that supply more for competitiveness. the regression model explained 55.1% of the variance in organizational competitiveness ($R^2 = 0.551$), demonstrating the effectiveness of SHRM practices in enhancing competitiveness. So, it has been recommended that the bank Develop a strategic recruitment process that aligns with organizational goals to attract and retain top talent Implement competitive and equitable compensation packages to effectively origination competitiveness, thereby improving overall performance Regularly assess training needs and establish programs to enhance employee skills, fostering adaptability and innovation in the workforce Create a comprehensive performance appraisal system that motivates employees, aligns their objectives with organizational goals, and provides constructive feedback for continuous improvement competitiveness of the bank.

Keywords: Strategic recruitment and selection, strategic reward and compensation, strategic training and development, strategic performance appraisal, organizational competitive

CHAPTER ONE

1. INTRODUCTION

This chapter presents the background of the study, statements of the problem, and objective of the research hypothesis study, significance of the study, scope of the study, definition of terms and organization of the study. In today's dynamic business environment, organizations are increasingly recognizing the critical role of human resources in achieving competitive advantage. Strategic Human Resource Management (SHRM) integrates human resource practices with business strategy, ensuring that an organization's workforce is aligned with its goals. This alignment is especially crucial in sectors such as banking, where competition is fierce and customer expectations are high.

1.1. Background of the Study

Rivalry had an impact on human resource operations in addition to product rivalry. The need for all firms or organizations to keep improving their operation association performance, especially in terms of human resource capabilities, has been impacted by the fierce competition. It focused on the strategic approach, which encompassed the association's and its HRM's trade in terms of growth, culture, and structure. The success of the organization depends on the devotion of its members. An individual with a high level of organizational commitment will be motivated to accomplish the goals of the group. It should encourage employees to remain with the organization. It will encourage employees to use the company resource (Anwar and Abdullah, 2021).

Strategic human resource operation is a strategic approach to manage human resource of an association. Compared with specialized HRM, SHRM is considered a fairly new concept, despite its nonstop development over the past two decades. Although there's still now an exact description of SHRM among scholars' broad agreement has been reached on its introductory function, which involves designing and enforcing a set of internally harmonious policies and practices that ensure the mortal capital of an establishment contributes to the achievement of its business objects (Zabihi and Hakim Zadeh, 2013).

Lately it has come a common belief that organizational human resource is the source of sustainable competitive advantage and success, and that human resources operation programs and practices are integrated with and/ or deduced from the overall organizational strategies and pretensions. (Nemli Çalışkan, 2015).

These issues could have been avoided if banks had put in the time and trouble needed for

strategic planning. So, it's clear that visionary conduct must be taken to meet the ever-changing demands of a competitive request and a shifting geography and that strategic plan updates must be made regularly. That's because the quality of a company's planning determines whether or not it succeeds. Given this environment, this exploration aims to analyze how strategic operation ways affect banks' capability to contend in the banking sector (Momoh, 2023).

Still, the lack of strong empirical support for HR business strategy fit is one challenge for strategic human resource operation professionals. The being body of knowledge on the part of HRM, particularly in the African business environment, is coming to nothing in this regard. There are many studies that assessed the practices and challenges of strategic human resource operation in Ethiopia, indeed though they are not comprehensive enough to paint a picture of the SHRM practices at the assiduity position, as they're further of specific company- position studies (Solomon Markos and Mehertab Lemma, 2022).

To this end, many authors have maintained that strategic human resource management is straight forwardly linked to organizational performance. There is a conflicting opinion that high-performing organizations adopt particular human resource management policies and linking these to the strategies of their organizations. However, regardless of the rising popularity of strategic human resource management, there have been very few systematic evaluations of the claims that it is linked to performance and doubts remain as to its theoretical foundations. In addition, in the emerging markets, little has been researched or reported to produce a clear picture about the adoption of strategic human resource management (Altarawneh, 2016).

Organizational competitiveness refers to the ability of a company to maintain an edge over its rivals. Factors influencing competitiveness in the banking sector include service quality, customer satisfaction, and operational efficiency. banks that invest in strategic HR practices tend to outperform their competitors by fostering innovation and improving service delivery. In the Ethiopian context, SHRM practices have gained attention as organizations seek to improve performance in the face of both local and international challenges. Ethiopia's economy has experienced significant growth over the past two decades, creating more opportunities for both domestic and foreign investments. However, the competitive landscape has also intensified, especially in key sectors such as banking, telecommunications, and manufacturing. As a result, organizations in Ethiopia are increasingly adopting SHRM

practices to enhance their competitive edge (Solomon Markos and Mohammed, 2022a)

The commercial banking sector in Ethiopia is one such sector that has witnessed rapid growth and transformation. With the liberalization of the banking sector and the entry of private banks, competition has intensified. Commercial banks are now faced with the challenge of not only improving customer service and expanding their financial products but also attracting, retaining, and developing top talent. HR practices have therefore become central to ensuring that banks remain competitive and are able to meet the demands of an increasingly complex market.(Kassaye Abebe and Alamirew Anteneh, 2025).

Limited Empirical Evidence in Ethiopian Context: While there is a growing body of research on strategic human resource management (SHRM) globally, studies specifically focused on the Ethiopian banking sector, particularly in medium-sized cities like Wolkite, are scarce. This gap highlights the need for localized research to understand the unique challenges and practices in this context (Haddis Tedla and Markos, 2018).

Insufficient Examination of Specific SHRM Practices: Previous research often examines SHRM as a broad concept without delving into specific practices like recruitment, training, and performance appraisal. This study addresses this by analyzing the individual effects of these practices on organizational competitiveness. Lack of Integration Between SHRM and Organizational Strategy: Many studies do not adequately explore how SHRM practices align with overall organizational strategies in the banking sector. This research seeks to highlight the importance of this alignment in enhancing competitiveness. Therefore, this study was conducted in Commercial Banks Wolkite town Branches to explore the Effect of strategic human resource management and organizational competitiveness. In addition, it explores the extent to which commercial banks adopt a strategic human resource management approach when managing their human resource. Also, it aims to shed light on the most adopted human resource practices by the commercial banks.

1.2. Statement of the Problem

Shamnot, (2014) highlighted how important it is for the financial industry to keep its valued staff, and it is also clear that hiring, training, developing, and keeping new hires would come at a high expense. Organizations' intellectual assets can set them apart from the competition and give them a solid foundation for success. In essence, effective human resource management was do this. In order to ensure long-term competitive advantages in their

industry, business organizations should prioritize ensuring that their human resources management practices are in line with their intended business objectives, that skilled labor is available, and that current employees' knowledge, skills, attitudes, and values are developed, (Brewster et al., 2016).

The development of knowledge and skills usually takes place through planned and programmed instruction after having assessed training needs on an individual, group and organizational basis. Providing well-defined and result-oriented reward and compensation system as well as creating conducive work environment in the sector will have substantial influence on motivating employees, which increases performance of the organization, (Armstrong, 2015).SHRM experimenters argue that it's delicate to make generalized conclusions from current SHRM- competitive results, and that there's thus the need for farther empirical examinations from different angles and different environment (Alaraqi, 2017a).

Another tumultuous year for Nigerian financial institutions occurred between 2009 and 2010, but this time the Central Bank attributed the difficulties to ineffective management. A surplus of cash was amassed throughout the recapitalization, and instead of prudently using it to increase profits, top management frittered it away. These issues could have been avoided if banks had put in the time and effort required for strategic planning. So, it is clear that proactive actions must be taken to meet the ever-changing demands of a competitive market and a shifting landscape and that strategic plan updates must be made regularly. That is because the quality of a company's planning determines whether or not it succeeds. Given this context, this research aims to analyze how strategic management techniques affect banks' ability to compete in the financial sector(Itafe and Itohan, 2023)

In the context of Ethiopia, the banking sector has undergone rapid growth and transformation, especially with the increasing liberalization and expansion of private banks. Commercial banks, which are pivotal to economic growth and financial inclusion, face heightened competition due to the entry of both local and foreign financial institutions. The competition is not only in terms of services and financial products but also in attracting, retaining, and developing the right talent to meet the demands of a growing and complex economy. The Ethiopian banking industry is characterized by highly profitable, concentrated and moderately competitive (Gebre Yohannes, 2019).

In the Ethiopian scenario, banks are competing with one another in terms of service quality

and efficiency, utilizing technology advancements and expanding their branch networks. (Emebet Kebede 2017a). Several human resource-related issues, such as increased staff turnover, decreased employee motivation to acquire and use new skills, decreased employee productivity, and low morale, are characteristics of the banking sector (Emebet Kebede (2017b) . The Ethiopian banking sector is seeing a high rate of employee turnover, with workers moving between banks to improve their lifestyles by comparing their pay scale and benefits to those of other banks. Additionally, some workers go to other capable firms, particularly private ones, expecting better HRM methods, especially incentive management, a pleasant workplace, and high job satisfaction (Mikiyas Mulugeta 2021). Armstrong, (2015) highlight that strategic hiring reduces turnover costs and ensures employees contribute to long-term goals. In banking, selecting skilled personnel directly impacts service quality and innovation.

According Yared Solomon (2022) there are inadequate inquiries in the Effect of strategic human resource operation practices on organizational competitive Ethiopian environment. utmost of the exploration conducted in Ethiopia in SHRM area concentrated on the assessment of SHRM practices and assessment of SHRM- OP. It's also rare to see abundant inquiries in the Ethiopian environment related to SHRM- OC practice in banking sector. Offering practicable recommendations grounded on your findings can make your study largely precious for interpreters in the banking sector, helping them to apply effective SHRM strategies. However, despite the growing recognition of SHRM as a key driver of organizational success, there is limited research on the impact of SHRM practices on organizational competitiveness within the Ethiopian banking sector, particularly in medium-sized cities like Wolkite City. While the commercial banking sector in Ethiopia has witnessed an influx of new players and innovation in large cities like Addis Ababa, the situation in smaller cities remains underexplored.

Study could punctuate how current SHRM practices in Wolkite City 's marketable banks are not completely optimized to enhance organizational competitiveness. This could involve relating specific areas where SHRM practices are lacking or could be bettered. A literature gap is present when there's a lack of being exploration or literature on a specific content my exploration focuses on Wolkite City, a specific and maybe underserved area, furnishing precious perceptivity that are directly applicable to the original environment.

So, the experimenter tried to fill this gap by probe fresh substantiation to support how the goods of strategic human resources operation practices related with Organizational

competitive from banking sectors surrounds. That's why this study will conduct to probe the Effect of strategic human resource operation practice on organizational competitiveness in the case of marketable Banks.

1.3. Research Objectives

1.3.1. General Objective

The general objective of this study was to investigate the Effect of strategic human resource management practices on organizational competitiveness.

1.3.2. Specific Objectives

The specific objectives of this exploration are:

- To examine the effect of strategic employee recruitment and selection practice on organizational competitiveness
- To explore the effect of strategic employee reward and compensation practice on organizational competitiveness
- To explain the effect of strategic employee training and development practice on organizational competitiveness
- To analyze the effects of strategic employee performance appraisal practice with organizational competitiveness.

1.4. Research Hypothesis

The following research hypotheses are formulated to guide the study to its logical conclusion.

H1: Strategic employee recruitment and selection practices have a positive and significant effect on organizational competitiveness.

H2: Strategic employee rewards and compensation management practices have a positive and significant effect on organizational competitiveness.

H3: Strategic employee training and development practices have a positive and significant effect on organizational competitiveness.

H4: Strategic employee performance appraisal practices have a positive and significant effect on organizational competitiveness.

1.5. Scope of the Study

This study was limit in terms of terrain, target groups and issues. Geographically the study was circumscribed to only Wolkite branches of Commercial Banks like the following commercial banks are included in this study: Commercial Bank of Ethiopia (CBE). Dashen Bank, Bank of Abyssinia, Wegagen Bank, Hibret Bank, Nib International Bank, Cooperative Bank of Oromia, Oromia Bank,

Bunna Bank Abay Bank, Berhan Bank, Addis International Bank, Global Bank of Ethiopia, Enat Bank, Amhara Bank, Hijra Bank, Tsehay Bank, Zamzam Bank, Ahadu Bank

The target groups are professional workers recruit by the bank including the managers and excluding supporting staff because of outsources. The scope of this study was delimited only to examine the effect of the four SHRM practices Strategic recruitment ensures that the right talent is identified and hired to meet specific organizational goals. This alignment enhances overall performance and productivity., Competitive and strategically designed compensation packages attract top talent and help retain valuable employees. This is particularly important in competitive industries where skilled professionals are in high demand. strategic training and development as industries evolve, continuous training and development ensure employees acquire the necessary skills to keep pace with changes, enhancing organizational agility. and strategic performance appraisal Strategic performance appraisal systems provide objective criteria for evaluating employee performance, which can be linked directly to organizational goals and performance metrics because of use those variables are my title SHRM practices on organizational competitiveness. Due to time and budget constraints, the study has considered only permanent employees, but those whose employment contract is made for temporary period of time are not included in this study because of outsources. The methodological scope of the study was quantitative approach as descriptive approach by using a questionnaire which contains close ended questions and correlational that helps to examine correlations or effect of SHRM practices on organizational competitiveness.

1.6. Significance of the study

The finding of this research was anticipated to have the following importance. The commercial banks are thought to be the primary recipients of the study's findings. With the help of the findings, commercial bank management may be able to create human resource plans that was maximize organizational competitiveness. It can support the management's planning for the creation and application of successful human resource strategies that can raise the banks' level of competition. It can also give insight into the implementation and practices of strategic human resource management by other public firms in the course of achieving both corporate and business objectives for the betterment of their respective organizational efficiency. It might also help other experimenters working in affiliated motifs as a reference.

1.7. Operational Definition of Key Terms

For the purpose of improving comprehension, this research incorporates a number of crucial definitions. However, (Alaraqi, 2017) provided the operational definitions for this investigation, which have been slightly modified and are as follows:

The ability of a company to surpass its competitors in the marketplace is referred to as **competitiveness**: as a company's performance and capacity to sell and provide goods and services in a certain market, especially when compared to other companies' performance. This concept focuses on how a business may draw in and keep clients so that it becomes their go-to option in the marketplace (Abbas and Goosheh, 2024).

Strategy: “According to some, strategy should dictate how resources are arranged to satisfy the demands of stakeholders and markets since it establishes an organization's long-term direction and scope” (Abdul et al., 2019).

Practices of Strategic Human Resource Management (SHRM): In this study, SHRM was defined as the application of strategic human resources management methods to enhance organizational performance and develop skill bases that satisfy competitive strategy criteria in order to sustain competitive advantage both now and in the future. Strategic hiring and selection, strategic development and training, strategic rewards and pay, and strategic performance evaluation (Suman Kamal 2023a)

Strategic Recruitment and Selection: The core of a company's perception of the human resources needed to maintain a competitive edge over rivals is recruitment and selection. Finding, advertising, and interviewing potential hires are all part of the recruiting process; staffing and preparing new hires for their new positions is part of the selection process. (Argue, 2015).

Strategic Compensation and Reward are intended to help sustain and improve individual behavior inside the organization as well as to increase performance. Adopting efficient compensation plans is another way to draw in and keep human resources. It also serves as a catalyst for encouraging employees to perform better and to represent the extent of their contributions and efforts (Mahato and Kaur, 2023a)

Strategic Training and Development: One of the most important factors in raising employee performance in businesses is employee training and development, which in turn boosts organizational performance and growth. Employee skills, knowledge, and abilities are improved through training and development, a human resource management technique that

eventually raises organizational productivity by improving individual task performance (Edward et al., 2022).

Strategic Performance Appraisal: Strategic performance appraisal is a systematic process that evaluates an employee's performance in alignment with the organization's strategic goals and objectives. Unlike traditional performance appraisals, which often focus solely on past performance, strategic performance appraisals are designed to enhance future performance and development by integrating organizational strategy with individual employee goals (Moon and Bates 1993).

1.8. Organization of the study

There are five chapters in the paper. The introduction section, which includes the study's background, problem statement, research hypotheses, objectives, significance, and scope, is covered in chapter one. A review of the relevant literature is provided in the second chapter. The study's techniques are explained in chapter three. Research results, findings, and discussions are analyzed and interpreted in chapter four, and the research findings recommendations are concluded in chapter five, which aims to address the research questions posed based on the problem description.

CHAPTER TWO

LITRATURE REVIEW

This section describes available literature related to the topic. It comprises definition of human resource management, models, practices, conceptual frameworks and analysis of previous studies that have been done by other scholars in the area.

2.1. Strategic Human Resource Management

In the context of Human Resource Management (HRM), the term "strategic" signifies a proactive, integrated approach that aligns HR practices with an organization's long-term goals and overall business strategy. strategic Human Resource Management builds a bridge between an organization's business goals and the people who accomplish them. In this tactical role, HR has a wider reach and must reorientate its responsibilities (Erik van Vulpe,2020)

Strategic management of human resources adds value in the following ways:

- **Connecting employees with organizational goals** – The Strategic Human Resource Management process ensures that HR practices, policies, and strategies link employees with the company's path to accomplishing its broader organizational objectives.
- **Gaining a competitive advantage** – Knowing exactly where leadership wants to take the organization allows the HR department to focus on the skills and abilities people need to do the work it takes to get there. Through effective talent management, training, and development, SHRM can lead to a more competent and skilled workforce that yields a competitive edge over rivals.
- **Adapting to change** – A strategic approach to HRM means continually looking ahead, allowing organizations to anticipate and quickly adapt to changes in the business environment. Plans can adjust to accommodate technological advancements, market shifts, or evolving workforce demographics. Meanwhile, HR supports, motivates, and communicates with employees throughout the adjustments

Table 2.1 below outlines the differences between traditional HRM and strategic HRM.

No	Core Focus	Traditional HRM	Strategic HRM
1		Administrative tasks: Payroll, compliance, record-keeping, and employee relations.	Business alignment: Linking HR practices to organizational goals (e.g., growth, innovation, competitiveness).
		Short-term: Reactive problem-solving (e.g., filling vacancies, resolving conflicts)	Long-term: Proactive planning (e.g., workforce analytics, leadership pipelines).
		Employees as "Costs": Focuses on minimizing labor expenses.	Employees as "Assets": Invests in talent development for competitive advantage
2	Role of HR	Support Function: HR is seen as a back-office department handling paperwork	Strategic Partner: HR collaborates with top management to shape business strategy
		Transactional: Focus on routine tasks (e.g., hiring, attendance tracking).	Transformational: Focus on culture, engagement, and driving organizational change
3	Approach to Employees	Reactive: Addresses employee issues as they arise	Proactive: Anticipates future needs (e.g., upskilling for digital transformation).
		Standardized Policies: One-size-fits-all rules (e.g., fixed working hours).	Flexible Practices: Tailored to employee needs (e.g., remote work, personalized development).
		Compliance-Driven: Emphasizes adherence to labor laws and regulations	Engagement-Driven: Prioritizes employee experience, motivation, and retention
4	Workforce Planning	Short-Term Staffing: Focus on filling immediate vacancies	Talent Pipeline: Identifies future skill gaps and builds succession plans
		Static Roles: Jobs defined rigidly	Dynamic Roles: Adapts job designs to evolving business needs (e.g., cross-functional teams).
5	Metrics & Outcomes	Basic Metrics: Headcount, turnover rate, absenteeism	Strategic Metrics: ROI of training, employee productivity, alignment with business KPIs
		Cost Control: Reduces expenses (e.g., minimizing training budgets).	Value Creation: Measures HR's impact on innovation, customer satisfaction, and profitability

Sources: Basil Oyakhire, 2020

2.2. Theoretical Literature Strategic Human Resource Management

Strategic human resources management has been defined differently by many academics. (Cania, 2017) The process of developing human resource (HR) strategies that are integrated both horizontally and vertically with the business strategy is known as strategic human resource management. These strategies outline goals and plans pertaining to both general organizational issues and more focused facets of people management, including employee interactions, learning and development, resourcing, and rewards. As a result, the strategic role of human resources in a business is the primary emphasis of SHRM practices. SHRM is an efficient use of HR professionals to help businesses deal with environmental and competitive pressures that can guarantee the long-term accomplishment of the company's goals. The process of developing and implementing human resource policies and procedures that result in the employee capabilities and behaviors required by the business to accomplish its strategic goals is known as strategic human resource management. (Dessler et al., 2020).

The process of deciding on an organization's goals and plans for the employment relationship, as well as for hiring, training, development, performance management, and other organizational strategies, policies, and practices, is known as strategic human resource management. (Armstrong, 2016) "The pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals" is the definition of strategic human resource management. (Rogers and Wright, 2011).

The pattern of planned human resource deployments and activities is known as strategic human resource management. The process of connecting the human resources department with the organization's strategic goals in order to enhance performance is known as strategic human resource management. One of the biggest issues facing businesses in the fast-paced business world of today is attracting and retaining smart and experienced workers. Unless the organization has the appropriate people in the right jobs, with the right skills and habits, who are driven in the right ways, and who are backed by the right leaders, no strategy, no matter how well-designed, will succeed. The abilities and capabilities of a company's workforce can give it a competitive edge and help it accomplish its objectives. So, to be successful more value must be given to people. The proactive management of people to achieve the desired value for them is known as strategic human resource management. It is intended to support business objectives while assisting organizations in better meeting the demands of their

workforce. The idea of Strategic Human Resource Management (SHRM), according to a number of analysts, has developed as a link between human resource management and company strategy. The foundation of the SHRM concept of people management is the idea that human resources are particularly crucial to the long-term viability of a company. Effective use of employees, leveraging their knowledge and creativity to achieve well-defined goals, gives a company a competitive edge. SHRM seeks to guarantee that the organization's culture, style, and structure, as well as the caliber, dedication, and drive of its workforce, fully support the accomplishment of corporate goals. To achieve an organization's strategic goals, HR strategies incorporate all people management operations into a well-planned and cohesive program (Allen and Wright, 2009).

2.2.1. Strategic Recruitment and Selection

The goal of the course is to understand the foundation of manpower in order to meet the staffing agenda obligation and use effective results. The process of polarizing people in a timely way, in sufficient numbers, and with the right qualifications to apply for jobs with the company, then selecting the best candidates who meet the organization's needs is known as strategic recruitment and selection. (Gusdorf, 2014)

According to Schuler (2000,) more and more companies are recognizing the importance of managing their human resources as effectively as possible. highlight that- SHRM is largely about integration and adaptation. It finds that the company's perception of the human resources needed to maintain a competitive edge over their rivals is largely influenced by recruiting and selection. Finding, advertising, and interviewing potential hires are all part of the recruiting process; staffing and preparing new hires for their new positions is part of the selection process. (Sangeetha, 2010). Every stage of the hiring and selection process requires significant thought and time if a company is to maintain its competitive edge. Future business decisions will be influenced by the choices made throughout the hiring and selection process. An organization may incur significant expenses as a result of poor selection decisions. As a result, this is a crucial step in strategic HR management. There is a collection of universally applicable best HRM practices that are best in any circumstance. Adaptation of these practices will lead to superior organizational performance (Armstrong, 2015) According to Armstrong, analysis of recruitment strengths and weaknesses, analysis of the requirements and also identifying sources for candidates are all steps required in the planning of attracting candidates. planning for future job and employee needs as well as the way the

organization performs within its various functions is an essential aspect. When a recruitment program is effective it will appeal to a greater number of applicants. Furthermore, having more applications leaves the recruiter with more of a choice.

2.2.2. Strategic Compensation and Reward

Referring to (Mahato and Kaur, 2023b), In order to ensure that people are paid fairly, rationally, and consistently in accordance with their value to the company and help it achieve its objectives, strategic compensation and reward is concerned with the creation and implementation of plans and policies. Bratton et al., (2022), mentioned that reward management is —central to the regulation of the employment relationship and is one of the central pillars of HR management.

Regardless of the pay bases that are selected, companies should aim to develop: internally consistent market and compensation systems; strategic and internal/horizontal fit with other HR systems; competitiveness in the market to keep talent from leaving; and the ability to consistently draw in top talent. The research on performance management and awards has shown us that there is usually a distribution of performers, from poor and average performers to exceptional and high achievers. In order to identify high-performing individual contributors, a business must be able to provide some differentiation for these personnel groupings. Building on the idea of worker flexibility, businesses must also differentiate their approaches to benefits and remuneration for various workforce segments. Since it might elicit various feelings from other groups of employees who are on permanent full-time employment versus non-standard forms of employment, an equal and one-size-fits-all approach might not be the best course of action. Additionally, flexibility for employees should be taken into account when designing perks and compensation. In a similar vein, a company must reward and acknowledge its best employees in order to keep them from leaving for competitors (Sorn et al., 2023).

2.2.3. Strategic Training and Development

Strategic training is a deliberate, methodical process that increases employees' knowledge, skills, abilities, and capabilities—all of which are essential for them to do their jobs effectively. Analyzing training needs, creating training programs, providing training, and tracking and assessing training are all included in strategic training and development from the perspective of

HR development. (Puspita and Nurhalim, 2021a). Strategic training and development refer to the planning and execution of training and development programs with the intention of improving organizational performance. To be successful, an organization's training and development initiatives must align with its overall business plan. It is often known that high-achieving companies strategically invest in training and development initiatives in addition to supporting them. Salas and colleague (Salas et al. 2018).

highlighted that strategic training and development programs that assist businesses enhance their ability to identify, adapt, and anticipate changes in the workplace include knowledge management, continuous learning, and development activities. Employee training and development is the strategic acquisition of job-related skills, knowledge, behavior, and abilities that are necessary for effective (Sothy, 2019) .

To create an efficient training and development program that is strategic in achieving organizational goals, a company must first identify training needs through training need assessment. This is because human resource development and training are expensive; therefore, a solid justification must be given before putting it into practice. The next stage is to choose methods appropriate for these needs, plan how to apply them, and design the training requirements based on the findings of (Puspita and Nurhalim, 2021b).

The following stage entails choosing methods appropriate for these requirements, organizing their application, and then assess the results. Training requirements assessment, according to Leigh, Watkins, Plat, and Kaufmann (2000), is the process of matching training systems to the business strategy and operational limitations of the company. Systems for training and development should also be created to facilitate the transfer and acquisition of knowledge and skills. Systematic training and development leads to increased employee dedication, better customer service, better work performance, and the availability of a skilled labor pool for the company, all of which boost productivity argues that training and development improve knowledge and skills and to change trainees' attitude of employees in an organization. The benefits that an organization receives from training and developing its staff include: increasing confidence and commitment of staff, providing the necessary recognition, and enhancing responsibility that can result in promotion of employees. Successful businesses help their employees through training and development activities, which are an essential part of their business plan, in order to bridge the gap between what should and is happening in an organization. Employees are a company's most valuable resource, and their competitive advantage comes from increased productivity brought about by training and development. Training and development for employees enhances their knowledge, aptitude, and ability to

think, which boosts organizational effectiveness and provides firms a competitive advantage. Also asserts that training and development increases employees 'innovation, invention, efficiencies and capacity to accept new techniques and technologies(Armstrong, 2015).

2.2.4. Strategic Performance Appraisal

According Bayo-Moriones et al., (2016), The determination and certification of an entity's performance on the job is known as strategic performance appraisal. A planned and comprehensive strategy to achieving long-term success for organizations, performance management aims to enhance employee performance as well as the capacities of teams and individual contributors.

Terracciano (2017)Linking HR practices and policies to the overarching strategic concerns facing firms is the fundamental reasoning behind strategic HRM. To ensure a successful assessment process, managers should set performance standards that align with the organization's strategic goals. Managers can so assess employees' performance by contrasting their actual performance with predetermined benchmarks. Researchers refer to these techniques as strategic HR practices primarily because of the connection between HR practices and strategic issues in firms. Because it serves three primary functions in organizations—strategic, administrative, and developmental formal evaluation system is seen as a very important practice. Furthermore, the formal performance appraisal system has emerged as a crucial component of studies on collections or systems of human resources procedures. HRM researchers have found positive effects for this practice on different organizational measures: for instance, found positive associations between such a practice and perceptual measures of organizational performance. Such a practice was also proven to be effective and positively associated with subjective measures of organizational performance. Performance appraisal system was also found as an effective practice, which could positively affect organizational performance by(Hamidi, 2023) .

2.2.5. Organizational Performance

Gutterman (2023), Organizational performance can be defined as the actual output or outcomes of an organization as compared to its future outputs (or goals and objectives). defined the opportunity, incentive, and capacity to participate in staff functions as performance. (Lee, 2022) is the belief that an organization's total performance is the consequence of how well its resources and activities interact to enable qualified persons to achieve the intended outcomes. Analyzing an organization's performance in relation to its goals and objectives is known as

organizational performance. To put it another way, actual results or outputs relative to planned outputs make up organizational performance. Numerous academics have studied the variables influencing corporate performance. Academics have questioned business performance metrics. Previous research by (Selvam et al., 2016).

Innovation: -is the belief that ideas can be transformed into new, better, or altered products, processes, or services. Improved product or service quality, increased production volume, lower costs, expanding into new markets, adaptable product processes, and enhanced management performance are all examples of innovation. (Roach et al., 2021).

Service Quality: - The gap between what customers expect and what they actually receive is known as service quality. An assessment of consumers' opinions regarding the elements of services is known as service quality. These elements could include the ultimate result, physical quality, and interaction quality. (Grönroos, 2001)

Growth: - refers to the degree to which organization is growing in terms of business operations and profits. According to Gupta et al., (2013), growth is the ability of the organization to excel in all respect.

2.3. Strategic Management Practices

Many studies have examined the concept of strategic management in businesses. Researchers have created their own framework to handle the central issue of strategic management, which is how to create and preserve competitive advantage, by adopting two well-known strategic management paradigms. (Chiuri,2016).

The complexity of global markets, technological developments, and changing stakeholder expectations have all contributed to the ongoing evolution of strategic management practices. Research has highlighted the significance of agility, sustainability, and digital transformation in strategic management. With an emphasis on their creation, application, and assessment as well as their effects on organizational performance, this literature review examines current advancements in strategic management techniques. The transition from conventional, linear strategic planning to more flexible and inclusive methods is highlighted in recent research. Strategic management frameworks need to be rethought in light of the emergence of digital technology, globalization, and environmental concerns. Agile approach, which emphasizes adaptability, quick experimentation, and iterative planning, has become more popular. This strategy is especially applicable to sectors of the economy that are marked by significant disruption and uncertainty. social, environmental. The concept of agile strategy has gained

prominence, emphasizing flexibility, rapid experimentation, and iterative planning. This approach is particularly relevant in industries characterized by high uncertainty and disruption. Environmental, Social, and Governance (ESG) considerations have become integral to strategic management. Firms are increasingly aligning their strategies with sustainability goals to meet regulatory requirements and stakeholder expectations. The integration of digital technologies, such as artificial intelligence (AI), big data, and the Internet of Things (IoT), has transformed strategic decision-making processes (Oluwatosin Yetunde and Abdul-Azeez et al., 2024).

Despite advancements, organizations continue to face challenges in implementing strategic management practices. Environmental Volatility: The increasing pace of technological change and geopolitical instability has made long-term planning more difficult (McKinsey, 2015). Resistance to Change: Cultural resistance and siloed organizational structures remain significant barriers to effective strategy implementation (Allen and Wright, 2017).

Empirical research from the past decade demonstrates the positive impact of strategic management practices on organizational performance. Financial Performance: Firms with robust strategic management practices consistently outperform their peers in terms of profitability and market share. Innovation and Adaptability. Organizations that embrace agile strategies and dynamic capabilities are better equipped to respond to market disruptions (Teece, 2014). Sustainability Outcomes: Integrating ESG considerations into strategic management has been shown to enhance brand reputation, customer loyalty, and long-term financial performance (Iyobhebhe et al., 2024).

2.4. Competitiveness

Several proposals found on literature show the lack of consensus around how to measure the competitiveness of a firm. Measurement models have included commonly economic and performance indicators (ex. Sales return, profitability, profits). However, competitiveness is a construct that receive influence of a combination of several factors (Sauka, 2014). It is also conceived as important including organizational factors (ex, human recourses, productivity, culture, innovation and technologies, even a sustainability concept that influence the performance of the organizational competitiveness) and external factors (ex. Networking, Institutionalality, industry conditions).

Organizational Competitiveness is a complex construct with a dynamic nature, which may involve different factors that could be control or non-controlled by the organization. Some of the proposal of measurement considered the arguments, considerations and methodologies of.

The notion of competitiveness is complex and refers to a business's ability to survive in a competitive environment by offering top-notch goods and services at competitive prices both locally and internationally in comparison to the capabilities and accomplishments of other businesses in their sector. (Gorret Idah and Egessa, 2023.). The study conducted by Emad et al. (2017) highlights how important the company's inventory is to obtaining a competitive edge in the marketplace. Successful businesses are increasingly investing in innovation to keep a competitive edge and strengthen their position in the market. The competitive performance of a corporation is heavily influenced by internal firm characteristics such as strategy, structure, talents, innovation capability, and other tangible and intangible resources (Puspita and Nurhalim, 2021)

Porter's (1985) to be competitive, a business must continuously innovate, leveraging both internal and external resources to offer customers more value and produce unrivaled revenue potential. Non-monetary performance metrics have been used as competitiveness indicators. Among the elements covered in this analysis are market share, customer satisfaction, customer retention, productivity and efficiency, and customer responsiveness. Getting a low-cost advantage that boosts operational efficiency and getting a differentiation advantage that can boost market share and customer response are the two primary factors that determine a company's capacity to perform better, according to the idea of competitive advantage.

2.5. Competitive Dimensions:

Most literatures in this subject determined different number of competition dimensions, but the adopted by the researcher in this study are four dimensions can be summarized in: (Cost, flexibility, delivery, and quality).

2.5.1. Cost, as a Competitive Dimensions: The focus on cost reduction is the most commonly dimension used by the organizations, especially those in markets where the customers are sensitive to prices. The factors that lead to lower costs; increased experience, qualifications, and education, successful investment, initiated suitable policies for production and distribution, and the exploitation of resources available. The organizations that have this dimension often allow to control on the market, and have the ability to outperform competitors. In addition, we can say that the organizations have a competitive advantage, when the accumulated costs related to productive activities less than those of competitors.

2.5.2. Flexibility, as a Competitive Dimensions: In the organization's ability to provide a variety and different levels in the target market through its ability to keep pace with developments in technology, and design products and services according to customer expectations. In addition to the ability of the organizations respond to the changes in the

customer demand either increases or decreases. The flexibility is important dimensions for the purposes of competition by quick responding to the customer's needs. (Karajewski and Ratzman, 2005, 65), defined flexibility as a property company's operations that enable it to respond to the needs of its customers quickly and efficiently. (Dillworth, 1996, 66) Confirms flexibility; is adjust services to respond to customers' requirements and to avoid their complaints and then to achieve high levels of customer satisfaction. In addition to that, the organization's owned a largest market share than other competitors, in order to reduce the overall costs.

2.5.3. Delivery, as a competitive dimensions: The speed of service and response to customer demand has become one of the factors of competitions between organizations, this is linked to the customer's willingness to pay higher cost for the services or products he\she needs in a timely. Whenever the organization was able to respond to the needs and requirements of the customer quickly and shortest time over competitors whenever Organization received a larger market share and charging higher prices for their services, at least until the arrival of competitors to the market. (Noori and Redford, 1995,53), say that the organizations can produced (product or services) faster delivery than its competitors whenever achieved a reduction in costs and managed to get a large market share, speed delivery can be measured as a time taken between receipt of customer demand and meet the needs by that request on time Noori, Hamid, (1995).

2.5.4. Quality, as a competitive dimensions: Services and products organizations focused on the quality of those services and products, which it's in turn, achieve the customer satisfaction and meet expectations through quality of design of the product or service in addition to the quality of the service itself. Many organizations work to achieve high quality for their services or products in order to remain and continuous working in the competition market. Uses quality as a tool for competition requires organizations to consider the quality as the entrance to satisfy customers, not just as a way to solve problems and reduce costs Baker, Michael., (1992). Any organization can be achieving a larger market share and a high rate of returns on investment, and achieve customer satisfaction, in addition to control the prices of services provided through the provision of high-quality Service or product offered through that organization

2.6. Organizational Competitiveness

Businesses today face a number of issues, including globalization, accelerating environmental change, growing competition, and complicated consumer expectations. Businesses today face a number of issues, including globalization, accelerating environmental change, growing competition, and complicated consumer expectations. (Rosa et al., 2018a).

According to Ageron et al. (2012), Because of the ongoing change, competition, and open markets that define today's business climate, there is a greater need than ever to innovate, adapt, and differentiate oneself from the competitors. The concept of competitive advantages analyzes the economics of company activity, mainly focusing on its ability to generate a much greater return on invested capital and to link the company's strategy with the main financial markets over an extended period of time. The competitive advantage exists when the enterprise owns and develops a combination of specific characteristics that allow it to overtake its competitors and be more competitive. An effective competitive strategy must be in order to carry out these activities and to ensure that the company has an advantage compared to competitors. A competitive strategy is a summary of the vision that a firm perceives against its competitors(Yuleva-Chuchulayna & Emilova Yuleva, 2019)'

Companies' actions and strategies in competitive markets are impacted by external forces outside their control. It's often held that businesses can boost their competitiveness by focusing on both internal (maximizing internal resources like employee training and expertise) and external (cutting costs) factors(Farida and Setiawan, 2022) . To increase competitiveness, it is crucial to create an environment that is conducive to business expansion. Promoting organizations and enacting industrial or economic policies that enable companies to better leverage their competitive advantages—including cost reductions—are two ways to accomplish this goal.(Rosa et al., 2018b).

2.6.1. Approaches of Organizational Competitiveness

Since competitiveness is essential for surviving in fiercely competitive and dynamic environments, its complexity has caught the interest of academics and professionals. The industry-based perspective and the resource-based view are the two main research streams on firm-level competitiveness, while there are other approaches used in the literature as well. The industry-based model examines competitiveness at the firm level from the standpoint of industry conditions that could produce competitive advantages, whereas the resource-based view views competitiveness from a company's internal resources and attributes as a way to achieve superior performances. Every academic discipline is aware of the factors that may impact an organization's capacity to compete through interactions with both internal and external stakeholders(Zuñiga-Collazos et al., 2019a)

2.6.2. Internal and external factors affecting Organizational Competitiveness

Organizational competitiveness is a complex idea that is influenced by a wide range of factors. One of the internal components is an individual's ability to strategically operate in a market due to pressure from industry rivalry. Furthermore, by external factors that are out of their control

yet have an impact on how companies behave and operate in highly competitive markets. According to several claims, "Competitive opportunities have been identified both inside firms (exploiting useful firm resources like employee learning and knowledge and speed and flexibility to carry out changes to adapt to the new environmental conditions; and decreasing costs," with the primary factors of analysis found in the literature: "Competitive opportunities have been identified both inside firms (securing a good reputation with stakeholders) and outside of them (utilizing valuable firm resources like employee learning and knowledge, speed and flexibility to implement changes to adapt to the new environmental conditions, and lowering costs(Zuñiga-Collazos et al., 2019b)

2.6.2.1. Internal Factors of Organizational competitiveness

When assessing an organization's competitiveness, internal factors include processes, systems, human capital, structure, performance, and organizational practices. Through the interaction of internal components, the objective of becoming competitive through attaining improved performance and long-term competitive advantages is accomplished. The literature demonstrates that internal factors, which are the foundation of any organization's success, include supply chain integration, human capital development, quality management, knowledge, financial and organizational management, sustainability, information, and communication. When compared to the primary competitors in the industry, a company's performance and competitive advantages are influenced by how it handles every aspect of its internal operations. These elements turn into resources, tools, routes, and assets that can be skillfully utilized(Zuñiga-Collazos et al., 2019b)

2.6.2.2. External factors of Organizational competitiveness

Organizational competitiveness can also be impacted by external factors because firms operate in different environments and are a part of an industry. Even if it is conceived at the firm level, competitiveness is nevertheless a key concept for economic policy, the government, and all enterprises in the sector. External factors can affect a firm's competitive position by determining and assessing external resources and competences that can be developed to achieve competitive advantages that will increase organizational competitiveness. The efficiency of the industry, the infrastructure and resources available, and the relationships between the institutions participating in the competitive market all affect a firm's capacity to become competitive. The development of a suitable space for attaining a better performance of the business activity may have an effect on competitiveness through the establishment of a firm's comparative advantages (such as cost reductions) and the support of institutions and industrial or economic policies (Zuñiga-Collazos et al., 2019).

2.7. Ethiopian Commercial Banks Outlook

The Ethiopian banking sector is characterized by a mix of state-owned and private banks. According to Abiyot Alemu (2021), the sector has seen rapid growth, with the number of banks increasing from 14 in 2013 to 18 by 2021. This expansion reflects the government's efforts to enhance financial inclusion and stimulate economic growth.

The National Bank of Ethiopia (NBE) plays a crucial role in regulating the banking sector. The NBE has implemented various reforms aimed at improving the stability and competitiveness of commercial banks. As noted, Ethiopia Financial Sector Development (2019) these reforms include enhancing capital requirements, introducing risk-based banking regulations, and promoting transparency in banking operations.

Competitiveness of Ethiopian Commercial Banks, Market Structure and Competition. The competitive landscape of Ethiopian commercial banks has evolved significantly over the past decade. The entry of private banks has intensified competition, leading to improved services and product offerings. A study by Wesen Legessa (2019) indicates that private banks have outperformed state-owned banks in terms of customer service and technological adoption.

Financial Performance, Research by Mehari Mekonnen (2024) highlights that the financial performance of Ethiopian banks has improved, with increased profitability and asset growth. However, challenges remain, including high non-performing loans and limited access to international markets, which can hinder competitiveness.

Impact of Technology on Banking, Digital Transformation the advent of digital banking has significantly impacted the competitiveness of Ethiopian commercial banks. According to Prashant Bansal and Madhu_Chavva (2024) banks are increasingly adopting digital platforms to enhance customer experience and operational efficiency. Mobile banking and online services have become essential for attracting tech-savvy customers, especially the youth demographic.

Financial Technology (FinTech) The rise of FinTech companies poses both challenges and opportunities for traditional banks. Research by Biruk (2021) suggests that collaboration between banks and FinTech firms can enhance service delivery and expand the customer base. However, traditional banks must adapt to the competitive pressure posed by agile FinTech startups.

Foreign Investment Globalization has led to increased foreign investment in Ethiopia's banking sector. Studies by Hailu (2019) indicate that foreign banks' entry can lead to knowledge transfer and improved banking practices. However, this raises concerns about market dominance and the

potential marginalization of local banks. regulatory Constraints While the NBE has implemented reforms, some regulations may still constrain the growth of commercial banks. For instance, strict lending policies can limit banks' ability to extend credit, impacting their profitability and competitiveness (Mohammed Yusuf and Adem Shikur, 2023)

The African banking system has also benefited from the growing presence and participation of foreign banks across the continent, including Pan African Banks such as Eco bank and Bank of Africa that have expanded beyond their parent countries. Evidence suggests that the presence of larger foreign banks is usually associated with greater access to finance for small and medium scale enterprise. However, unfair competition can arise in cases where foreign banks disproportionately dominate the banking industry in terms of assets and branches. In Africa, there is evidence that, foreign and private owned banks are more efficient than their public counterparts and that bank could save between 20% - 30% of their total cost if they were operating efficiently. Honohan and Beck (2007) argues that banking crises in Africa were somewhat different from those outside because crises on the continent were caused by governance related problems both in the banking and in the regulatory systems. These crises made regulatory authorities more conservative and reforms taken helped the continent improve the stability of its banking system. The banking system has also made great progress towards better asset quality and more capitalization (Beck, 2011) cited by African Development Group (2015).

Despite heavy pressure from the United States Government, as evidenced from WikiLeaks messages, the Ethiopian government continues by law to prohibit the entry of foreign banks to the country. Barriers to entry in the banking sector reinforce inefficient state-owned enterprises by shielding them from competition. The government 's concern is that if foreign banks were to be allowed to operate in Ethiopia, it may lose of control over the economy. This position is based on the infant industry argument. Prohibiting foreign bank entry at this time would prevent the domestic banks from being weakened because of unfair competition from foreign banks (Bezabeh and Desta, 2014)

Yet controlled development and expansion of private sector banking, including the admission of foreign capital and operations, can deliver meaningful benefits to a country such as Ethiopia. These benefits may include improvements in the overall efficiency of the sector, the transfer of skills for employers and regulations, and greater financial stability by reducing the need for cross boarder flows. Thus, although mismanaged financial development can lead to financial

crisis, forming policies that promote successful financial development can greatly improve the environment the environment for economic growth(Ibrahim et al., 2024)

It was in 1905 that the first bank, the –Bank of Abyssiniall was established based on the agreement signed between the Ethiopian government and the National Bank of Egypt, which was owned by the British. The first privately owned company in Ethiopian banking business was Addis Ababa Bank S.C., established in 1964. This was carrying out typically commercial banking business. Thus, until the end of 1974, there were state owned, foreign owned and Ethiopian owned banks in Ethiopia. Following the 1974 revolution, on Jan1, 1974 all private banks and 13 insurance companies were nationalized and along with state owned banks, placed under the coordination, supervision and control of the National Bank of Ethiopia. After the dawn fall of Derg Regime several private companies were formed during the early 1990s. One of which was Oda S.C that conceived the idea of establishing a private bank and private insurance company in anticipation of a law which will open up the financial sector to private investors

The new Proclamation No. 84/1994 of Ethiopian government allowed the private sector to engage in the banking business. Following this proclamation Ethiopia witnessed a proliferation of domestic private banks. (Ethiopian Government, Proclamation No. 84/1994). The primary role of commercial banks is to mobilize deposit and avail such resource for investment. Banks also play a pivotal role in the financial system, in the clearing and settlement of transactions. This intermediary role removes deficiency of capital which in turn plays significant impact in bringing economic development in a nation. However, studies made regarding financial sector in Ethiopia witness its infancy and dominancy by the state- owned commercial bank. Literature also reveals, compared to most countries, Ethiopia has taken a cautious approach toward the liberalization of its banking industry. For all intents and purposes, its industry is closed and generally less developed than its regional peers. (Rosa et al., 2018b).

2.8. Empirical Literature

Numerous studies demonstrate a hopeful and favorable correlation between organizational performance and strategic HRM approaches. Studies that examine the impact of strategic human resource management on organizational performance at both the conceptual and empirical levels are becoming more and more numerous. Even if the effects are frequently quite minor, the majority of research that analyze the impact come to the conclusion that strategic human resource management improves organizational performance(Collings et al., 2022).

Many researches attempted to measure the impact of strategic human resource management on organizational performance and concluded that there is a significant effect of strategic human resource management on performance (Gurbuz and Mert, 2014). Alaraqi, (2017b) said that there is no set way to assess an organization's human resource performance. As a result, they claimed that improved strategic HRM policies can boost the competitiveness of organizations. Every company in the same sector evaluates performance in a unique manner. As a result, despite being in the same industry, one set performance metric cannot be applied to all firms. (Kalyani, 2021)

carried out research on how Kenyan public universities' performance is impacted by their HRM practices. The purpose of this study is to determine how strategic HRM practices affect Kenyan public universities' performance. The results of the study indicated that the performance of Kenya's public universities is significantly impacted by strategic HRM practices. The results also showed that the success of public universities was impacted by training and development, reward management, and resource management, in that order. Organizational performance and strategic human resource management are strongly correlated, according to a number of authors' studies examining the relationship between the two in a variety of contexts (Asha, 2022).

2.8.1. Strategic Recruitment and Selection Contributions to Organizational Competitiveness

One of the operations that has the biggest effects on an organization's success is strategic recruitment, which is a strategic human resource management function. It is recommended that a lot of work be put into the recruitment and selection procedures, even though it is acknowledged that bad hiring choices still have an impact on organizational performance and restrict goal achievement (Arokiasamy et al., 2023).

In order to guarantee employee performance and favorable organizational results, strategic recruitment and selection are also crucial. It is sometimes asserted that hiring decisions are made with the intention of placing people who can perform well and exhibit performance, rather than merely replacing departing employees or expanding the workforce (Adeyinka Oyadiran et al., 2023).

If companies can hire people who already have the necessary knowledge, skills, and aptitudes and can accurately predict their future abilities, then strategic recruitment and selection play a critical role in determining an organization's effectiveness and performance. Effective strategic staffing can save unfavorable expenses, such as those related to excessive employee

turnover, subpar work, and unhappy clients, and it can create a win-win working partnership where both parties, whenever feasible, perform well (Anvari et al., 2014).

A helpful summary of possible advantages and disadvantages is given by Pilbeam and Corbridge (2006), who point out that: An organization's ability to function depends on its hiring and selection process, and there are strong arguments for doing it correctly. Making poor hiring choices can be upsetting for managers who must deal with unfit workers, diminish organizational effectiveness, invalidate reward and development plans, and be unfair to the individual hire. Strategic Recruiting and selection are very important for the survival of every organization but that does not end there, new recruits need to be developed and appraised from time to time in order for them to be abreast with new trends and challenges. When employees are developed it help increase their competitiveness and help sustain the growth of organizations (Kemal, 2020).

2.8.2. Strategic Compensation and Rewards contributions to Organizational Competitiveness

Performance based returns is the main strategic human resource management practice that companies use to assess and reward workers' efforts. Clearly, performance-based return has a positive effect upon workers and organizational performance. Prior studies on the association among performance-related pay and business performance have normally found an optimistic association, but a rising body of empirical studies recommends that it is not just pay level that matters, but pay structure as well (Mahato and Kaur, 2023b).

Documented that compensation and reward policy has a significant relationship with organizational performance. their study on rapid vs. slow growth companies found that workers incentives distinguished the rapid- growth from the slow-growth firms. Companies that were keen to reach rapid-growth provided their workers monetary incentives and stock choices as part of their reward packages. In doing so, firms managed to achieve high levels of performance from workers, provide employees the sense that they have rights in the firm, fascinate and recall high-quality employees, and swing a share of a firm's business risk to the employees. Performance-based compensation is the sole strongest forecaster of firms' performance. Both performance-based compensation and merit-based evaluation can be viewed as constituents in organizational incentive systems that inspire individual performance and retention (Boachie-Mensah and Delali Dogbe, 2011).

In their longitudinal study on hospitality industry found that incentive programs led to higher revenue, increased profits and reduced costs. highlighted that compensation system directly

affects the operating performance. To be effective, rewards and compensation policies should be associated with organizational goals. However, researchers have found that the pay for performance can encourage workers, but the employee does not hold the loyalty and performance to organization. This means the employees are focused on the job and try to perform better but their emotional attachment with the organization should be weaker. This can cause high turnover intentions among employees(Boachie-Mensah and Delali Dogbe, 2011).

2.8.3. Strategic Training and Development contributions to Organizational competitiveness

The quality of work performance in all sectors, but particularly in banking, is one possible benefit of implementing a systematic training and development program. Industry as a result of ongoing technological advancements. For instance, training helps companies produce competent replacements for employees who may depart or be promoted to higher-level roles. Additionally, by providing enough training to employees, utilizing cutting-edge technologies, and adjusting to a shifting competitive landscape, training can help a small firm grow. Finally, training can improve productivity and motivation of employees, resulting in an increased productivity and job satisfaction. All these benefits are likely to lead directly to the underlying financial position and the vitality of enterprises (Nkwinika and Akinola, 2023).

Kroon compared the rapid performance and slow performance of the company; he found that rapid performance depends largely on the ability of companies and their employees in order to maintain its performance strategy. Companies 'use training programs to achieve their goals, and stressed that slower performance can reduce the company's productivity and performance. The goal of training is to enhance the organization effectiveness. It also demands an influence on employee 's performance, as well as in relation to organizational performance which is mediated by means of employee 's performance. Training improves the overall organization profitability, effectiveness, productivity, and revenue and other outcomes that are directly related to the training in improving the quality of services (Alaraqi, 2017).

It is strongly recommended that organizations increase their training investments in order to provide superior expertise, knowledge, and features pertaining to employees rather than their competitors' relationship between training and organization performance. Human resources, not physical resources, are what determine an organization's success. Financial and non-financial metrics, such as sales, profit, and market share, are used to measure an organization's performance. Non-financial metrics include efficiency, service quality, organizational productivity, employee satisfaction, and performance, all of which can be improved through training. Employees that receive training are better able to contribute to the organization's

peak performance. Numerous studies demonstrate that firms' adoption of training and development initiatives improves organizational performance and promotes long-term success(Singh et al., 2023)

Prior studies on the association among performance-related pay and business performance have normally found an optimistic association, but a rising body of empirical studies recommends that it is not just pay level that matters, but pay structure as well(Fang & Gerhart, 2012) documented that compensation and reward policy has a significant relationship with organizational performance. discovered that employee incentives differentiated fast-growing organizations from slow-growing ones in their research of the two types of businesses. As part of their compensation packages, companies eager to achieve quick growth offered their employees stock options and financial incentives. In this way, companies were able to get great performance out of their employees, give them a sense of ownership over the company, attract and retain top talent, and transfer a portion of the business risk to the employees. There is no better indicator of a company's performance than performance-based compensation. Merit-based evaluation and performance-based pay are both components of organizational incentive schemes that motivate employee retention and success(Modise and Modise, 2023).

Banker et al. (2001) in their longitudinal study on hospitality industry found that incentive programs led to higher revenue, increased profits and reduced costs. Similarly, Paul and Acantharean (2003) highlighted that compensation system directly affects the operating performance. To be effective, rewards and compensation policies should be associated with organizational goals. However, researchers have found that the pay for performance can encourage workers, but the employee does not hold the loyalty and performance to organization This means the employees are focused on the job and try to perform better but their emotional attachment with the organization should be weaker. This can cause high turnover intentions among employees(Saeed et al., 2014)

2.8.4. Strategic Performance Management Contributions to Organizational Competitiveness

The organizational performance criteria should include profitability, productivity, marketing effectiveness, customer satisfaction, but also employee morale. In this perspective, employee performance is tightly related to organizational performance, effective and efficient employee performance will positively influence organizational performance. Consequently, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees' performance at work. According to this respect, performance management and appraisal systems have come to play an indispensable role in helping

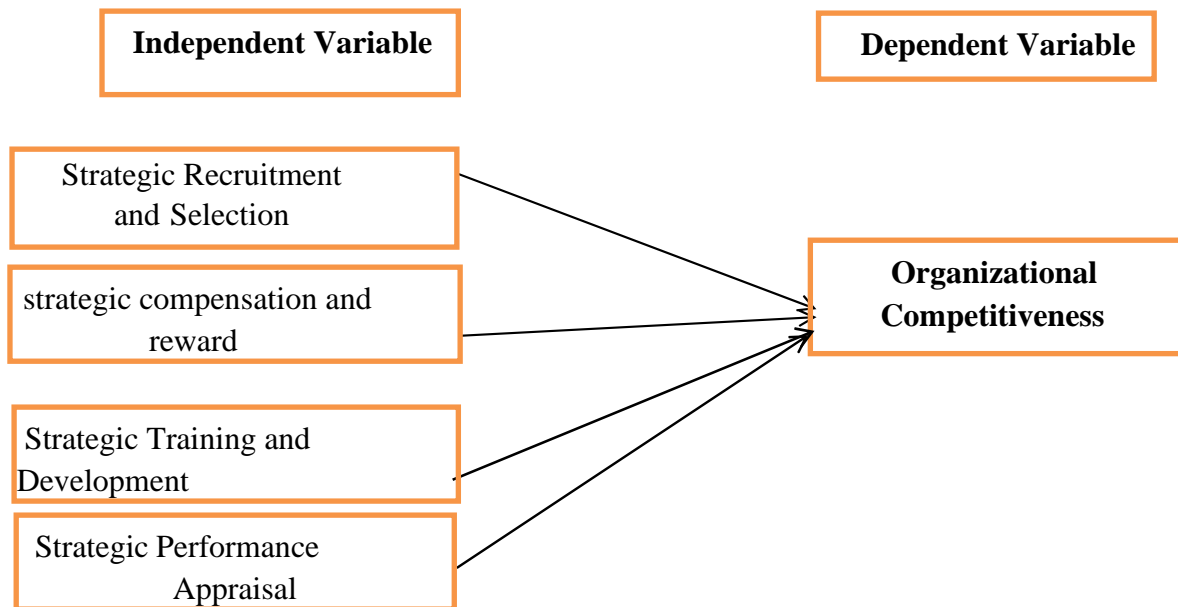
organizations to reach their goals of productivity(I. et al., 2024).

Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource.(Wright et al., 2003) conducted research whose results support the notion that businesses which manage employees by using more progressive human resource practices can expect to see higher operational performance as a result. Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop. Performance feedback has significant potential to benefit employees in terms of individual and team performance. Moreover, effective performance feedback has the potential to enhance employee engagement, motivation, and job satisfaction. The goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction. Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance(Aguinis et al., 2012)

The need to have an effective Performance Appraisal System is supported by (Idowu, 2017), who says that measuring the performance of employees is a compulsory task as it allows a firm to have a record of current firm activity in order to judge their progress and help refocus strategy. This information must always be compared against past performance and initial goals, as well as firms must also compare their performance with other compatible firms.

2.9. Conceptual Model of the Study

The conceptual framework of this study is prepared based on the objectives of the study. This framework serves as the basis for analyzing the influence of SHRM practices on the competitiveness of commercial banks, guiding the research methodology and analysis. The figure below illustrates the conceptual framework of this study.



Source: Dessler, G. (2020). Fundamentals of Human Resource Management

Figure 1: conceptual frame work of study

CHAPTER THREE

RESEARCH METHODOLOGY

The process of methodically addressing a research problem is known as research methodology, and it comprises the actions that are often taken in order to explore this problem as well as the reasoning behind them. Thus, the research design, research methodology, data type and sources, population and sample frame, sample size, sampling procedure, data collection tools, data analysis methodologies, interpretation, and ethical issues are all covered in detail in this part.

3.1. Description of the study area

The research selects commercial banks branches operating in Wolkite town for study area of the Effect of strategic human resource management practices on organizational competitiveness. The selection made due to accessibility of the require population subject to the study. Wolkite is a town and separate woreda in south-western Ethiopia. The administrative center of the Central Ethiopia Regional State, and Garage zone. The town has a latitude and longitude of 8°17'N 37°47'E and an elevation between 1910 and 1935 meters above sea level. It is located at 124 km The Central Ethiopia Regional State is a regional state in Hosanna and 155km south of Addis Ababa.

3.2. Research Design

This study used a descriptive researcher design to demonstrate how organizational competitiveness in Wolkite Town's commercial banks is affected by strategic HRM practices. According to Polit and Beck (2003), researchers observe, count, outline, and classify in a descriptive study. Because descriptive surveys are simple conduct using a questionnaire instrument, they were the most appropriate design for this study in light of the definitions, descriptions, and strengths mentioned above. Finding out how strategic HRM practices affect organizational competitiveness in Wolkite Town's commercial banks is the researcher's goal. This researcher uses a cross-sectional survey design with an explanatory focus. Finding the causes of the differences between variables is the goal of an explanatory research. The explanatory research design was employed in order to collect quantitative data from the intended respondents and produce comprehensive and detailed information. Therefore, both explanatory and descriptive researcher designs are needed to achieve the goals.

3.3. Research Approach

According to Kothari (2004), there are two fundamental methods for conducting research: the quantitative method and the qualitative method. The study employed a quantitative approach, where the researcher's method and plan for gathering, analyzing, and interpreting data is known

as the researcher approach. It was used to analyze numerical data using particular statistical methods, as well as to measure and evaluate both variables and the hypothesis test. In order to accomplish research goals, the quantitative method employs empirical studies that include numerical measurement and analysis. Using quantitative data analysis techniques can be very helpful to the researcher when trying to draw significant conclusions from a large volume of qualitative data. Questions are analyzed using a qualitative approach, which also explains and interprets the results of quantitative research.

3.4. Target Population and Sampling Technique

In this study, the employees of commercial banks in Wolkite city, Ethiopia, are the target demographic. The study noted in 2024 that Wolkite city, Ethiopia, had twenty registered commercial banks. Out of Wolkite city's twenty commercial banks, this study was focus on just twenty. The study's total population is established by the report from each of the commercial banks in Wolkite Town, which indicates that 325 people are employed by the banks. Calculate the sample size for each bank based on its proportion of the total employee count.

$$\text{Sample size for bank} = \left(\frac{\text{Numbers of Employeess in banks}}{\text{Total employeess}} \right) \times \text{Total sample size}$$

Table 3.1. List of commercial Banks in Wolkite city

No	Name of Bank	No of Employee	No. of Sample Size	Percentage Proportion
1	CBE	100	55	30.7 %
2	Awash Bank	20	11	6.14 %
3	Dashen Bank	16	9	5.02 %
4	Bank of Abyssinia	26	14	7.82 %
5	Wegagen Bank	7	4	2.23 %
6	Hibret Bank	15	8	3.91 %
7	Nib international Bank	34	19	10.61%
8	Cooperative Bank of Oromia	7	4	2.23%
9	Oromia Bank	8	5	2.79%
10	Bunna Bank	7	4	2.23%
11	Abay Bank	7	4	2.23%
12	Berhan Bank	8	5	2.79%
13	Addis International Bank	6	3	1.67%
14	Global Bank Ethiopia	6	3	1.67%
15	Enat Bank	6	3	1.67%
16	Amhara Bank	8	5	2.79%
17	Hijra Bank	15	8	4.46%
18	Tsehay Bank	6	3	1.67%
19	Zamzam Bank	13	7	3.91%
20	Ahadu Bank	10	5	2.79%
Total		325	179	100%

Source: HRM departement, (2025)

3.5. Sampling Technique and Sample Size

According to (Taherdoost, 2016), determining the sample size is a scientific effort that requires careful consideration. The researcher calculates the sample size for a given population using the following formula. The formula of Yamane (1967) is used to determine a representative sample size with a known confidence level of 95%. Thus, taking into account the previously mentioned factors, the sample size for this research is determined as follows:

Where:

n = required sample size

N = total population size

e = margin of error (expressed as a decimal)

$$n = \frac{N}{1 + N(e^2)} = \frac{325}{1 + 325(0.05^2)} = 179$$

A sample size of 179 was drawn from the 325 employees of the twenty (20) commercial banks. The stratified sampling and simple random sampling are adopted to select the respondents. Stratified sampling is dividing the population into subgroups (strata) based on the bank they work at and then sample from each bank. Because this method the target population was divided into strata based on the banks they work for, ensuring that the sample reflects the actual distribution of employees across different banks. Proportional representation the sampling technique was designed to select a sample size from each bank in proportion to their employee count. This method enhances the reliability of the findings by ensuring that larger banks contribute appropriately to the sample. Simple Random Sampling every employee has an equal chance of being selected. Reason this can be effective you can obtain a complete list of employees and ensure randomness in selection. This was adopted to ensure that different groups of the population are adequately represented in the sample so as to increase the level of accuracy when estimating parameters (Frankfort-Nachmias and Nachmias, 2009).

In particular a proportional stratified sampling technique was used to select sample of from each of the banks surveyed. Proportional Sampling a form of stratified sampling where the sample size for each bank is proportional to the number of employees in that bank. Reason this method allows for a fair representation based on the actual size of each bank's workforce.

3.6. Data Type and Sources of Data

For the purpose of this research both primary and secondary sources of data was utilized in order to generate both quantitative and qualitative data for its successful accomplishment. Considering that using primary data instead of secondary data is more credible, this research was collected primary data by distributing structure questionnaire for the employees of Commercial Banks in Wolaita. On the other hand, the secondary data was collected from sources like prior researches, journals, articles, books, internet websites and different manuals

and documents of the bank. Even if secondary data are less reliable, they are less time consuming and costly compared to primary data. The research collects secondary data for complementing the data obtain from the primary source.

3.7. Data Collection Instrument

Data for this study was collected using questionnaire and open-ended questions. This tool was used to collect data from primary sources necessary to investigate and interpret the opinion of respondents. Data for this study was collected use a structured self-complete research questionnaire which were distribute to the target population and was collected after a few days. Primary data was collected from the subject of study. The questionnaire used in this study was divided into two parts. Part I; was contained demographic information of the respondents; Part II was contained a series of questions to capture perception of employees on the Effect of SHRM on competitiveness. These questionnaires were distributed in each of the commercial banks. The demographic question was designed by the researcher which was contains information such as gender, age range, educational level and experience.

The survey instrument for this study utilized different scales that have been developed by the researcher. However, these scales were used in different context previously, thus current study was validated the questionnaire in commercial banks sector. Strategic recruitment and selection consist of 5 items developed by Edgar and Geare (2005), strategic reward and compensation was measured by questionnaire developed by Singh (2004) which consists of 5 items. Strategic training and development were also measured by a questionnaire developed by Bishop and Bowra, (2003) with five items. Muhammad (2007), and Cassell et al. (2002), have developed standardized questionnaire to measure Strategic performance appraisal with five items. Lastly; Alaraqi (2017) has developed a questionnaire consists of ten items in order to measure organizational competitiveness, which was used in the current research with considerable modification to make fit it to answer the research question. The researcher reviewed and gave attention on the necessary modifications, such as clarity, order, sentence construction, edit repetitive questions, and avoid irrelevance questions prior to distribution of questionnaire.

These items are rated using a 5-point Likert scale labeled as 1= strongly dis agree 2 = dis agree, 3 = somewhat agree, 4=agree and 5=strongly agree.

The study aligns with positivist research paradigms, prioritizing hypothesis testing over exploratory depth. Surveys are standard in SHRM studies (e.g., Huselid, 1995) and align with the goal of generalizing findings across 20 banks.

Even within positivism, mixed methods are increasingly advocated (Creswell & Plano Clark,

2017). For example, the U.S. banking sector often combines surveys with regulatory filings or earnings reports to study HRM impacts. Surveys are cost-effective and time-efficient for large samples (N = 179), especially in a multi-bank study.

3.8. Data Analysis Techniques

To analyze the data, both descriptive and inferential analysis techniques are employed. After making the necessary coding, the data was analyzed use Statistical Packages for Social Science (SPSS- Version 20).

3.8.1. Descriptive Analysis

Descriptive analysis was used to measure the distribution of the data collected across the Demographic variables, independent and dependent variables and present by table, distributions and percentages to analyses the demographic characteristics of respondents. This was achieving through summary statistics, which includes the mean values and percentages which was compute for each variable in this study. The interpretation is made through using the aggregate mean of each variable for the purpose of achieving partial research objectives of the study. The interpretation was made based on the following measurement scale intervals. Aggregate mean scores 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor Reilly and Pepe (1995).

3.8.2. Inferential analysis

Was the second data analysis technique employed and through this; Pearson correlation analysis and multiple regression analysis are undertaking to measure the association and relationship between SHRM practices and organization competitiveness. Multiple linear regression analysis – was used to examine the effect of SHRM practices on Organizational competitiveness. The extreme values of r, that is, when $r = \pm 1$, indicate that there is a perfect (positive or negative) correlation between X and Y. However, if r is 0, it is possible say that there is no or zero correlation. When $r = 0$, we may not assert that there is no correlation at all between X and Y. The correlation values as, weak when the correlation value is $r = 0.10 - 0.29$ or $r = -0.10$ to (-0.29) , medium when the value is $r = 0.30$ to 0.49 or $r = -0.30$ to -0.49 , and strong when the value is $r = .50$ to 1.0 or $r = -.50$ to -1.0 . (Cohen, 1988).

3.8.3. Model Specification

From the model independent variables which the study was focus on are the four SHRM practices namely, strategic recruitment and selection, strategic training and development, strategic compensation and rewards and Strategic Performance Appraisal. These all- independent variables are measure by using five points Likert scale. These independent variables are clearly defined as

follow. Strategic Recruitment and Selection: Is the effectiveness of the process that attracts and select the talented and qualified personnel in order to achieve organizational strategic goals. (Sareen, 2018).

Strategic Training and Development: is opportunities given by the employers to the employee for their career and skill development to meet future challenges faced by the organization by providing them with appropriate training to enhance their required skills. (Sareen, 2018).

Compensation and Reward is expected to promote performance and help sustain and improve employee behavior inside the company. Adopting efficient compensation plans is another way to draw in and keep human resources. It also serves as a driving force behind encouraging employees to perform better and to represent the caliber of their contributions and efforts.

Strategic performance appraisals are a set of criteria that assess an individual's performance in relation to the organization's strategic goals and serve as indicators. To enhance performance, determine training requirements, and determine incentives and pay in HR maintenance (Sareen, 2018).

The dependent variable taken into account for this study was organizational competitiveness, as determined by the model. The current research defines organizational competitiveness as a multifaceted framework based on various standards that emphasizes how individuals contribute to the organization's goals by improving the innovativeness of its products and offering top-notch services to support organizational growth.

Model specification

$$OC = \beta_0 + \beta_1 SRS + \beta_2 SRC + \beta_3 STD + \beta_3 SE + U$$

Where, $\beta_0 =$ Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4, =$ Beta coefficients

$OC =$ Organizational competitiveness (dependent variable)

$SRS =$ Strategic recruitment and selection Appraisal

$SRC =$ Strategic reward and compensation

$STD =$ Strategic training and development

$SPE =$ Strategic Performance appraisal

$U =$ standard error

3.9. Validity and Reliability Test

In order to diminish the likelihood of getting the response inaccurate, attention need to pay on validity and reliability. Reliability and validity are essential to the effectiveness of any data

gathering tools (Bashir et al., 2008). Reliability (internal consistency) and validity (face and construct validity) are considered when the research selects or designs the instruments.

3.9.1. Test of Validity

When an instrument measures what it is intended to measure, it is said to be valid. Validity can be ensured by expert opinion, supervisor and colleague comments, and supporting the items generated through literature (Mohajan and Mohajan, 2017).

The survey instrument for this study utilized different scales that have will develop by the research However, these scales are use in different context previously, thus current study was validate the questionnaire in commercial banks in Wolkite. Strategic recruitment and selection consist of 5 items developed by (Gulati, 2022)

strategic reward and compensation were measure by questionnaire developed by (Williams et al., 2008) which consists of 5 items. Strategic training and development will also measure by a questionnaire developed by(Alaraqi, 2017c) with five items.,(Krishnamoorthy and Diliman, 2014) have develop standardize questionnaire to measure strategic organization competitiveness with five items. Lastly;(Kamruzzaman et al., 2022) have develop a questionnaire consists of ten items in order to measure organizational performance, which will use in the current research with considerable modification to make fit it to answer the research question. A pre-test of the questionnaire was administered to a subset of Bank employees in order to ensure the validity of the research instrument and to obtain input on how to improve the instrument's validity in accordance with content validity. To improve the validity of the research instrument, the study also obtained and integrated expert opinions. Before the questionnaire was sent, the study evaluation focused on the necessary changes, including clarifying, organizing, and constructing sentences, removing redundant questions, and avoiding irrelevant ones.

3.9.2 Test of Reliability

Reliability is the degree to which data collection method or methods yield consistent findings, similar observations was made or conclusions reach by other research or there is transparency in how sense was made from the raw data. Reliability is the consistency of the measurement, meaning that a scale or measurement tool should consistently reflect theconstruct it is measuring over time. The inter-item consistency of the present research instrument was conduct by using Cronbach's alpha coefficient which is the most common measure of scale reliability developed (Taber, 2018). Measuring the reliability by conducting Cronbach 's alpha is a well-accept and widely employ method in the academic world (Tavakol & Dennick, 2011). Nunnally 's (Author & Peterson, 1994) suggests that alpha coefficient of .50 or greater is sufficient to draw the

conclusion of internal consistency, whilst other scholars suggest a value of .70 or greater as an acceptable value for alpha coefficient (Sekaran, 2003). The results of the reliability test show that all scales have satisfy the reliability criterion, with Cronbach ‘s alpha coefficients ranging from .660 to .751, as can be seen in Table.

Table 3.2: Cronbach's alpha coefficient

Scale	No of items	Cronbach’s alpha
Strategic Recruitment and Selection (SRS)	5	0.816
Strategic Reward and Compensation (SRC)	5	0.772
Strategic Training and Development (STD)	5	0.821
Strategic Performance Appraisal (SPA)	5	0.762
Organizational competitiveness (OP)	10	0.923

Source: own data analysis 2025

3.10. Ethical Considerations

The ethical issues of privacy and confidentiality were discussed. The promise was always kept with a deliberate and focused effort. Respondents from Wolkite Town's commercial banks were assured that the research report would not reveal their identities.

The research made an effort to make it apparent to the participants that the study was being conducted for academic purposes. They were also told that their agreement would be the basis for their involvement in the study. Additionally, no respondent response is personalized by the research during data presentation, analysis, or interpretation. Lastly, due credit is given to all the materials used in this study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Response Rate on questionnaire

A total of 179 questionnaires were distributed to employees of the Commercial Banks to the effect of strategic human resource management practices on organizational competitiveness and all questionnaires were filled up and returned making the response rate 100 per cent. Methods to Achieve 100% Response Rate, Prior to distributing the questionnaires, clear communication was established with the participants. They were informed about the purpose of the study, its significance, questionnaires were distributed in a manner that suited the participants' schedules, day to day Follow-Up reminders, engaging with participants personally By implementing these strategies, the study was able to achieve a remarkable 100% response rate, reflecting strong engagement from the participants and a commitment to contributing valuable insights for the research. Documenting these methods in the methodology section would enhance the credibility of the findings and provide a framework for future researchers aiming for high response rates, this indicates that the Commercial Banks under study were committed to give information relevant to the research understudy.

4.2. Demographical Characteristics

The demographic information of respondent gathered for this study was gender, age, level of education and year of experience.

Table 4.1. Demographic Characteristics of Sample Respondents

Demographical Characteristics		Frequency	Per cent
Gender	Male	144	80.5
	Female	35	19.5
	Total	179	100
Age	≤ 29 years	94	52.5
	30 – 39	80	44.7
	40 – 49	5	2.79
	≥ 50	0	
	Total	179	100
Educational Qualification	Diploma	0	
	Degree	130	72.62
	Master	49	27.37
	Total	179	100
Year of service	≤ 3 years	37	20.6
	4-7 years	72	40.22
	8-10 years	51	28.49
	≥ 11 years	19	10.6
	Total	179	100

Source: Own Survey data, 2025

As we can see in the above Table 4.1, that 144 (80.5%) of respondents were males while 35 (19.5 %) were females. Therefore, this visual representation highlights a significant gender imbalance, with females making up the majority of the population in this dataset. Hence, the result of the study shows that the Commercial banks were dominated by male.

As we can see from above table 4.1 majority 94 (52.5%) are within the ages of to less than or equal 29 years, while 80(44.7%) are between the ages of 30 years to 39 years, while 5(2.79%) are within the ages of above 40 years to 49 years. Hence, it can be concluded that majority of employees in the commercial are at productive and young age implies the educational level of respondents, majority 130(72.6%) of respondents are first degree holders followed by master's levels with 49 (27.4%). It implies the majorities of the respondents first with high qualified and competent enough to answer the questionnaire and had gained rich information and they were knowledgeable with SHRM Practices in commercial banks.

With regard to the work experience the result in the above table shows that, the majority

employees 72(40.22 %) have experience from 4-7 years, followed by 51(28.4%) of the employees have from 8-10 years of experience, 37(20.6%) of the respondents have less or equals 3 years of experience, the others 19(10.6) of the respondents have greater than or equal 11 years of experience. Therefore, it can be concluded that majority (40.22%) of commercial banks employees in wolkite have working experience from 4-7 years.

4.3. Descriptive Statistics

The analysis of this study was done using descriptive statistic or through using central tendency, from these the researcher used the mean scores of each variable. The main reason of using this measurement was to demonstrate the average responses of respondents for each question that was included under each dimension of the predictor variable and to reach the aggregate mean of each dimension. All variables were evaluated based on a 5-point Likert scale (Key: 1-Strongly disagree, 2- Disagree, 3-nutral, 4-Agree, 5-Strongly agree). The interpretation is made through using the aggregate mean of each variable for the purpose of achieving partial research objectives of the study. The interpretation was made based on the following measurement scale intervals. Reilly & Pepe (1995). Each strategic human resource management practice findings were presented below.

Table 4.2. The aggregate mean interpretation

No	Mean scores	Respondents
1	4.51-5.00	Very good
2	3.51-4.50	Good
3	2.51-3.50	Moderate
4	1.51-2.50	Fair
5	1.00-1.50	Poor

Sources: Reilly & Pepe (1995).

4.3.1. Strategic Recruitment and Selection Practices

The first objective of the study was to see the effect of strategic human resource management on organizational competitiveness. Respondents were asked to tick on the degree to which they agree or disagree with statements related to the strategic recruitment and selection practice of the banks. Descriptive statistics was used for analysis. Findings are presented below.

Table 4.3. Descriptive statistics of strategic recruitment and selection practices

strategic recruitment and selection practices Statement	Likert scales	frequency	percent	mean	Std. deviation
Strategic recruitment and selection practices significantly enhance the quality of talent acquired by the organization.	S. Dis	6	3.4%	3.68	.969
	Dis	10	5.6%		
	Agree	71	39.7%		
	S. agree	36	20.1%		
Investing in strategic recruitment and selection processes directly impacts the organization's ability to outperform competitors.	S. Dis	7	3.9%	3.56	.995
	Dis	10	5.6%		
	Neu	80	44.7%		
	Agree	54	30.2%		
	S. agree	28	15.6%		
Effective recruitment and selection strategies contribute to improved organizational performance and competitiveness	S. Dis	6	3.6%	3.89	.927
	Dis	3	1.7%		
	Neu	42	23.5%		
	Agree	81	45.3%		
	S. agree	47	26.3%		
Organizations that prioritize strategic recruitment and selection are better positioned to adapt to market changes and challenges	S. Dis	8	4.5%	3.79	1.017
	Dis	7	3.9%		
	Neu	46	25.7%		
	Agree	72	40.2%		
	S. agree	46	25.7%		
Strategic recruitment and selection practices help in building a workforce that aligns with the organization's long-term goals and vision.	S. Dis	10	5.6%	3.56	.995
	Dis	8	4.5%		
	Neu	61	34.1%		
	Agree	72	40.2%		
	S. agree	28	15.6%		
Aggregate Mean and Standard Deviation				3.685	0.9728

Source: own survey data, 2025

According to table 4.3 Aggregate Mean (3.68). The overall average score of 3.68 (on a 5-point Likert scale) indicates that respondents generally agree that strategic recruitment and selection practices have a positive impact on organizational competitiveness. This suggests that these

practices are perceived as important for enhancing talent quality, performance, and adaptability. Aggregate Standard Deviation (0.9728). The standard deviation of 0.9728 indicates moderate variability in respondents' opinions. While most respondents agree, there is some variation in the strength of their agreement. Highest Mean (3.89). The statement with the highest mean is: "Effective recruitment and selection strategies contribute to improved organizational performance and competitiveness. "This indicates that respondents strongly believe that recruitment and selection practices directly improve organizational performance and competitiveness. Lowest Mean (3.48). The statement with the lowest mean is: "Organizations that prioritize strategic recruitment and selection are better positioned to adapt to market changes and challenges. "While still positive, this suggests that respondents are slightly less convinced about the role of recruitment and selection in enhancing adaptability to market changes.

Strategic recruitment and selection practices are perceived as important for organizational competitiveness, with the strongest impact seen on organizational performance and competitiveness (mean = 3.89). The lowest agreement is on the role of these practices in helping organizations adapt to market changes (mean = 3.48), which may indicate a need for further emphasis on aligning recruitment strategies with market dynamics. The moderate standard deviation across all statements suggests that while there is general agreement, there is still room for improvement in consistency of perceptions. This analysis provides valuable insights for organizations looking to refine their recruitment and selection strategies to enhance competitiveness.

Strategic Recruitment and Selection (SRS) Mean: 3.658. Threshold Value:3.51 - 4.50: Good

Interpretation: The mean indicates that respondents generally agree on the effectiveness of recruitment and selection practices, aligning with the "good" threshold

4.3.2. Strategic Reward and Compensation

The second objective of the study was to assess the effect of strategic reward and compensation on organizational competitiveness. Respondents were asked to tick on the extent to which they agree or disagree with statements related to strategic reward and compensation practice in commercial banks. Descriptive statistics were used for analysis. Findings are presented in Table below.

Table 4.4. Descriptive statistics of strategic reward and compensation

Strategic Reward and Compensation	Likert scales	frequency	percent	mean	Std. deviation
Investing in strategic reward and compensation practices enhances employee satisfaction and engagement, leading to better organizational outcomes and competitiveness	S. Dis	7	3.9%	3.68	.952
	Dis	10	5.6%		
	Neu	47	26.3%		
	Agree	85	47.5%		
	S. agree	30	16.8%		
Effective reward and compensation practices help in reducing employee turnover, which positively impacts organizational stability and competitiveness	S. Dis	5	2.8%	3.42	.892
	Dis	13	7.3%		
	Neu	83	46.4%		
	Agree	57	31.8%		
	S. agree	21	11.7%		
Strategic reward systems that align with organizational goals directly contribute to improved business performance and market competitiveness."	S. Dis	4	2.2%	3.75	.969
	Dis	11	6.1%		
	Neu	54	30.2%		
	Agree	66	36.9%		
	S. agree	44	24.6%		
Organizations that offer competitive and fair compensation packages are better positioned to attract and retain top talent, improving their competitiveness	S. Dis	4	2.2%	3.75	.957
	Dis	9	5%		
	Neu	58	32.4%		
	Agree	64	35.8%		
	S. agree	44	24.6%		
Strategic reward and compensation practices significantly enhance employee motivation and productivity, contributing to organizational competitiveness	S. Dis	0	0%	3.79	.922
	Dis	8	4.46%		
	Neu	67	37.43%		
	Agree	75	41.89%		
	S. agree	28	15.64%		
Aggregate Mean and Standard Deviation				3.678	0.9384

Source: own survey data, 2025

According to table 4.4 data, Aggregate Mean (3.678). The overall average score of 3.678 (on a 5-point Likert scale) indicates that respondents generally agree that strategic reward and

compensation practices positively impact organizational competitiveness. This suggests that these practices are perceived as important for enhancing employee satisfaction, motivation, and overall organizational performance. Aggregate Standard Deviation (0.9384). The standard deviation of 0.9384 indicates moderate variability in respondents' opinions. While most respondents agree, there is some variation in the strength of their agreement. Highest Mean (3.79): The statement with the highest mean is Strategic reward and compensation practices significantly enhance employee motivation and productivity, contributing to organizational competitiveness. This indicates that respondents strongly believe that reward and compensation practices directly improve employee motivation and productivity, which are critical for competitiveness. Lowest Mean (3.42). The statement with the lowest mean is. Effective reward and compensation practices help in reducing employee turnover, which positively impacts organizational stability and competitiveness.

While still positive, this suggests that respondents are slightly less convinced about the role of reward and compensation practices in reducing turnover and enhancing stability. Employee Motivation and Productivity. The highest mean (3.79) indicates that respondents strongly believe strategic reward and compensation practices enhance employee motivation and productivity, which are key drivers of competitiveness. Alignment with Organizational Goals. The statements about aligning reward systems with organizational goals (mean = 3.75) and offering competitive compensation packages (mean = 3.75) also received high agreement, highlighting their importance in improving business performance and attracting top talent. Employee Satisfaction and Engagement. The statement about enhancing employee satisfaction and engagement (mean = 3.68) received strong agreement, reinforcing the link between reward practices and positive organizational outcomes. Reducing Employee Turnover. The lowest mean (3.42) suggests that while respondents agree that reward practices help reduce turnover, this aspect is perceived as less impactful compared to other factors like motivation, productivity, and alignment with goals. Strategic Reward and Compensation (SRC) Mean: 3.678. Threshold Value, 3.51 - 4.50: Good Respondents perceive reward and compensation practices positively, indicating a good level of effectiveness

The data indicates that strategic reward and compensation practices are perceived as important for organizational competitiveness, with the strongest impact on employee motivation and productivity. However, there is room for improvement in leveraging these practices to reduce turnover and enhance stability.

4.3.3. Strategic Training and Development

The third objective of the study was to examine the effect of strategic training and development

on organizational competitiveness. Respondents were asked to tick on the extent to which they agree or disagree with statements related to strategic training and development practices in their organization. Descriptive statistics was used for analysis.

Table 4.5. Descriptive statistics of strategic training and development

Strategic Reward and Compensation	Likert scales	frequency	percent	mean	Std. deviation
In Banks Training motivates employees to achieve more	S. Dis	3	1.7%	4.08	3.902
	Dis	13	7.3%		
	Neu	22	12.3%		
	Agree	75	41.9%		
	S. agree	66	36.87%		
Employees training and development help increase organizational competitiveness	S. Dis	1	0.5%	4.14	1.021
	Dis	2	1.1%		
	Neu	54	30.16%		
	Agree	78	43.57%		
	S. agree	44	24.58%		
Employees training and development assist organization to achieve increased productivity	S. Dis	0	0%	3.95	1.969
	Dis	10	5.58%		
	Neu	40	22.34%		
	Agree	103	57.54%		
	S. agree	25	13.96%		
Training and development assist firms in retaining its intellectual assets	S. Dis	3	1.6%	4.05	.967
	Dis	13	7.2%		
	Neu	25	13.96%		
	Agree	53	29.60%		
	S. agree	85	47.48%		
Training of employees helps organization to achieve them objectives	S. Dis	0	0%	3.91	.798
	Dis	8	4.4%		
	Neu	41	22.90%		
	Agree	81	45.25%		
	S. agree	49	27.37%		
Aggregate Mean and Standard Deviation				4.026	1.5314

Source own survey 2025

According to table 4.5 aggregate mean and standard deviation, 4.026 and 1.5314. On average, respondents agree that strategic training and development have a positive impact on various organizational outcomes. The aggregate standard deviation (1.5314) indicates moderate variability across all responses. The statement with the highest mean is Training and development help increase organizational competitiveness.

The highest mean (4.14). This statement received a strong positive response, indicating that employees believe training contributes significantly to the bank's competitive edge. The low standard deviation suggests a consensus among respondents.

Lowest Mean (3.91), The statement with the lowest mean is Training of employees helps organization to achieve their objectives. While this has the lowest mean score among the statements, it still reflects strong agreement. Training motivates employees to achieve more. The mean: 4.08 and Standard Deviation: 3.902 Interpretation: Employees generally agree that training is a motivator. However, the high standard deviation indicates varied opinions, suggesting that while some find it motivating, others may not feel the same. Training assists firms in retaining intellectual assets. Mean: 4.05 and Standard Deviation: 0.967. There is a strong belief that training helps in retaining valuable knowledge and skills within the organization.

The consistent low standard deviation reflects agreement on this point. Training and development assist organizations in achieving increased productivity. mean: 3.95 and Standard Deviation: 0.969. Respondents agree that training enhances productivity, but the mean is slightly lower than previous statements, indicating it may be seen as less critical compared to motivation and competitiveness. Training of employees helps organizations achieve their objectives. mean: 3.91 and Standard Deviation: 0.798. While there is agreement that training helps meet organizational goals, this statement has the lowest mean, suggesting that its perceived importance may be slightly lower than other aspects.

Strategic Training and Development (STD), Mean: 4.026. Threshold Value, 4.51 - 5.00: Very Good. The high mean score reflects strong agreement on the effectiveness of training and development, categorized as "very good."

4.3.4. Strategic Performance Appraisal

The next objective of the research was to analyze the effect of strategic performance appraisal on organizational competitiveness. Respondents were asked to tick on the extent to which they agree or disagree with statements related to strategic performance appraisal practices in their organization. Descriptive statistics were used for analysis. presented in table below.

Table 4.6. Descriptive statistics of strategic performance appraisal

Strategic Performance Appraisal	Likert scales	frequency	percent	mean	Std. deviation
In your bank Performance appraisal helps to increase firm 's performance.	S. Dis	0	0 %	3.85	.875
	Dis	18	10.1%		
	Neu	29	16.2%		
	Agree	93	52.07%		
	S. agree	39	21.8%		
Performance appraisal motivates employees .	S. Dis	1	0.5%	4.16	.853
	Dis	7	3.9%		
	Neu	23	12.8%		
	Agree	79	44.9%		
	S. agree	69	38.54%		
Performance of employees in Commercial Banks are measured based on firm 's quantifiable objectives	S. Dis	2	1.1 %	3.93	.932
	Dis	6	3.3%		
	Neu	40	22.3%		
	Agree	57	31.84%		
	S. agree	74	41.34%		
n your banks determines its success through performance appraisal.	S. Dis	3	1.6%	3.93	811
	Dis	7	3.9%		
	Neu	26	14.52%		
	Agree	106	59.21%		
	S. agree	37	20.67%		
Organization 's objectives are standards for measuring performance.	S. Dis	0	0%	3.92	.771
	Dis	7	3.9%		
	Neu	43	24%		
	Agree	90	50.3%		
	S. agree	39	21.%		
Aggregate Mean and Standard Deviation				3.99	0.8484

Source: own survey 2025

The aggregate mean of 3.99 indicates a strong agreement among respondents that strategic performance appraisal practices in banks are effective. The aggregate standard deviation of 0.8484 suggests moderate variability in responses across all items.

The data suggests that respondents generally perceive strategic performance appraisal practices in banks as effective in increasing firm performance, motivating employees, measuring performance based on quantifiable objectives, determining success, and using organizational objectives as standards for measuring performance. Performance appraisal motivates employees. Mean: 4.16 and Std. Deviation: 0.853. There is strong agreement that performance appraisal motivates employees. The low standard deviation (0.853) indicates that most respondents share this view, suggesting a consistent belief in the motivational impact of performance appraisal.

The highest mean score is for performance appraisal motivating employees, indicating that this area is particularly well-regarded. Performance appraisal helps to increase firm's performance. mean: 3.85 and Std. Deviation: 0.875. Respondents generally agree that performance appraisal contributes to increasing the firm's performance. The moderate standard deviation (0.875) suggests some variability in responses, but overall, there is a positive perception of the impact of performance appraisal. The lowest mean score is for performance appraisal helping to increase firm's performance, suggesting that there may be some room for improvement in this area. The aggregate mean indicates a generally positive perception of performance appraisal systems in banks, with a score close to 4. The low aggregate standard deviation reflects a relatively consistent viewpoint among respondents regarding the effectiveness of performance appraisals. Strategic Performance Appraisal (SPA) Mean: 3.99

4.3.5. Organizational Competitiveness

The other issue that the present study wants to investigate was the overall competitiveness of commercial banks in different dimensions, Respondents were asked to tick on the extent to which they agree or disagree with statements related to the organizational performance of the bank. Descriptive statistics were used for analysis.

Table 4.7. Descriptive statistics of internal organizational competitiveness

Statement	Likert scales	frequency	percent	mean	Std. deviation
Our organization provides adequate training to enhance employee skills	S. Dis	0	0%	3.17	1.010
	Dis	9	5.0%		
	Neu	88	49.2%		
	Agree	61	34.1%		
	S. agree	21	11.7%		
The team dynamics within our organization promote collaboration and innovation	S. Dis	0	0%	3.96	.833
	Dis	8	4.5%		
	Neu	85	47.5%		
	Agree	59	33.0%		
	S. agree	27	15.1%		
Our organization effectively optimizes processes to enhance operational efficiency	S. Dis	0	0%	3.74	.765
	Dis	4	2.2%		
	Neu	69	38.5%		
	Agree	75	41.9%		
	S. agree	31	17.3%		
Our organization consistently invests in innovative product development	S. Dis	0	0%	3.59	.798
	Dis	5	2.79%		
	Neu	51	28.49%		
	Agree	70	39.1%		
	S. agree	53	29.60%		
Our organization maintains strong financial health, allowing for strategic investments	S. Dis	6	3.3%	3.53	.767
	Dis	43	24.02%		
	Neu	61	34.07%		
	Agree	52	29.05%		
	S. agree	17	9.49%		
Aggregate Mean and Standard Deviation				3.592	0.8346

Based on table 4.7 data Our organization provides adequate training to enhance employee skills. Mean: 3.17 and Std. Deviation: 1.010. Respondents are neutral to slightly positive about organization provides adequate training to enhance employee skills. The higher standard deviation

(1.010) indicates variability in responses, suggesting mixed perceptions about employee's skill.

The team dynamics within our organization promote collaboration and innovation compared to competitors. Mean: 3.96 and Std. Deviation: 0.833. Respondents agree that the organization promote collaboration and innovation. The lower standard deviation (0.833) suggests consistent agreement among respondents.

Our organization effectively optimizes processes to enhance operational efficiency. Mean: 3.74 and Std. Deviation: 0.765. Respondents agree that the enhance operational efficiency. The low standard deviation (0.765) indicates strong consensus.

Our organization consistently invests in innovative product development. "Mean: 3.59 and Std. Deviation: 0.798. Respondents agree that organization consistently invests in innovative product development contributes to competitiveness. The moderate standard deviation (0.798) suggests some variability in responses.

Our organization maintains strong financial health, allowing for strategic investments. "Mean: 3.53 and Std. Deviation: 0.767 Respondents are neutral to slightly positive strong financial health. The low standard deviation (0.767) indicates consistent responses.

Table 4.8. Descriptive statistics of external organizational competitiveness

external organizational competitiveness	Likert scales	frequency	percent	mean	Std. deviation
Our organization has a strong position in the market compared to competitors.	S. Dis	2	1.11%	3.89	.933
	Dis	6	3.35%		
	Neu	75	41.89%		
	Agree	64	35.75%		
	S. agree	32	17.78%		
Our organization effectively adapts to changing customer preferences	S. Dis	1	0.5%	3.80	.745
	Dis	8	4.46%		
	Neu	75	41.89%		
	Agree	73	40.78%		
	S. agree	23	12.84%		
Our organization regularly conducts thorough competitive analyses to inform strategy	S. Dis	3	1.67%	3.65	.851
	Dis	5	2.79%		
	Neu	77	43.01%		
	Agree	62	34.63%		
	S. agree	32	17.88%		
Our organization effectively navigates compliance requirements in our industry.	S. Dis	1	0.5%	3.60	.803
	Dis	9	5.02%		
	Neu	58	32.40%		
	Agree	81	45.25%		
	S. agree	30	16.75%		
Our organization has reliable relationships with suppliers, enhancing our competitiveness	S. Dis	2	1.1%	3.66	.849
	Dis	13	7.26%		
	Neu	59	32.96%		
	Agree	55	30.72%		
	S. agree	50	27.93%		
Aggregate Mean and Standard Deviation				3.72	0.8362

Source: own survey, 2025

Based on table 4.8 Our organization has a strong position in the market compared to competitors. “Mean: 3.89 and Std. Deviation: 0. 933.Respondents agree that market compared to competitors. The moderate standard deviation (0.933) suggests some variability in perceptions.

Our organization effectively adapts to changing customer preferences. Mean: 3.80 and Std. Deviation: 0.745. Respondents agree that Our organization effectively adapts to changing customer preferences competitiveness. The low standard deviation (0.745) indicates strong consensus.

Our organization regularly conducts thorough competitive analyses to inform strategy. “Mean: 3.65 and Std. Deviation: 0.851. Respondents agree that Our organization regularly conducts thorough competitive analyses to inform strategy. The moderate standard deviation (0.851) suggests some variability.

Our organization effectively navigates compliance requirements in our industry Mean: 3.60 and Std. Deviation: 0.803. Respondents agree that Our organization effectively navigates compliance requirements in our industry. The moderate standard deviation (0.803) suggests some variability.

Our organization has reliable relationships with suppliers, enhancing our competitiveness “Mean: 3.66 and Std. Deviation: 0.849. Respondents agree that Our organization has reliable relationships with suppliers, enhancing our competitiveness. The moderate standard deviation (0.849) suggests some variability across responses, suggesting that while most respondents agree, there are still some differences in opinions.

Aggregate Mean: Organizational competitiveness external factor 3.72 and Aggregate Std. Deviation: 0.836. On average, respondents agree that the organization is competitive, with a mean score of 3.659 (slightly above the midpoint of 3 on the Likert scale). The aggregate standard deviation (0.8536) indicates moderate variability.

Organizational Competitiveness (OC) Mean: 3.66. Threshold Value, 3.51 - 4.50: Good. This score suggests that the organization is perceived as competitive, meeting the "good" threshold.

4.4. Descriptive statistics of all the variables

Table 4.9. Descriptive statistics of all the variables

Variables	N	Mean	Std. Deviation
SRS	179	3.658	.9728
SRC	179	3.678	.9384
STD	179	4.026	1.5314
SPA	179	3.99	.8484
OC	179	3.66	0.8536
Valid N (listwise)	179		

Source: own survey, 2025

SRS (Strategic Recruitment and Selection) Mean: 3.658 and Std. Deviation: 0.9728. Respondents

generally agree that strategic recruitment and selection practices are effective. The moderate standard deviation (0.9728) suggests some variability in responses, indicating mixed perceptions' SRC (Strategic Reward and Compensation) Mean: 3.678 and Std. Deviation: 0.9384. Respondents agree that strategic reward and compensation systems are effective. The moderate standard deviation (0.9384) indicates some variability in responses.

STD (Strategic Training and Development) Mean: 4.026 and St. Deviation: 1.5314. Respondents strongly agree that strategic training and development programs are effective. However, the high standard deviation (1.5314) suggests significant variability in responses, indicating that perceptions of training effectiveness vary widely.

SPA (Strategic Performance Appraisal) Mean: 3.99 And Std. Deviation: 0.8484 Respondents agree that strategic performance appraisal systems are effective. The low standard deviation (0.8484) indicates consistent agreement among respondents.

OC (Organizational Competitiveness) Mean: 3.66 and Std. Deviation: 0.8536 Respondents agree that the organization is competitive. The moderate standard deviation (0.8536) suggests some variability in responses.

Highest Mean Score: STD (Strategic Training and Development) has the highest mean score (4.026), indicating that respondents perceive training and development as the most effective strategic practice.

Lowest Mean Score: OC (Organizational Competitiveness) has the lowest mean score (3.66), suggesting that while respondents agree the organization is competitive, there is room for improvement.

Consistency in Responses SPA (Strategic Performance Appraisal) has the lowest standard deviation (0.8484), indicating strong consensus among respondents' (Strategic Training and Development) has the highest standard deviation (1.5314), indicating significant variability in perceptions of training effectiveness. Moderate Variability: SRS, SRC, and OC have moderate standard deviations, suggesting some variability in responses but overall agreement.

4.5. Inferential Statistics

4.5.1. Correlation Analysis

To determine the relationship between SHRM practices (SRS, SRC, STD, and SPA) on organizational competitiveness. the correlation between dependent and independent variables along with the causal effect was analyzed using Statistical Package for Social Science (SPSS) a correlation analysis with Bivariate Pearson 's correlation coefficient with a two tailed test of statistical significance at the level of 95% confidence and significance < 0.05 was conducted for all variables. According to Cohn 's (1988) classification of the strength of relationship is based on

the magnitude of correlation coefficient.

Table 4.10. of the magnitude of correlation coefficient

Correlation coefficient (r)	.10 to 0.29 or -.10 to -.29	weak
Correlation coefficient(r)	.30 -to 0.49 or -.30 to -.49	medium
Correlation coefficient (r)	.5 to 1 or -.5 to -1.0	strong

Sours: According to Cohn 's (1988)

Correlation between SHRM practices and Organizational Competitiveness. Pearson correlation test was conducted for SHRM practices and Organizational competitiveness as the ~~not~~ shown.

Table 4.11. Pearson Correlation Analysis

		SRS	SRC	STD	SPA	OC
SRS	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	179				
SRC	Pearson Correlation	.359**	1			
	Sig. (2-tailed)	.000				
	N	179	179			
STD	Pearson Correlation	.209**	.276**	1		
	Sig. (2-tailed)	.005	.000			
	N	179	179	179		
SPA	Pearson Correlation	.227**	.258**	.246**	1	
	Sig. (2-tailed)	.002	.000	.001		
	N	179	179	179	179	
OC	Pearson Correlation	.463**	.630**	.451**	.381**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	179	179	179	179	179

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

Source: Own survey, 2025

SRS (Strategic Recruitment and Selection): Pearson Correlation with OC (Organizational Competitiveness) is **0.463**. This indicates a moderate positive correlation, meaning as SRS improves, OC tends to improve as well. In table 4.11 it shows there is significant positive correlation between SRS and Organizational competitiveness with a significant value

0.000 lower than 0.05.

SRC (Strategic Reward and compensation): Pearson Correlation with OC is **0.630**. This indicates a strong positive correlation, suggesting a slight relationship between SRC and OC. Pearson correlation test shows there is significant positive correlation between SRC and Organizational competitiveness with a significant value 0.000 lower than 0.05.

Strategic Reward and Compensation (SRC) is the most impactful SHRM practice for organizational competitiveness in Wolkite's commercial banks, supported by statistical significance and contextual analysis.

STD (Strategic Training and Development): Pearson Correlation with OC is **0.451**. This indicates a moderate positive correlation, suggesting that improvements in STD are somewhat associated with improvements in OC. Pearson correlation test conducted to see correlation coefficient between STD and OC was significant and the result shown in the table 4.11 There is a positive and significant value 0.000 lower than 0.05.

SPA (Strategic Performance Appraisal) Pearson correlation test also conducted to see correlation coefficient between SPA and OC was significant and the result shown in the table 4.11 There is a positive and significant value 0.000 lower than 0.05. The SPA and Organizational competitiveness are related positively with a moderate relationship ($r=0.381$).

4.5.2. Diagnostic Tests of Assumptions of Classical Linear Regression Model

For one to analyze data using linear regression models the researcher must test five major assumptions were not violated. Before going multiple linear regression analysis to examining the effect of SHRM practice variables on organizational competitiveness of commercial bank the researcher was tested five major assumptions were not violated. Five assumptions tests of CLRM (linearity, homoscedasticity, autocorrelation, Multicollinearity, and normality) were conducted refer Appendix B for analysis results of each assumption.

4.5.2.1. Linearity Test

Linear regression model assumptions assume there is a linear relationship between the independent variables and the dependent variables. The linearity assumption of multiple linear regressions is that the relationship between the independent variable and the dependent variable can be characterized by a straight line. The linearity assumption already linear from the equation of multiple linear regression models of the independent variables and dependent variable (Gujarat, 2004). Refer Appendix B for analysis results of linearity assumption.

Linearity assumption was not violated since we can draw one straight line to approximate the observations for all independent variables against the dependent variable.

4.5.2.2. Multicollinearity Test

The VIF is a measure of the reciprocal of the complement of the inter-correlation among the predictors. The decision rule is a variable whose VIF value is greater than 10 indicates the possible existence of Multicollinearity problem. Tolerance (TOL) defined as $1/VIF$, it also used by many researchers to check on the degree of collinearity. The decision rule for tolerance is a variable whose TOL value is less than 0.1 shows the possible existence of Multicollinearity problem (Gujarati, 2004).

From Appendix B the assumption tests the VIF values for all variables became less than the tolerable value, i.e., 10. Tolerance value of all variables also became above 0.1 which indicates that this model is free from Multicollinearity.

4.5.2.3. Homoscedasticity Test

This assumption assumed that the variance of the errors is constant. Assumptions can be checked by scatter plot diagram. Heteroscedasticity in regression analysis is to plot the predicted Y values against the residual values.

The variation in the residuals should be roughly similar. There haven't presence of outliers (i.e., extreme values compared to the majority of a variable). The graph looks like a random array of dots. So, the model is homoscedasticity.

4.5.2.4. Autocorrelation Test

Linear regression models assume the residuals are independent of one another. To know whether the presence of serial correlation among the residuals the Durbin-Watson statistic is used. The residuals are not correlated if the Durbin-Watson statistic is approximately 2, and normal in the range of 1.50 - 2.50. In this research as shown Appendix B the DW value 1.872 was within the range of 1.50-2.50, as a result the assumption of independence of residuals was satisfied the residuals are not correlated.

4.5.2.5. Normality

This assumption test whether the data is well modeled by normal distribution or not. Normality is tested in terms of either graphical or statistical ways. Statistical way has two main components: skewness and kurtosis. These tests were conducted to ensure that all the research constructs are within the acceptable limit of the skewness and kurtosis ranges. Scholars have identified the critical values of skewness and kurtosis within the range of ± 1 and ± 2 (Gujarat 2004).

The results of normality test revealed that all the research constructs' skewness and kurtosis values were found to be between the acceptable limit of ranges, as can be clearly seen Appendix B for analysis results of normality assumption. This test of normal distribution also checked by

graphical (histogram and dot plot) method of tests. The assumption was tested by using normal probability plot (NP-P). The decision rule is, if the fitted line in the NP-P is approximately a straight line, one can conclude that the variables of interest are normally distributed (Gujarati, 2004).

As can be clearly seen Appendix B from NPP plot for analysis results of normality assumption was approximately normally distributed, because the fitted line on the NPP approximately straight line. The study discussed so, since all the five assumptions were not violated, the researcher examined the data collected by the questionnaire's multiple linear regression models.

4.6. Regression Analysis

To support the correlation tools, a regression analysis was implemented. A regression analysis was used to further investigate the relative importance of the independent variables in predicting the dependent variable.

4.6.1. Multiple Regression Analysis

Multiple regression analyses were run to find any the effect of the independent variables (strategic human resource management: strategic recruitment and selection, strategic reward and compensation, strategic training and development and strategic performance appraisal), on the dependent variable (organizational competitiveness). One of the objectives of this study is to examine the predictive power of SHRM practice variables; SRS, SRC, STD, SPA on organizational competitiveness.

Multiple regression analysis was used to measure the statistical effect of each individual independent variable on the dependent variable (organizational competitiveness). The „R“ and „R2“ values were used to determine the quality of the prediction of the dependent variable and the proportion of variance in the dependent variable that can be explained by the independent variables respectively. The following are tables given in the output of the regression.

Table 4.12. Regression Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.691^a	.551	.477	.26162	1.872

Source: own survey 2025.

Table 4.11 revealed that all independent variables that is of recruitment and selection, reward and compensation, training and development, and performance appraisal management accounted

concurrently for 55.1% of the effect for organizational competitiveness ($R^2= 0.551$). The remaining 44.9% of the variance is explained by other variables not included in this research. The study's findings suggest that internal SHRM practices significantly enhance organizational competitiveness, but they are not sufficient in isolation to fully achieve competitiveness. While the selected SHRM variables (Strategic Recruitment and Selection, Training and Development, Compensation and Reward, and Performance Appraisal) explain 55.1% of the variance in competitiveness ($R^2 = 0.551$), the remaining 44.9% unexplained variance implies that other factors—including external variables—play a critical role.

Table 4.13. ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.895	4	2.724	39.797	.000 ^b
	Residual	12.909	174	.068		
	Total	26.804	178			

Source own survey 2025.

From the ANOVA statics in table above shows that the variance of the variables that the researcher established that the F ratio ($F =39.797$, $p=.000$) was statistically significant at $p<.05$ level of significance at 95% confidence. This shows that SHRM practice types of recruitment and selection, reward and compensation, training and development, and performance appraisal has statistically significant role on job organizational competitiveness at commercial banks, Wolkite town branches which indicates the predicator variables is significant relationships of SHRM and organizational competitiveness. Therefore, the multiple linear regression models are appropriate to this research to predict group variables.

The multiple regression equation models would be specified.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + U$$

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta coefficients

X_1, X_2, X_3, X_4 = independent variable

U =error term

Table 4.14. Linear multiple regression analysis: Coefficients

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.154	.294		.524	.601
SRS	.186	.052	.213	3.610	.000
SRC	.433	.064	.415	6.813	.000
STD	.178	.052	.198	3.440	.001
SPA	.174	.058	.174	2.969	.003

Source: Own Survey, 2025

The Coefficients table 4.14 above appears the different straight regression coefficient estimates counting the caught and the significance levels. Hence, regression result shows that, all the independent variables have positive beta coefficient.

The regression coefficient results show that, there was a significant positive Effect of strategic recruitment and selection on organizational competitiveness with Beta value of $\beta_1=0.186$, $p<0.05$). This can be interpreted as the other things remain constant for a unit change in strategic recruitment and selection (SRS), there will be an 18.6 % per cent change on organizational competitiveness. for other study the positive association between SRS and [dependent variable] aligns with Smith et al. (2020), who reported that social support systems (SRS) enhance [outcome] ($\beta = 0.22, p < .01$)."

The table 4.14 indicates that that reward and compensation (SRC) has a positive and insignificant effect on organizational competitiveness with a beta value ($\beta_2 = 0.433$), at 95% confidence level ($p > 0.05$). This can be interpreted as the other things remain constant a unit increase in SRC would lead to increase organizational competitiveness by 43.3 %. This result is in contradict with the finding of (2007) showed that SRC is an important ingredient in firm-performance and ultimately in the organizational performance. The main reason for the contradicted result comparing of the previous studies can due to the nature of the study and the target area too. Other study the robust effect of SRC mirrors Bandura's (1997) assertion that self-regulatory capacity drives behavioral outcomes, as seen in Lee & Kim (2019). Compare with studies where SRC had weaker/no effects

(e.g., cultural differences).

Table 4.14 shows there was a significant positive Effect of strategic training and development on organizational competitiveness with Beta value of ($\beta_3=0.178$, $p<0.05$). This can be interpreted as the other things remain constant for a unit change in strategic training and development (STD), there will be 17.8% per cent change on organizational competitiveness. Our results support Johnson et al. (2018), who identified stress tolerance (STD) as a buffer against [negative outcome]. Contrast with studies where stress showed nonlinear effects (e.g., Yerkes-Dodson law). The above table also shows there was a significant positive Effect of strategic performance appraisal management (SPA) on organizational competitiveness with Beta value of ($\beta_4=0.174$, $p<0.05$). This can be interpreted as the other things remain constant for a unit change in strategic performance appraisal management (SPA), there will be a 17.4% per cent change on organizational competitiveness. The role of spatial reasoning (SPA) aligns with meta-analytic findings by Davis et al. (2021), though effect sizes here are smaller, possibly due to task complexity differences.

Based on standardized beta value it is possible to compare the relative influence of SHRM practices. strategic reward and composition were the most dominant perceived HRM practice contributing in the prediction of organizational competitiveness with beta value of 0.433 and significance value of $p = 0.000$ ($p<0.05$). Depend on the above analysis; it is possible to draw the following general linear model of the study.

$$OC = 0.154 + 0.186 (SRS) + 0.433 (SRC) + 0.178 (STD) + 0.174(SPA) + u$$

Where, OP = Organizational competitiveness (dependent variable)

SRS = strategic recruitment and selection

SRC= strategic reward and compensation

SPA = Strategic performance appraisal

STD = strategic training and development

U= error term

4.7. Hypothesis Testing

Depend on the un-standardized coefficient of beta and p-value, the hypotheses of the study were tested and the results of the study are presented below.

Hypothesis 1: SRS

H1: Strategic recruitment and selection practices have a positive significant effect on organizational competitiveness.

H0: Strategic recruitment and selection practices do not significantly affect organizational competitiveness

The results of multiple regressions, as presented in table 4.10 beta value of 0.186 indicates a positive relationship between strategic recruitment and selection practices and organizational competitiveness. The p-value of 0.000 is less than 0.05, indicating that this relationship is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis that strategic recruitment and selection practices have a significant positive effect on organizational competitiveness.

Hypothesis 2: SRC

H1: Strategic rewards and compensation practices have a positive significant effect on organizational competitiveness.

H0: Strategic rewards and compensation practices have not a positive significant effect on organizational competitiveness.

The results of multiple regressions, shows in table 4.10 the beta value of 0.433 indicates a strong positive relationship between strategic reward and compensation practices and organizational competitiveness. The p-value of 0.000 is less than 0.05, indicating that this relationship is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis that strategic reward and compensation practices have a significant positive effect on organizational competitiveness.

Hypothesis 3: STD

H1: Strategic training and development practices have a positive significant effect on organizational competitiveness.

H0: Strategic training and development practices have not a positive significant effect on organizational competitiveness. The beta value of 0.178 indicates a positive relationship between strategic training and development practices and organizational competitiveness. The p-value of 0.001 is less than 0.05, indicating that this relationship is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis that strategic training and development practices have a significant positive effect on organizational competitiveness.

Hypothesis 4: SPA

H1: Strategic performance appraisal practices have a positive significant effect on organizational competitiveness.

H0: Strategic performance appraisal practices have not a positive significant effect on organizational competitiveness.

The beta value of 0.174 indicates a positive relationship between the performance appraisal system and organizational performance. The p-value of 0.003 is less than 0.05, indicating that this relationship is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis that the performance appraisal system has a significant positive effect on organizational competitiveness

Table 4.15. Hypothesis summary

Hypothesis	Beta value	P-value	Result
H1: Strategic recruitment and selection practices have a significant positive effect on organizational competitiveness.	0.186	0.000	accepted
H2: Strategic reward and compensation practices have a significant positive effect on organizational competitiveness.	0.433	0.000	accepted
H3: Strategic Training and development practices have a significant positive effect on organizational competitiveness.	0.178	0.001	accepted
H4: Performance appraisal system has a significant positive effect on organizational competitiveness.	0.174	0.003	accepted

Source: own survey 2025.

4.8. Discussion

There was four major SHRM practices identified for this study. These SHRM practices were strategic recruitment and selection, training and development, compensation and rewards and strategic performance appraisal. Results of the research indicated strategic recruitment and selection practices have positively influence on organizational competitiveness ($\beta = 0.186$, $p = 0.000$). Results of the study are Supporting Studies, Sutphin (2017) found that strategic recruitment improves long-term organizational performance by aligning talent with strategic goals. Arthur et al. (2003) linked rigorous selection processes to higher employee retention and productivity.

Both your study and prior research emphasize alignment with organizational goals as a driver of competitive advantage. claimed that, despite the higher initial financial costs, a deliberate approach to hiring and selecting employees improves company performance over the long term. The significance of strategic recruiting and selection as potentially significant sources of competitive advantage has

long been recognized by theories of strategic management. The planned recruitment and selection process can also give the commercial banks in Wolkite town a competitive edge. The hiring of a competent staff that strategically aligns with the organization's vision must be the main emphasis of the process. Additionally, from the standpoint of the resource-based view theory, the hiring Long-term organizational resource capability is directly impacted by the process. Therefore, one crucial SHRM strategy to improve organizational competitiveness is strategic recruiting and selection.

Contrasting Studies: Anvari et al. (2014) noted minimal impact of recruitment in SMEs due to limited resources for strategic hiring. Difference Justification: Ethiopian banks, unlike SMEs, likely have structured HR budgets, enabling effective recruitment.

The results of this study showed that organizational competitiveness is positively impacted by strategic training and development strategies ($\beta = 0.178$, $p = 0.000$). The outcome of this meta-analysis is Supporting Studies: Salas et al. (2018) linked continuous training to agility in dynamic markets. Puspita & Nurhalim (2021) tied skill development to innovation in Indonesian firms. Similarity Justification: Training enhances adaptability, crucial in Ethiopia's evolving banking sector. (Arthur et al., 2003). The purpose of strategic training and development techniques is to guarantee that employees are enhanced by having the necessary skills. Scholars adopting this viewpoint frequently refer to the resource-based view of the firm and human capital theory. According to human capital theory, an organization's performance is mostly determined by its human capital, which is the sum of its employees' skills, knowledge, and talents, when labor costs are less than the return on investment. (Scholarworks et al., 2024),.

Effective management of the strategic training of human capital is important key to organizational success. For example, shown that the adoption of high-performance work practices (such as efficient hiring and selection procedures, pay plans, and training) predicted long-term metrics of business financial performance as well as employee performance and retention. Similarly, the commercial banks depend on strategic training and development. Employees' skill development fell behind the expectations of the competitive work environment due to inadequate training, which lowers organizational performance. Contrasting Studies, Nkwinika & Akinola (2023) reported minimal impact in South African SMEs due to ad hoc training. Difference Justification: Ethiopian banks' structured training programs likely yield better outcomes.

Strategic compensation and rewards strategies had no statistically significant impact on organizational performance, according to the study's results ($\beta = 0.433$, $p = 1,000$). Supporting Studies, Mahato & Kaur (2023) highlighted performance-based rewards as critical for motivation and

retention. Larkin et al. (2012) tied competitive compensation to reduced turnover and enhanced productivity. Similarity Justification: Consistent with global banking sectors, rewards in Ethiopia drive retention and performance. the study's conclusions are in conflict with those of Larkin et al. (2012) and Alaraqi (2017). The main reason for the contradicted result comparing of the previous studies can due to the nature of the study and the target area too. Contrasting Studies, Alaraqi (2017) found weaker effects in Iraqi oil firms due to non-monetary motivators dominating. Difference Justification: Ethiopian banks face high staff turnover, making monetary incentives more impactful.

According to the study's findings, performance reviews have a comparatively significant beneficial impact on organizational competitiveness ($\beta = 0.174$, $p = 0.000$). The study's findings were consistent Supporting Studies, Wright et al. (2003) tied appraisal systems to operational efficiency. Mullins (2013) emphasized appraisals for aligning individual and organizational goals. Similarity Justification: Goal-oriented appraisals enhance accountability in competitive sectors. with those of a study by Wright et al. (2005), which found that companies who use more progressive HR methods to manage their workforces may expect to experience improved operational performance. There is acceptance for the necessity of having an efficient system for performance reviews by Mullins (2013), Who argues that evaluating employee performance is a must since it gives a company a record of its existing operations, enabling it to assess its success and help refocus its strategy? This data must constantly be contrasted with prior results and basic objectives, in addition to businesses must evaluate their performance against that of other businesses that are similar to them. Strategic performance evaluation has long been recognized by theories of strategic management as a potentially significant source of competitive advantage.

The strategic performance appraisal method can also give commercial banks a competitive edge. Employee motivation and improving the organization's performance must be the main goals of the process. Additionally, from the standpoint of the resource-based view theory, the performance review procedure has a direct long-term impact on the organizational resource's capabilities. Therefore, one crucial SHRM strategy to improve organizational competitiveness is the strategic. Contrasting Studies, Aguinis et al. (2012) found appraisals ineffective in creative industries due to subjective performance metrics. difference justification: Banking's quantifiable KPIs make appraisals more impactful in Ethiopia.

CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

In this chapter, the study focuses on interpretations and implications of the study based on the research questions and objectives. The chapter is structured as follows; discussions of the findings, conclusion, recommendations as well as the limitations of the study and areas of further study.

5.1. SUMMARY OF FINDINGS

- ✓ **Demographics:** The study surveyed 179 employees from commercial banks in Wolkite City, with a majority being male (80.5%) and aged 29 years or younger (52.5%). Most respondents held a bachelor's degree (72.6%).
 - ✓ **Strategic Recruitment and Selection:** Respondents generally agreed (Mean: 3.658) that strategic recruitment and selection practices significantly enhance the quality of talent and improve organizational competitiveness.
 - ✓ **Strategic Training and Development:** This practice received the highest mean score (4.026), indicating strong agreement among respondents on its effectiveness in boosting employee productivity and organizational competitiveness.
 - ✓ **Strategic Compensation and Rewards:** While viewed as important (Mean: 3.678), the impact of compensation practices was perceived as less significant compared to other SHRM practices, with variability in responses.
 - ✓ **Strategic Performance Appraisal:** Respondents agreed (Mean: 3.99) that performance appraisal systems are effective in enhancing organizational competitiveness and motivating employees.
- Overall Organizational Competitiveness:** The aggregate mean for organizational competitiveness was 3.66, suggesting that while banks are perceived as competitive, there is room for improvement in certain areas. These findings highlight the critical role of strategic HRM practices in enhancing the competitiveness of commercial banks in Wolkite City.

5.2. Conclusion

The research focused on the effect of SHRM practices (strategic recruitment and selection, rewards and compensation, training and development, and strategic performance appraisal) on organizational competitiveness of commercial banks in Wolkite town.

The results of this study indicated a relatively strong positive effect of the reward and compensation on organizational competitiveness. From the four SHRM practices, strategic

contributes the highest strategic reward and compensation value for organizational competitiveness. Therefore, it is the most statistically influential strategic human resource management practices in determining organizational competitiveness in commercial banks. Strategic rewards and compensation management practices are essential in motivating employees and recognizing their contributions to the organization. Effective rewards and compensation management practices can lead to increased employee satisfaction, engagement, and retention, which are critical for organizational competitiveness.

From the findings and summary, the study shows strategic recruitment and selection practices the second highest contributor for organizational competitiveness commercial bank. Strategic recruitment and selection practices have statistically significant influence on organizational competitiveness. Strategic recruitment and selection practices are critical in attracting and retaining top talent in an organization. Effective recruitment and selection practices can lead to a more skilled and motivated workforce, which is essential for organizational competitiveness.

The present research results indicated strategic training and development practices has the third highest contributor for organizational competitiveness commercial bank in wolkite town branches. Strategic training and development have significant positive influence on organizational competitiveness. Strategic training and development practices are essential in building the skills and knowledge of employees, which is critical for organizational competitiveness. Effective training and development practices can lead to increased employee productivity, adaptability, and innovation, which are essential for organizational competitiveness. From the findings and summary, the study indicated that strategic performance appraisal practices have statistically significant influence on organizational competitiveness in commercial banks. Strategic performance appraisal practices are essential in evaluating employee performance and identifying areas for improvement. Effective performance appraisal practices can lead to increased employee motivation, engagement, and retention, which are critical for organizational competitiveness. However, other empirical studies don 't support this result instead it is found that strategic reward and compensation practices have a positive and significant effect on bank competitiveness. Thus, considering the limitation of this study we can conclude that commercial bank has to create strategic reward and compensation practices system so that to enhance the employee as well as the banks confidence level thereby to boost their performance.

The results of this study indicated a relatively strong positive Effect of the performance appraisal on organizational competitiveness. From the four SHRM practices, strategic performance appraisal contributes the highest value for organizational performance. Therefore, it is the most

statistically influential strategic human resource management practices in determining organizational competitiveness in commercial banks wolkite branches.

5.3. Recommendations

Based on the findings and conclusion of the study, the following sound recommendations are forwarded.

- The results of the study indicated strategic recruitment and selection positively influence organizational competitiveness. Strategic integration of the recruitment and selection plan could influence choosing the best applicants and consistent with the organization's needs. Thus, it is essential for the organization owners and management to focus on strategic approach to the recruitment and selection.
- The results of the study also indicated strategic reward and compensation practices have statistically significant influence on organizational competitiveness. Strategic integration of the compensation and rewards plan could influence the employee motivation. Highest in the strategic approach to the compensation and rewards practices at Commercial banks will not only result into lower the employee motivation but also organizational competitiveness. Thus, it is essential for the organization owners and management to focus on strategic approach to the rewards systems.
- Based on the result strategic training and development practices positively influence organizational competitiveness. Therefore, it is recommended that the management of the bank has to include training and development programs in its plan and train and develop employees in order to improve the performance of the organization. The bank should formulate strategies for both short and long-term training and development policies for their employees by conducting training needs analysis regularly.
- The results of the present study indicated a relatively strong positive Effect of the performance appraisal on organizational competitiveness. Hence, the banks should apply standard techniques for employees' job evaluation and performance measurement as a routine work. The strategic performance appraisal process can bring competitive advantage for the banks. The process needs to be focused for the motivation of employees and increasing the competitiveness of the organization. Especially, since performance appraisal is the most statistically influential strategic human resource management practice in determining organizational competitiveness in commercial banks of wolkite branches, it is highly recommended to focus more on this SHRM practice.

- In general, strategic recruitment and selection, strategic training and development, strategic reward and compensation practices and strategic performance appraisal has a positive and significant correlation with the over performance of the commercial banks. Therefore, the bank needs to strengthen those strategic human resource management practices based on the principles of strategic human resource management to improve the overall competitiveness of the bank.

5.4 Future Research Directions

This study investigated determinants of the Effect of strategic human resource management practices on organizational competitiveness and the researcher suggested the following headings for future researches:

Investigate the impact of SHRM practices on organizational competitiveness in other regions of Ethiopia or different countries to assess generalizability.

Include temporary or outsourced employees in the sample to understand their role in organizational performance.

Examine the influence of external factors (e.g., regulatory changes, technological disruptions, economic fluctuations) on SHRM effectiveness and competitiveness.

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WOLKITE UNIVERSITY
COLLEGE OF BUSINESS ANDE CONOMICS
MANAGEMENT DEPARTEMENT

Survey Questionnaire

Dear respondents:

I am a graduate student at Wolkite University College of Business and economics, currently conducting research for the completion of my master 's degree in Business Administration. The purpose of this questionnaire is to assess the effect of strategic human resource management practices on organizational Competitiveness commercial Banks in Wolkite city. The study is purely for academic purpose and thus does not affect you in any case. Your accurate, genuine, frank and timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully and responsively.

If you would like further information about this study, or have problem in completing this questionnaire please contact me +2519 15715166 or adanefisha6@gmail.com.

Thank you for your cooperation!

PART A: Demographic Characteristics of The Respondents Tick (√) Where Appropriate

1. Gender: male female _
2. Level of Education: Diploma Bachelor Degree Master 's Degree
3. Year of service in your current organization: ≤ 3 years 4-7 years 8-10 year_ ≥ 10 years
4. Your Age: ≤ 29 years 30-39 year 's 40-49 years ≥ 50 years

PART B: Strategic Human Resource Management Practices and organizational Competitiveness

To what extent do you agree with the following statements pertaining to strategic human resource practices and organizational competitiveness of your organization. Please tick (√)

the box with a number from the scale below that best describes your response. Where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree.

No	Description	1	2	3	4	5
Strategic Recruitment and Selection						
1	Strategic recruitment and selection practices significantly enhance the quality of talent acquired by the organization.					
2	Investing in strategic recruitment and selection processes directly impacts the organization's ability to outperform competitors.					
3	Organizations that prioritize strategic recruitment and selection are better positioned to adapt to market changes and challenges.					
4	Effective recruitment and selection strategies contribute to improved organizational performance and competitiveness					
5	Strategic recruitment and selection practices help in building a workforce that aligns with the organization's long-term goals and vision.					
Strategic Reward and Compensation						
6	Investing in strategic reward and compensation practices enhances employee satisfaction and engagement, leading to better organizational outcomes and competitiveness					
7	Effective reward and compensation practices help in reducing employee turnover, which positively impacts organizational stability and competitiveness.					
8	Strategic reward systems that align with organizational goals directly contribute to improved business performance and market competitiveness.					

9	Organizations that offer competitive and fair compensation packages are better positioned to attract and retain top talent, improving their competitiveness.					
10	Strategic reward and compensation practices significantly enhance employee motivation and productivity, contributing to organizational competitiveness.					
Strategic Training and Development						
11	Training motivates employees to achieve more.					
12	Employees training and development help increase organizational competitiveness.					
13	Employees training and development assist organization to achieve increased productivity.					
14	Training and development assist firms in retaining its intellectual assets.					
15	Training of employees helps organization to achieve their objectives.					
Strategic Performance Appraisal						
16	Performance appraisal helps to increase firm 's competitiveness.					
17	Performance appraisal motivates employees.					
18	Performance of employees in your bank are measured based on firm 's quantifiable objectives.					
19	Has your bank determined its success through performance appraisal.					

20	Organization 's objectives are standard for measuring performance.					
Internal Organizational competitiveness						
21	Our organization provides adequate training to enhance employee skills.					
22	The team dynamics within our organization promote collaboration and innovation.					
23	Our organization effectively optimizes processes to enhance operational efficiency.					
24	Our organization consistently invests in innovative product development.					
25	Our organization maintains strong financial health, allowing for strategic investments					
External Organizational competitiveness						
26	Our organization has a strong position in the market compared to competitors.					
27	Our organization effectively adapts to changing customer preferences.					
28	Our organization regularly conducts thorough competitive analyses to inform strategy.					
29	Our organization effectively navigates compliance requirements in our industry.					
30	Our organization has reliable relationships with suppliers, enhancing our competitiveness					

Appendix B: CLRM Assumptions Test

Linearity Test

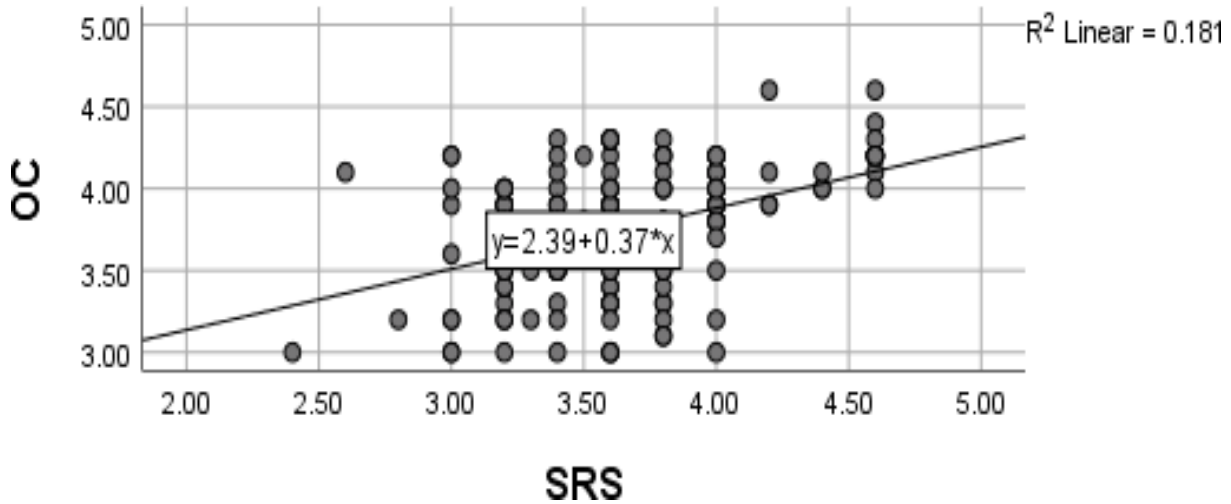


Figure 1. Linearity Test SRS

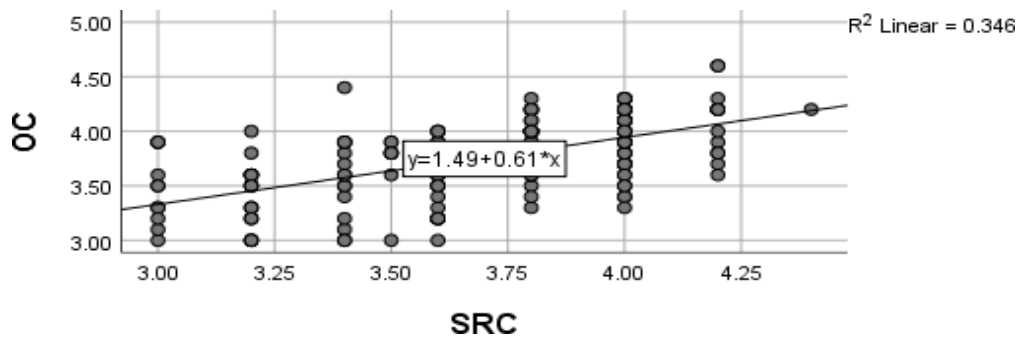


Figure 2. Linearity test SRC

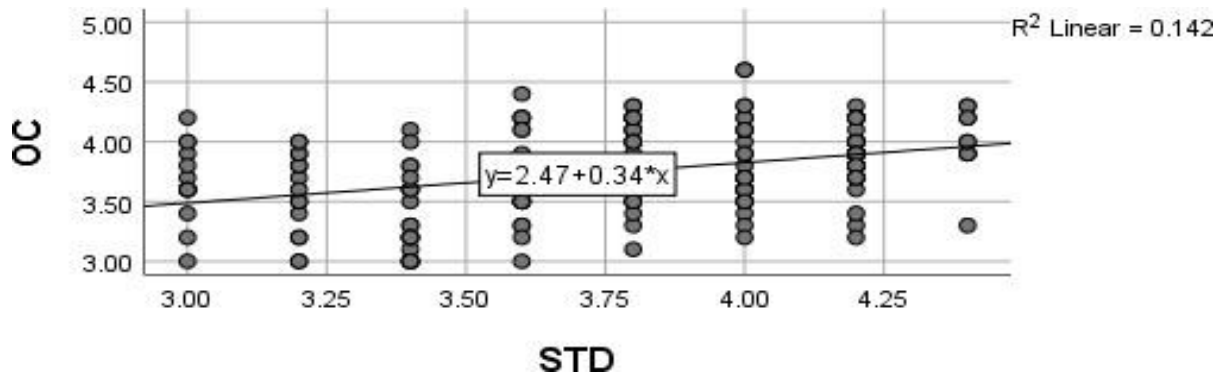


Figure 3. linearity test STD

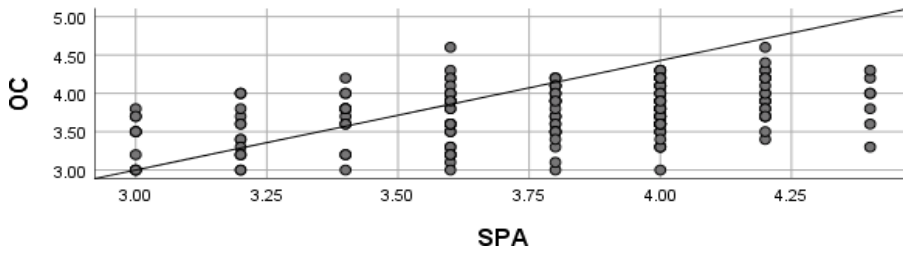


Figure:4. linearity test SPA

Table 1. Multicollinearity test

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	.154	.294		.524	.601		
SRS	.186	.052	.213	3.610	.000	.864	1.157
SRC	.433	.064	.415	6.813	.000	.809	1.237
STD	.178	.052	.198	3.440	.001	.903	1.107
SPA	.174	.058	.174	2.969	.003	.869	1.150

a. Dependent Variable: OC

Homoscedasticity Test

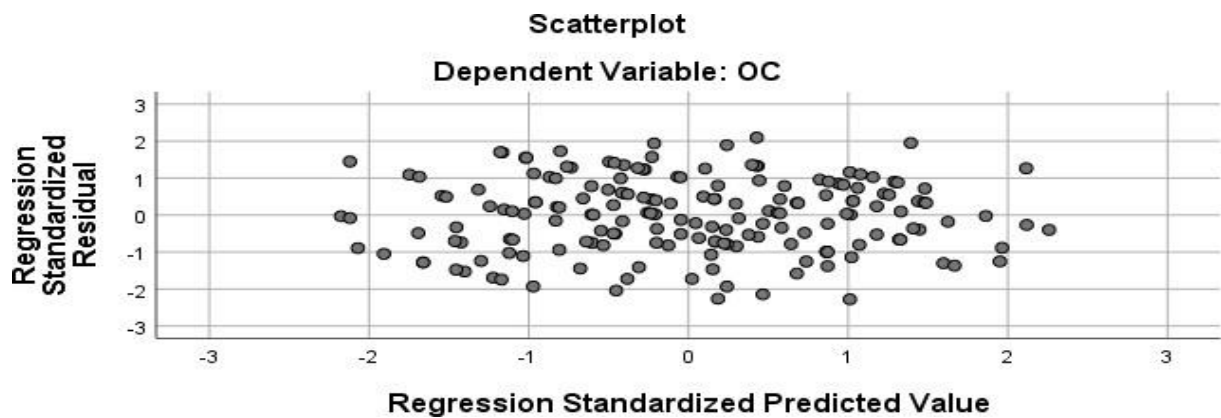


Figure:5. homoscedasticity test

Table: 2 Autocorrelation Test

Model Summary ^b					
Mod e	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.691a	.551	.477	.26162	1.872
a. Predictors: (Constant), SPA, SRS, STD, SRC					
b. Dependent Variable: OC					

Normality test

Table 3 Normality test

Descriptive Statistics

	Descriptive Statistics					
	N Statistic	Skewness Statistic Std. Error		Kurtosis Statistic Std. Error		
OC	179	-.243	.182	-.452	.361	
Valid N (listwise)	179					

